REFINITIV

DELTA REPORT

10-Q

SJM - J M SMUCKER CO

10-Q - JANUARY 31, 2024 COMPARED TO 10-Q - OCTOBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1590
CHANGES	245
DELETIONS	694
ADDITIONS	651

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: October 31, 2023 January 31, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________to __________

Commission file number: 1-5111

The J. M. Smucker Company
(Exact name of registrant as specified in its charter)

Ohio	**34-0538550**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
One Strawberry Lane Orrville, Ohio	**44667-0280**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: **(330) 682-3000**

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common shares, no par value	SJM	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	ý	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ý

The Company had 106,143,808 106,175,550 common shares outstanding on November 28, 2023 February 20, 2024.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

THE J. M. SMUCKER COMPANY
CONDENSED STATEMENTS OF CONSOLIDATED INCOME
(Unaudited)

		Three Months Ended October 31,		Six Months Ended October 31,						
	Three Months Ended January 31,						Three Months Ended January 31,		Nine Months Ended January 31,	
Dollars in millions, except per share data	Dollars in millions, except per share data	2023	2022	2023	2022	Dollars in millions, except per share data	2024	2023	2024	2023
Net sales	Net sales	$1,938.6	$2,205.1	$3,743.8	$4,078.1					
Cost of products sold (A)	Cost of products sold (A)	1,214.4	1,504.0	2,364.8	2,824.5					
Gross Profit	**Gross Profit**	724.2	701.1	1,379.0	1,253.6					

Selling, distribution, and administrative expenses	Selling, distribution, and administrative expenses	333.5	354.3	647.1	698.1
Amortization	Amortization	39.6	55.6	79.4	111.2
Other special project costs (A)	Other special project costs (A)	6.8	0.7	6.8	2.1
Other special project costs (A)					
Other special project costs (A)					
Other operating expense (income) – net					
Other operating expense (income) – net					
Other operating expense (income) – net	Other operating expense (income) – net	45.4	(2.9)	43.3	(30.9)
Operating Income	**Operating Income**	298.9	293.4	602.4	473.1
Interest expense – net	Interest expense – net	(35.1)	(39.7)	(67.2)	(78.8)
Other debt costs (A)	Other debt costs (A)	(19.5)	—	(19.5)	—
Other income (expense) – net (A)	Other income (expense) – net (A)	5.1	(0.8)	(27.9)	(0.3)
Income Before Income Taxes	**Income Before Income Taxes**	249.4	252.9	487.8	394.0
Income tax expense	Income tax expense	54.5	61.8	109.3	93.1
Net Income	**Net Income**	$ 194.9	$ 191.1	$ 378.5	$ 300.9
Earnings per common share:	Earnings per common share:				
Net Income	**Net Income**	$ 1.91	$ 1.79	$ 3.70	$ 2.82
Net Income					
Net Income					
Net Income – Assuming Dilution	**Net Income – Assuming Dilution**	$ 1.90	$ 1.79	$ 3.69	$ 2.82

(A) Includes certain divestiture, acquisition, integration, and restructuring costs ("special project costs"). For more information, see Note 5: Special Project Costs, Note 6: Reportable Segments, and Note 8: 9: Debt and Financing Arrangements.

See notes to unaudited condensed consolidated financial statements.

THE J. M. SMUCKER COMPANY

CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

(Unaudited)

Dollars in millions	Dollars in millions	Three Months Ended October 31, 2023	Three Months Ended October 31, 2022	Six Months Ended October 31, 2023	Six Months Ended October 31, 2022	Dollars in millions	Three Months Ended January 31, 2024	Three Months Ended January 31, 2023	Nine Months Ended January 31, 2024	Nine Months Ended January 31, 2023
Net income	Net income	$194.9	$191.1	$378.5	$300.9					
Other comprehensive income (loss):	Other comprehensive income (loss):									
Foreign currency translation adjustments	Foreign currency translation adjustments	(14.0)	(16.4)	(6.6)	(15.0)					
Foreign currency translation adjustments										
Foreign currency translation adjustments										
Cash flow hedging derivative activity, net of tax	Cash flow hedging derivative activity, net of tax	2.6	2.6	5.2	5.1					
Pension and other postretirement benefit plans activity, net of tax	Pension and other postretirement benefit plans activity, net of tax	0.1	0.5	0.5	0.9					
Available-for-sale securities activity, net of tax	Available-for-sale securities activity, net of tax	(0.2)	(0.6)	(0.4)	(0.9)					
Total Other Comprehensive Income (Loss)	**Total Other Comprehensive Income (Loss)**	(11.5)	(13.9)	(1.3)	(9.9)					
Comprehensive Income	**Comprehensive Income**	$183.4	$177.2	$377.2	$291.0					

See notes to unaudited condensed consolidated financial statements.

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THE J. M. SMUCKER COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Dollars in millions	Dollars in millions	October 31, 2023	April 30, 2023	Dollars in millions	January 31, 2024	April 30, 2023
ASSETS						
Current Assets	**Current Assets**					
Cash and cash equivalents	Cash and cash equivalents	$ 3,623.9	$ 655.8			
Cash and cash equivalents						
Cash and cash equivalents						

Trade receivables – net	Trade receivables – net	587.9	597.6
Inventories:	Inventories:		
Finished products			
Finished products			
Finished products	Finished products	696.4	657.6
Raw materials	Raw materials	388.5	352.2
Total Inventory	**Total Inventory**	1,084.9	1,009.8
Investment in equity securities	Investment in equity securities	432.7	487.8
Other current assets	Other current assets	134.7	107.7
Total Current Assets	**Total Current Assets**	5,864.1	2,858.7
Property, Plant, and Equipment	**Property, Plant, and Equipment**		
Land and land improvements			
Land and land improvements			
Land and land improvements	Land and land improvements	131.0	131.0
Buildings and fixtures	Buildings and fixtures	993.9	956.1
Machinery and equipment	Machinery and equipment	2,508.0	2,443.5
Construction in progress	Construction in progress	746.6	629.4
Gross Property, Plant, and Equipment	**Gross Property, Plant, and Equipment**	4,379.5	4,160.0
Accumulated depreciation	Accumulated depreciation	(1,990.2)	(1,920.5)
Total Property, Plant, and Equipment	**Total Property, Plant, and Equipment**	2,389.3	2,239.5
Other Noncurrent Assets	**Other Noncurrent Assets**		
Operating lease right-of-use assets	Operating lease right-of-use assets	158.4	103.0
Operating lease right-of-use assets			
Operating lease right-of-use assets			
Goodwill	Goodwill	5,213.2	5,216.9
Other intangible assets – net	Other intangible assets – net	4,349.3	4,429.3

Other noncurrent assets	Other noncurrent assets	149.4	144.0
Total Other Noncurrent Assets	**Total Other Noncurrent Assets**	9,870.3	9,893.2
Total Assets	**Total Assets**	$18,123.7	$14,991.4

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities	**Current Liabilities**		
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	$ 1,250.3	$ 1,392.6
Accrued trade marketing and merchandising	Accrued trade marketing and merchandising	185.5	187.7
Short-term borrowings			
Short-term borrowings			
Short-term borrowings			
Current operating lease liabilities	Current operating lease liabilities	33.2	33.2
Other current liabilities	Other current liabilities	365.4	373.2
Total Current Liabilities	**Total Current Liabilities**	1,834.4	1,986.7
Noncurrent Liabilities	**Noncurrent Liabilities**		
Long-term debt			
Long-term debt			
Long-term debt	Long-term debt	7,771.7	4,314.2
Deferred income taxes	Deferred income taxes	1,123.6	1,138.9
Noncurrent operating lease liabilities	Noncurrent operating lease liabilities	132.9	77.2
Other noncurrent liabilities	Other noncurrent liabilities	172.2	183.6
Total Noncurrent Liabilities	**Total Noncurrent Liabilities**	9,200.4	5,713.9
Total Liabilities	**Total Liabilities**	11,034.8	7,700.6
Shareholders' Equity	**Shareholders' Equity**		
Common shares	Common shares	25.5	26.1
Common shares			
Common shares			
Additional capital	Additional capital	5,252.8	5,371.8

Retained income	Retained income	2,051.1	2,132.1
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss)	(240.5)	(239.2)
Total Shareholders' Equity	**Total Shareholders' Equity**	7,088.9	7,290.8
Total Liabilities and Shareholders' Equity	**Total Liabilities and Shareholders' Equity**	$18,123.7	$14,991.4

See notes to unaudited condensed consolidated financial statements.

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THE J. M. SMUCKER COMPANY
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)

		Six Months Ended October 31,			Nine Months Ended January 31,	
Dollars in millions	Dollars in millions	2023	2022	Dollars in millions	2024	2023
Operating Activities	**Operating Activities**					
Net income	Net income	$ 378.5	$300.9			
Net income						
Net income						
Adjustments to reconcile net income to net cash provided by (used for) operations:	Adjustments to reconcile net income to net cash provided by (used for) operations:					
Depreciation						
Depreciation						
Depreciation	Depreciation	103.2	112.2			
Amortization	Amortization	79.4	111.2			
Pension settlement loss (gain)		3.2	1.7			
Unrealized loss (gain) on investment in equity securities – net		21.5	—			
Realized loss on investment in equity securities – net						
Realized loss on investment in equity securities – net						
Realized loss on investment in equity securities – net						
Share-based compensation expense	Share-based compensation expense	13.7	5.3			

Loss (gain) on divestitures – net	Loss (gain) on divestitures – net	12.6	(1.6)
Deferred income tax expense (benefit)	Deferred income tax expense (benefit)	(16.3)	—
Other noncash adjustments – net	Other noncash adjustments – net	10.2	12.3
Settlement of interest rate contracts			
Settlement of interest rate contracts			
Settlement of interest rate contracts			
Defined benefit pension contributions	Defined benefit pension contributions	(1.8)	(71.8)
Changes in assets and liabilities, net of effect from divestitures:			
Changes in assets and liabilities, net of effect from acquisition and divestitures:			
Trade receivables			
Trade receivables			
Trade receivables	Trade receivables	8.7	(87.1)
Inventories	Inventories	(76.5)	(273.8)
Other current assets	Other current assets	2.0	19.1
Accounts payable	Accounts payable	(92.9)	77.5
Accrued liabilities	Accrued liabilities	34.7	20.8
Income and other taxes	Income and other taxes	(64.0)	(56.3)
Other – net	Other – net	(21.4)	(4.4)
Net Cash Provided by (Used for) Operating Activities	**Net Cash Provided by (Used for) Operating Activities**	394.8	166.0
Investing Activities	**Investing Activities**		
Business acquired, net of cash acquired			
Business acquired, net of cash acquired			
Business acquired, net of cash acquired			

Proceeds from sale of equity securities			
Additions to property, plant, and equipment			
Proceeds from divestitures – net			
Additions to property, plant, and equipment		(299.0)	(190.4)
Other – net			
Other – net			
Other – net	Other – net	5.3	(18.9)
Net Cash Provided by (Used for) Investing Activities	**Net Cash Provided by (Used for) Investing Activities**	(293.7)	(209.3)
Financing Activities	**Financing Activities**		
Short-term borrowings (repayments) – net	Short-term borrowings (repayments) – net	—	118.2
Short-term borrowings (repayments) – net			
Short-term borrowings (repayments) – net			
Proceeds from long-term debt	Proceeds from long-term debt	3,485.0	—
Repayments of long-term debt			
Capitalized debt issuance costs	Capitalized debt issuance costs	(28.9)	—
Quarterly dividends paid	Quarterly dividends paid	(213.2)	(213.5)
Purchase of treasury shares	Purchase of treasury shares	(372.4)	(7.9)
Proceeds from stock option exercises		1.2	6.1
Payment of assumed tax receivable agreement obligation			
Other – net			
Other – net			
Other – net	Other – net	(4.0)	(1.7)
Net Cash Provided by (Used for) Financing Activities	**Net Cash Provided by (Used for) Financing Activities**	2,867.7	(98.8)

Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(0.7)	(0.7)
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	2,968.1	(142.8)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	655.8	169.9
Cash and Cash Equivalents at End of Period	**Cash and Cash Equivalents at End of Period**	$3,623.9	$ 27.1

( ) Denotes use of cash

See notes to unaudited condensed consolidated financial statements.

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THE J. M. SMUCKER COMPANY
CONDENSED STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY
(Unaudited)

Six Months Ended October 31, 2023							
Nine Months Ended January 31, 2024							
Dollars in millions	Dollars in millions	Common Shares Outstanding	Common Shares	Additional Capital	Retained Income	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at May 1, 2023	**Balance at May 1, 2023**	104,398,618	$ 26.1	$5,371.8	$2,132.1	$ (239.2)	$ 7,290.8
Net income	Net income				183.6		183.6
Other comprehensive income						10.2	10.2
Other comprehensive income (loss)							
Comprehensive income	Comprehensive income						193.8
Purchase of treasury shares	Purchase of treasury shares	(2,410,863)	(0.6)	(132.1)	(242.9)		(375.6)
Stock plans	Stock plans	144,918	—	2.4	(1.1)		1.3
Cash dividends declared, $1.06 per common share	Cash dividends declared, $1.06 per common share				(106.9)		(106.9)
Balance at July 31, 2023							
Balance at July 31, 2023							
Balance at July 31, 2023	**Balance at July 31, 2023**	102,132,673	$ 25.5	$5,242.1	$1,964.8	$ (229.0)	$ 7,003.4
Net income	Net income				194.9		194.9
Other comprehensive income (loss)	Other comprehensive income (loss)					(11.5)	(11.5)

Nine Months Ended January 31, 2024						
Dollars in millions	Common Shares Outstanding	Common Shares	Additional Capital	Retained Income	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity

		Common Shares Outstanding	Common Shares	Additional Capital	Retained Income	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Comprehensive income	Comprehensive income						183.4
Purchase of treasury shares	Purchase of treasury shares	(3,139)	—	(0.4)	—		(0.4)
Stock plans	Stock plans	25,067	—	11.1			11.1
Cash dividends declared, $1.06 per common share	Cash dividends declared, $1.06 per common share				(108.6)		(108.6)
Balance at October 31, 2023	**Balance at October 31, 2023**	102,154,601	$ 25.5	$ 5,252.8	$ 2,051.1	$ (240.5)	$ 7,088.9

Balance at October 31, 2023

Balance at October 31, 2023

Net income

Other comprehensive income (loss)

Comprehensive income

Purchase of treasury shares

Issuance of shares for acquisition

Stock plans

Cash dividends declared, $1.06 per common share

Balance at January 31, 2024

Balance at January 31, 2024

Balance at January 31, 2024

	Six Months Ended October 31, 2022					
Dollars in millions	Common Shares Outstanding	Common Shares	Additional Capital	Retained Income	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at May 1, 2022	106,458,317	$ 26.6	$ 5,457.9	$ 2,893.0	$ (237.4)	$ 8,140.1
Net income				109.8		109.8
Other comprehensive income					4.0	4.0
Comprehensive income						113.8
Purchase of treasury shares	(61,693)	—	(6.7)	(1.1)		(7.8)
Stock plans	162,735	—	6.5	—		6.5
Cash dividends declared, $1.02 per common share				(108.3)		(108.3)
Balance at July 31, 2022	106,559,359	$ 26.6	$ 5,457.7	$ 2,893.4	$ (233.4)	$ 8,144.3
Net income				191.1		191.1
Other comprehensive income (loss)					(13.9)	(13.9)
Comprehensive income						177.2
Purchase of treasury shares	(580)	—	(0.1)	—		(0.1)
Stock plans	67,757	—	4.4	—		4.4
Cash dividends declared, $1.02 per common share				(108.5)		(108.5)
Balance at October 31, 2022	106,626,536	$ 26.6	$ 5,462.0	$ 2,976.0	$ (247.3)	$ 8,217.3

	Nine Months Ended January 31, 2023					
Dollars in millions	Common Shares Outstanding	Common Shares	Additional Capital	Retained Income	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at May 1, 2022	106,458,317	$ 26.6	$ 5,457.9	$ 2,893.0	$ (237.4)	$ 8,140.1
Net income				109.8		109.8
Other comprehensive income (loss)					4.0	4.0
Comprehensive income						113.8
Purchase of treasury shares	(61,693)	—	(6.7)	(1.1)		(7.8)
Stock plans	162,735	—	6.5	—		6.5
Cash dividends declared, $1.02 per common share				(108.3)		(108.3)
Balance at July 31, 2022	106,559,359	$ 26.6	$ 5,457.7	$ 2,893.4	$ (233.4)	$ 8,144.3
Net income				191.1		191.1
Other comprehensive income (loss)					(13.9)	(13.9)
Comprehensive income	5					177.2
Purchase of treasury shares	(580)	—	(0.1)	—		(0.1)

Stock plans	67,757	—	4.4			4.4
Cash dividends declared, $1.02 per common share				(108.5)		(108.5)
Balance at October 31, 2022	106,626,536	$ 26.6	$ 5,462.0	$ 2,976.0	$ (247.3)	$ 8,217.3
Net income				208.5		208.5
Other comprehensive income (loss)					10.1	10.1
Comprehensive income						218.6
Purchase of treasury shares	(746)	—	(0.1)	—		(0.1)
Stock plans	8,499	—	7.5			7.5
Cash dividends declared, $1.02 per common share				(108.3)		(108.3)
Balance at January 31, 2023	106,634,289	$ 26.6	$ 5,469.4	$ 3,076.2	$ (237.2)	$ 8,335.0

See notes to unaudited condensed consolidated financial statements.

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THE J. M. SMUCKER COMPANY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars and shares in millions, unless otherwise noted, except per share data)

Note 1: Basis of Presentation

The unaudited interim condensed consolidated financial statements of The J.M. J. M. Smucker Company ("Company," "we," "us," or "our") have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments of a normal recurring nature considered necessary for a fair presentation have been included.

Operating results for the six nine months ended October 31, 2023 January 31, 2024, are not necessarily indicative of the results that may be expected for the year ending April 30, 2024. For further information, reference is made to the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended April 30, 2023.

Note 2: Recently Issued Accounting Standards

In November December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*.ASU 2023-09 will improve the transparency and decision usefulness of income tax disclosures to better assess how operations and related tax risks affect tax rates and future cash flows on an interim and annual basis. It will be effective for us on May 1, 2025, with the option to early adopt at any time prior to the effective date and will require adoption on a retrospective basis. We are currently evaluating the impacts of the standard on our financial statements and disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures*. ASU 2023-07 will improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses on an interim and annual basis. It will be effective for us on our annual period beginning May 1, 2024, and interim periods beginning May 1, 2025, with the option to early adopt at any time prior to the effective date and will require adoption on a retrospective basis. We are currently evaluating the impacts of the standard on our financial statements and disclosures.

In July 2023, the U.S. Securities and Exchange Commission (the "SEC") adopted the final rule under SEC Release No. 33-11216, *Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure*, requiring current reporting about material cybersecurity incidents and annual disclosures on management's processes for assessing, identifying, and managing material cybersecurity risks, the material impacts of cybersecurity threats and previous cybersecurity incidents, the Board of Directors' (the "Board") oversight of cybersecurity risks, and management's role and expertise in assessing and managing material cybersecurity risks. SEC Release No. 33-11216 will be was effective for us during the third quarter of 2024. We do on November 1, 2023, and did not anticipate that the adoption of these amendments will have a material impact on our financial statements and disclosures.

In May 2023, the SEC adopted the final rule under SEC Release No. 34-97424, *Share Repurchase Disclosure Modernization*, requiring disclosures related to issuers' share repurchases pursuant to authorizations by the Board, inclusive of 10b5-1 plans established in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that will provide investors with enhanced information to assess the purposes and effects of the repurchases. SEC Release No. 34-97424 would have been effective for us during the third quarter of 2024, but the SEC recently issued an order postponing the effective date. We do not anticipate that the adoption of these amendments will have a material impact on our financial statements and disclosures.

In December 2022, the SEC adopted the final rule under SEC Release No. 33-11138, *Insider Trading Arrangements and Related Disclosures*, which requires new disclosures regarding insider trading policies and procedures, the use of Rule 10b5-1 plans by directors and officers, and stock option grants issued in close proximity to the release of material nonpublic information. SEC Release No. 33-11138 was effective for us on May 1, 2023, and did not have a material impact on our financial statements and disclosures.

In March 2022, the SEC issued the proposed rule under SEC Release No. 33-11042, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, to enhance and standardize the climate-related disclosures provided by public companies. This As proposed, this update will require the disclosure of greenhouse gas emissions, including Scope 1 and Scope 2 emissions, which will be subject to third-party assurance, as well as climate-related targets and goals, and information related to how the Board and management oversee climate-related risks. As of October 31, 2023 January 31, 2024, these amendments were not adopted by the SEC; however, we anticipate that the adoption of these amendments will would have a material impact on our financial statements and disclosures.

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Note 3: Acquisition

During the second quarter of 2024, On November 7, 2023, we announced completed a definitive agreement cash and stock transaction to acquire Hostess Brands, Inc. ("Hostess Brands"). On November 7, 2023 The total purchase consideration in connection with the acquisition was $5.4 billion, which reflects an exchange offer of all outstanding shares of Hostess Brands common stock at a price of $34.25 per share, consisting of $30.00 in cash and 0.03002 shares of our common shares, based on the closing stock price on September 8, 2023, that were exchanged for each share of Hostess Brands common stock as of the transaction date.

The purchase price included the issuance of approximately 4.0 million of our common shares to Hostess Brands' shareholders, valued at $450.2, as discussed in Note 17: Common Shares. In addition, we completed paid $3.9 billion in cash, net of cash acquired, and assumed $991.0 of debt from Hostess Brands and $67.8 of an other debt-like item, reflecting consideration transferred for the cash and stock transaction, valued at approximately $5.5 billion. The transaction payment of Hostess Brands' employee equity awards. New debt of $5.0 billion was funded with new debt, inclusive borrowed, consisting of $3.5 billion of in Senior Notes, a $800.0 senior unsecured delayed-draw Term Loan Credit Agreement ("Term Loan") of $800.0, , and $700.0 of short-term borrowings under our commercial paper program to partially fund the transaction and pay off the debt assumed as well as part of the issuance of approximately 4.0 million of our common shares valued at $450.2. acquisition. For additional information on the financing associated with this transaction, refer to Note 8: 9: Debt and Financing Arrangements and Note 16: Common Shares. Arrangements.

Hostess Brands is a manufacturer and marketer of sweet baked goods brands including *Hostess*® *Donettes*®, *Twinkies*®, *CupCakes*, *DingDongs*®, *Zingers*®, *CoffeeCakes*, *HoHos*®, *Mini Muffins*, and *Fruit Pies*, and the *Voortman*® cookie brand. In addition to its headquarters in Lenexa, Kansas, the transaction included six manufacturing facilities located in Emporia, Kansas; Burlington, Ontario; Chicago, Illinois; Columbus, Georgia; Indianapolis, Indiana; and Arkadelphia, Arkansas, a distribution facility in Edgerton, Kansas, and a commercial center of excellence in Chicago, Illinois. Approximately 3,000 employees transitioned with the business at the close of the transaction.

The transaction was accounted for under the acquisition method of accounting, and accordingly, the results of Hostess Brands operations, including $300.3 in net sales and $34.7 in operating income, are included within the Sweet Baked Snacks segment for the three months ended January 31, 2024. The operating income for the three months ended January 31, 2024, includes the recognition of an unfavorable fair value purchase accounting adjustment of $8.1, attributable to the acquired inventory, and excludes special project costs recognized within the segment.

The purchase price will be was preliminarily allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition on a provisional basis. We determined the estimated fair values based on independent appraisals, discounted cash flow analyses, quoted market prices, and estimates made by management. The purchase price exceeded the estimated fair value of the net identifiable tangible and intangible assets acquired and, as such, the excess was allocated to goodwill.

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The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the acquisition date.

Assets acquired:		
Cash and cash equivalents	$	135.0
Trade receivables – net		181.1
Inventories		65.9
Other current assets		7.1
Property, plant, and equipment – net		542.2
Operating lease right-of-use assets		17.2
Goodwill		2,461.1
Other intangible assets		3,036.8
Other noncurrent assets		43.5
Total assets acquired	$	6,489.9
Liabilities assumed:		
Accounts payable	$	67.3
Current operating lease liabilities		4.7
Current liabilities		250.2
Deferred income taxes		655.0
Noncurrent operating lease liabilities		14.5
Other noncurrent liabilities		1.4
Total liabilities assumed		993.1
Net assets acquired	$	5,496.8

Certain estimated fair values for the acquisition, including goodwill, intangible assets, property, plant, and equipment, and income taxes, are not yet finalized. The purchase price was preliminarily allocated based on information available at the acquisition date and is subject to change as we complete our analysis of their the fair values at the date of the acquisition during the measurement period not to exceed one year, as permitted under FASB Accounting Standards Codification ("ASC") ASC 805, *Business Combinations Combinations*.. Due

As a result of the acquisition, we recognized a total of $2.5 billion of goodwill within the Sweet Baked Snacks segment, of which $196.6 is expected to be deductible for tax purposes, which will be refined during the transaction closing subsequent measurement period. Goodwill represents the value we expect to achieve through the second quarter implementation of 2024, operational synergies and growth opportunities as we integrate Hostess Brands into our Company. We are evaluating the impact of these anticipated operational synergies and growth opportunities across our reporting units and, as a result, have not allocated goodwill to our other reporting units as of January 31, 2024; however, we will complete our evaluation and disclose allocate goodwill, as appropriate, by the end of the measurement period. The goodwill and indefinite-lived trademarks resulting from the acquisition are susceptible to future impairment charges. Any significant change in our near or long-term projections or macroeconomic conditions may result in future impairment charges as the carrying values of goodwill and indefinite-lived trademarks approximate estimated fair values.

The preliminary purchase price was allocated to the identifiable intangible assets acquired as follows:

Intangible assets with finite lives:		
Customer and contractual relationships (25-year useful life)	$	1,237.8
Non-competition agreements (varying useful lives)		36.9
Trademarks (5-year useful life)		9.9
Intangible assets with indefinite lives:		
Trademarks		1,752.2
Total intangible assets	$	3,036.8

The estimated annual amortization expense for the finite-lived intangible assets based on the preliminary purchase price allocation during is $71.6.

Hostess Brands' results of operations are included in our consolidated financial statements from the third quarter of 2024. However, we anticipate the majority date of the purchase price will be allocated transaction within our Sweet Baked Snacks segment. If the transaction had occurred on May 1, 2022, unaudited pro forma consolidated results for the three and nine months ended January 31, 2024 and 2023, would have been as follows:

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2024	2023	2024	2023
Net sales	$ 2,253.2	$ 2,544.0	$ 6,707.1	$ 7,311.5
Net income	162.5	186.7	453.0	461.3
Net income per common share – assuming dilution	1.53	1.68	4.25	4.16

The unaudited pro forma consolidated results are based on our historical financial statements and those of Hostess Brands, and do not necessarily indicate the results of operations that would have resulted had the acquisition been completed at the beginning of the applicable period presented. The most significant pro forma adjustments relate to goodwill and other the elimination of nonrecurring acquisition-related costs incurred prior to the close of the transaction, amortization of acquired intangible assets, – net. depreciation of acquired property, plant, and equipment, and interest expense associated with acquisition-related financing. The unaudited pro forma consolidated results do not give effect to the synergies of the acquisition and are not indicative of the results of operations in future periods.

Note 4: Divestitures

On October 17, 2023, January 2, 2024, we entered into a definitive agreement to sell sold our Canada condiment business to TreeHouse Foods, Foods, Inc. ("TreeHouse Foods"). We expect the transaction to close during the third quarter of 2024, subject to customary closing conditions. The transaction includes included *Bick's*® pickles, *Habitant*® pickled beets, *Woodman's*® horseradish, and *McLarens*® pickled onions brands, inclusive of certain trademarks. Under our ownership, these brands generated net sales of approximately $60.0 in 2023, which were included in the International operating segment. The Net proceeds from the divestiture were $25.3, net of cash transaction is valued at approximately $20.0, subject costs and includes a receivable related to a preliminary working capital adjustment. In accordance with FASB ASC 805, *Business Combinations*, During the transaction does not meet the definition second quarter of a business and will be accounted for as a sale of assets, resulting in no allocation of goodwill. Further, as of October 31, 2023, 2024, the disposal group met the criteria to be was classified as held for sale, and as a result, a valuation allowance was established to reflect the fair value less costs to sell of the disposal group, which was based on the expected proceeds and the estimated carrying value of the net assets to be disposed. The valuation allowance was included within other current assets in the Condensed Consolidated Balance Sheet and the an estimated pre-tax loss on the disposal group of $5.2 was included within recognized within other operating expense (income) – net in the Condensed Statement of Consolidated Income and within Income. Upon close of the transaction during the third quarter of 2024, the pre-tax loss (gain) on divestitures – net in was adjusted to $5.7, reflecting the Condensed Statement fair value of Consolidated Cash Flows. the disposal group as of the transaction date.

On September 27, 2023 November 1, 2023, we entered into a definitive agreement to sell the sold our *Sahale Snacks*® business to Second Nature Brands ("Second Nature"), which closed on November 1, 2023. The transaction included products sold under our *Sahale Snacks* brand, inclusive of certain trademarks and licensing agreements, agreements; a leased manufacturing facility in Seattle, Washington, Washington; and approximately 100 employees who supported the brand. Under our ownership, the *Sahale Snacks* brand generated net sales of approximately $48.0 in 2023, primarily included in the U.S. Retail Consumer Foods Frozen Handheld and Spreads segment. The transaction is valued at approximately $34.0, subject to Final net proceeds from the divestiture were $31.6, net of a working capital adjustment. As adjustment and cash transaction costs. During the second quarter of October 31, 2023, 2024, the disposal group met the criteria to be was classified as held for sale, and as a result, a valuation allowance was established to reflect the fair value less costs to sell of the disposal group, which was based on the expected proceeds and the estimated carrying value of the net assets to be disposed. The valuation allowance was included within other current assets in the Condensed Consolidated Balance Sheet and the an estimated pre-tax loss on the disposal group of $6.8 was included recognized within other operating expense (income) – net net in the Condensed Statement of Consolidated Income and within Income. Upon close of the transaction during the third quarter of 2024, the pre-tax loss (gain) on divestitures – net in was adjusted to $6.7, reflecting the Condensed Statement fair value of Consolidated Cash Flows. the disposal group as of the transaction date.

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The following table summarizes the net assets held for sale and liabilities disposed, which were measured at October 31, 2023, inclusive the lower of a valuation allowance, reflecting carrying amount or fair value less costs to sell.

	October 31, 2023	
	Sahale Snacks	Condiments
Assets held for sale:		

	January 31, 2024	January 31, 2024	
	Condiment	Condiment	*Sahale Snacks*
Assets disposed:			
Inventories			
Inventories			
Inventories	Inventories $ 9.9	$ 27.6	

Property, plant, and equipment – net	Property, plant, and equipment – net	6.0	—
Operating lease right-of-use assets	Operating lease right-of-use assets	1.9	—
Goodwill	Goodwill	11.5	—
Other intangible assets – net	Other intangible assets – net	14.7	6.9
Other noncurrent assets	Other noncurrent assets	0.3	—
Total assets held for sale		$44.3	$ 34.5
Liabilities held for sale:			
Total assets disposed			
Liabilities disposed:			
Other current liabilities			
Other current liabilities			
Other current liabilities	Other current liabilities	$ 0.8	$ —
Deferred income taxes	Deferred income taxes	4.1	—
Other noncurrent liabilities	Other noncurrent liabilities	1.1	—
Total liabilities held for sale		6.0	—
Valuation allowance		(6.8)	(5.2)
Net assets held for sale		$31.5	$ 29.3
Total liabilities disposed			
Net assets disposed			
Net assets disposed			
Net assets disposed			

On April 28, 2023, we sold certain pet food brands to Post Holdings, Inc. (“Post”). The transaction included the *Rachael Ray® Nutrish®*, *9Lives®*, *Kibbles ’n Bits®*, *Nature’s Recipe®*, and *Gravy Train®* brands, as well as our private label pet food business, inclusive of certain trademarks and licensing agreements, manufacturing and distribution facilities in Bloomsburg, Pennsylvania, manufacturing facilities in Meadville, Pennsylvania and Lawrence, Kansas, and approximately 1,100 employees who supported these pet food brands. Under our ownership, these brands generated net sales of $1.5 billion in 2023, primarily included in the U.S. Retail Pet Foods segment. Final net proceeds from the divestiture were $1.2 billion, consisting of $683.9 in cash, net of a working capital adjustment and cash transaction costs, and approximately 5.4 million shares of Post common stock, valued at $491.6 at the close of the transaction. We recognized a pre-tax loss of $1.0 billion upon completion of this transaction during the fourth quarter of 2023, within other operating expense (income) – net in the Statement of Consolidated Income, net of a working capital adjustment and cash transaction costs. During 2024, we finalized the working capital adjustment and transaction costs, which resulted in an immaterial adjustment to the pre-tax loss. Furthermore, during the first quarter of 2024, we began entering into equity forward derivative transactions under an agreement with an unrelated third party to facilitate the forward sale of the Post common stock. All 5.4 million shares of Post common stock were hedged as of October 31, 2023, and were subsequently settled for $466.3 on November 15, 2023. For additional information, see Note 10: 11: Derivative Financial Instruments.

On January 31, 2022, we sold the natural beverage and grains businesses to Nexus Capital Management LP (“Nexus”). The transaction included products sold under the *R.W. Knudsen®* and *TruRoots®* brands, inclusive of certain trademarks, a licensing agreement for *Santa Cruz Organic®* beverages, dedicated manufacturing and distribution facilities in Chico, California and Havre de Grace, Maryland, and approximately 150 employees who supported the natural beverage and grains businesses. The transaction did not include

Santa Cruz Organic nut butters, fruit spreads, syrups, or applesauce. Final net proceeds from the divestiture were $98.7, net of a working capital adjustment and cash transaction costs. We recognized a pre-tax gain of $28.3 related to the natural beverage and grains businesses, of which $1.6 was recognized during the first quarter of 2023, within other operating expense (income) – net in the Condensed Statement of Consolidated Income, upon finalization of the working capital adjustment.

Note 5: Special Project Costs

Special project costs consist primarily consist of employee-related costs and other transition and termination costs related to certain divestiture, acquisition, integration, and restructuring activities. Employee-related costs include severance, retention bonuses, and relocation costs. Severance costs are generally recognized when deemed probable and estimable, retention bonuses are recognized over the estimated future service period of the impacted employees, and relocation costs are expensed as incurred. Other transition and termination costs include fixed asset-related charges, contract and lease termination costs, professional fees, and other miscellaneous expenditures associated with divestiture, acquisition, integration, and restructuring activities. With the exception of accelerated depreciation, these costs are expensed as incurred. These special project costs are reported in cost of products sold, other special project costs, other debt

costs, and other income (expense) – net in the Condensed

Statements of Consolidated Income and are not allocated to segment profit. The obligation related to employee separation costs is included in other current liabilities in the Condensed Consolidated Balance Sheets.

Divestiture Costs: We incurred $0.5 of employee-related Total divestiture costs during the three months ended October 31, 2023, related to the recently announced divestitures of our divested *Sahale Snacks* and Canada condiment businesses. We expect businesses are anticipated to incur be approximately $4.6 $6.0 and consist primarily in of employee-related costs associated with these divestitures, and lease termination costs, all of which are expected to be cash charges and will be primarily recognized in 2024. We incurred $2.3 and $2.8 of employee-related costs during the three and nine months ended January 31, 2024, respectively, related to these divestitures. We also incurred $1.6 of other transition and termination costs during the third quarter of 2024, primarily related to lease termination costs. The obligation related to severance and retention bonuses was $0.5 $1.5 at October 31, 2023 January 31, 2024. For additional information, see Note 4: Divestitures.

Integration Costs: Total integration costs related to the acquisition of Hostess Brands are anticipated to be approximately $210.0 and include transaction costs, employee-related costs, and other transition and termination charges. Of the total anticipated integration costs, approximately half reflect transaction costs, with the remainder split between employee-related costs and other transition and termination charges, the charges. The majority of which the integration costs are expected to be cash charges. All integration costs are expected to be charges incurred by the end of 2026, with over half of the costs expected to be recognized in 2024. We have incurred $26.2 of total

The following table summarizes our integration costs during the three months ended October 31, 2023, all of which were cash charges and primarily related to transaction costs incurred related to the acquisition of Hostess Brands.

	Three Months Ended January 31, 2024	Nine Months Ended January 31, 2024
Transaction costs	$ 72.7	$ 98.9
Employee-related costs	16.3	16.3
Other transition and termination costs	5.9	5.9
Total integration costs	$ 94.9	$ 121.1

Noncash charges of $0.1 were included in employee-related costs incurred during both the three and nine months ended January 31, 2024. Transaction costs primarily reflect equity compensation pay-outs, legal fees, and a 364-day senior unsecured Bridge Term Loan Credit Facility ("Bridge Loan") that provided committed financing for the acquisition. acquisition of Hostess Brands. Other transition and termination costs primarily consist of consulting fees. The obligation related to severance and retention bonuses was $14.8 at January 31, 2024. For additional information, see Note 3: Acquisition.

Restructuring Costs: A restructuring program was approved by the Board during 2021, associated with opportunities identified to reduce our overall cost structure, optimize our organizational design, and support our portfolio reshape, and was further expanded in 2022 to include the costs associated with the divestitures of the private label dry pet food and natural beverage and grains businesses, as well as the closure of certain production facilities. The restructuring activities were considered complete as of April 30, 2023. The costs incurred associated with these restructuring activities included other transition and termination costs related to our cost reduction and margin management initiatives, inclusive of accelerated depreciation, as well as employee-related costs.

The following table summarizes our restructuring costs incurred related to the restructuring program.

		Three Months Ended January 31, 2023 Three Months Ended January 31, 2023 Three Months Ended January 31, 2023	Nine Months Ended January 31, 2023	Total Costs Incurred to Date at April 30, 2023
		Three Months Ended October 31, 2022	Six Months Ended October 31, 2022	Total Costs Incurred to Date at April 30, 2023
Employee-related costs Employee-related costs				
Employee-related costs	Employee-related costs	$ 0.7	$ 1.8	$27.1
Other transition and termination costs	Other transition and termination costs	2.8	4.2	36.6
Total restructuring costs	Total restructuring costs	$ 3.5	$ 6.0	$63.7

The obligation related to severance costs and retention bonuses was $1.6 at April 30, 2023, and was fully satisfied during the first quarter of 2024. Cumulative noncash charges incurred through April 30, 2023, were $33.2, and included $2.2 $3.2 and $7.0 $10.2 incurred during the three and six nine months ended October 31, 2022 January 31, 2023, respectively, which primarily consisted of accelerated depreciation.

Note 6: Reportable Segments

We operate in one industry: the manufacturing and marketing of food and beverage products. We have three four reportable segments: U.S. Retail Coffee, U.S. Retail Consumer Foods, Frozen Handheld and Spreads, U.S. Retail Pet Foods. Foods, and Sweet Baked Snacks. The presentation of International and Away From Home represents a combination of all other operating segments that are not individually reportable.

As disclosed in Note 3: Acquisition, we acquired Hostess Brands in a cash and stock transaction on November 7, 2023. The transaction resulted in a new reportable segment for 2024, Sweet Baked Snacks. Further, the historical U.S. Retail Consumer Foods reportable segment has been renamed to U.S. Retail Frozen Handheld and Spreads; however, there is no change to the manner in which the segment was previously presented. We do not anticipate any impact to our other historical reportable segments, as we do not anticipate any changes to the internal manner in which we will manage and report these reportable segments.

The U.S. Retail Coffee segment primarily includes the domestic sales of *Folgers*®, *Dunkin'*®, and *Café Bustelo*® branded coffee; the U.S. Retail Consumer Foods Frozen Handheld and Spreads segment primarily includes the domestic sales of *Smucker's*® and *Jif*® branded products; and the U.S. Retail Pet Foods segment primarily includes the domestic sales of *Meow Mix*®, *Milk-Bone*®, *Pup-Peroni*®, and *Canine Carry Outs*® branded products. products; and the Sweet Baked Snacks segment primarily includes all domestic and foreign sales of *Hostess*and *Voortman*branded products in all channels. With the exception of Sweet Baked Snacks products, International and Away From Home includes the sale of all products that are distributed in foreign countries through retail channels, as well as domestically and in foreign countries through retail channels and foodservice distributors and operators (e.g., health care operators, restaurants, lodging, hospitality, offices, K-12, colleges and universities, and convenience stores).

Segment profit represents net sales, less direct and allocable operating expenses, and is consistent with the way in which we manage our segments. However, we do not represent that the segments, if operated independently, would report operating profit equal to the segment profit set forth below, as segment profit excludes certain expenses such as amortization expense and impairment charges related to intangible assets, gains and losses on divestitures, the net change in cumulative unallocated gains

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and losses on commodity and foreign currency exchange derivative activities ("change in net cumulative unallocated derivative gains and losses"), special project costs, as well as corporate administrative expenses.

Commodity and foreign currency exchange derivative gains and losses are reported in unallocated derivative gains and losses outside of segment operating results until the related inventory is sold. At that time, we reclassify the hedge gains and losses from unallocated derivative gains and losses to segment profit, allowing our segments to realize the economic effect of the hedge without experiencing any mark-to-market volatility. We would expect that any gain or loss in the estimated fair value of the derivatives would generally be offset by a change in the estimated fair value of the underlying exposures.

Subsequent to the second quarter of 2024, we acquired Hostess Brands in a cash and stock transaction on November 7, 2023, as discussed in Note 3: Acquisition. As a result, beginning with the third quarter of 2024, we will present a new reportable segment, Sweet Baked Snacks, and the U.S. Retail Consumer Foods reportable segment will be renamed U.S. Retail Frozen Handheld and Spreads. With the exception of renaming the current U.S. Retail Consumer Foods reportable segment, we do not anticipate any other changes to the internal or external reporting of our reportable segments.

The following table reconciles segment profit to income before income taxes.

		Three Months Ended October 31,		Six Months Ended October 31,		Three Months Ended January 31,		Nine Months Ended January 31,	
		2023	2022	2023	2022	2024	2023	2024	2023
Net sales:	Net sales:								
U.S. Retail Coffee	U.S. Retail Coffee	$ 685.7	$ 709.8	$1,310.8	$1,307.7				
U.S. Retail Consumer Foods		464.3	432.2	928.3	743.3				
U.S. Retail Coffee									
U.S. Retail Coffee									
U.S. Retail Frozen Handheld and Spreads									
U.S. Retail Pet Foods (A)	U.S. Retail Pet Foods (A)	464.0	765.2	905.0	1,494.2				
Sweet Baked Snacks									
International and Away From Home	International and Away From Home	324.6	297.9	599.7	532.9				
Total net sales	Total net sales	$1,938.6	$2,205.1	$3,743.8	$4,078.1				
Segment profit:	Segment profit:								
U.S. Retail Coffee	U.S. Retail Coffee	$ 171.0	$ 187.7	$ 341.1	$ 333.6				
U.S. Retail Consumer Foods		128.5	100.3	234.2	155.1				
U.S. Retail Coffee									

U.S. Retail Coffee					
U.S. Retail Frozen Handheld and Spreads					
U.S. Retail Pet Foods (A)	U.S. Retail Pet Foods (A)	97.2	120.1	178.5	240.4
Sweet Baked Snacks					
International and Away From Home	International and Away From Home	60.2	41.5	96.6	58.1
Total segment profit	Total segment profit	$ 456.9	$ 449.6	$ 850.4	$ 787.2
Amortization	Amortization	(39.6)	(55.6)	(79.4)	(111.2)
Gain (loss) on divestitures – net					
Gain (loss) on divestitures – net					
Gain (loss) on divestitures – net	Gain (loss) on divestitures – net	(13.8)	—	(12.6)	1.6
Interest expense – net	Interest expense – net	(35.1)	(39.7)	(67.2)	(78.8)
Change in net cumulative unallocated derivative gains and losses	Change in net cumulative unallocated derivative gains and losses	(26.3)	(27.1)	(15.9)	(60.9)
Cost of products sold – special project costs (B)	Cost of products sold – special project costs (B)	—	(2.8)	—	(3.9)
Other special project costs (B)	Other special project costs (B)	(6.8)	(0.7)	(6.8)	(2.1)
Other debt costs (B)	Other debt costs (B)	(19.5)	—	(19.5)	—
Corporate administrative expenses	Corporate administrative expenses	(71.5)	(70.0)	(133.3)	(137.6)
Other income (expense) – net (B)	Other income (expense) – net (B)	5.1	(0.8)	(27.9)	(0.3)
Income before income taxes	Income before income taxes	$ 249.4	$ 252.9	$ 487.8	$ 394.0

(A) On April 28, 2023, we sold certain pet food brands to Post, and the divested net sales were primarily included in the U.S. Retail Pet Foods segment. For more information, see Note 4: Divestitures.

(B) Includes certain divestiture, acquisition, integration, and restructuring costs. For more information, see Note 5: Special Project Costs and Note 8: 9: Debt and Financing Arrangements.

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The following table presents certain geographical information.

		Three Months Ended October 31,		Six Months Ended October 31,					
		2023	2022	2023	2022				
	Three Months Ended January 31, 2024					Three Months Ended January 31, 2024	2023	Nine Months Ended January 31, 2024	2023
Net sales:	Net sales:								
United States	United States	$1,796.3	$2,062.1	$3,472.7	$3,822.0				
United States									
United States									
International:	International:								
Canada									
Canada									
Canada	Canada	$ 118.9	$ 119.2	$ 221.2	$ 213.0				
All other international	All other international	23.4	23.8	49.9	43.1				
Total international	Total international	$ 142.3	$ 143.0	$ 271.1	$ 256.1				
Total net sales	Total net sales	$1,938.6	$2,205.1	$3,743.8	$4,078.1				

The following table presents product category information.

		Three Months Ended October 31,		Six Months Ended October 31,													
		2023	2022	2023	2022	Primary Reportable Segment (A)											
		Three Months Ended January 31, 2024 2024															
		2024								2023		2024		2023			Primar Reportal Segment
Coffee	Coffee	$ 778.4	$ 799.6	$1,487.5	$1,479.5	U.S. Retail Coffee	Coffee	$817.6	$	$827.7	$	$2,305.1	$	$2,307.2	U.S. Retail Coffee		U.S. Reta Coff
Pet snacks	Pet snacks	255.9	260.2	499.3	504.4	U.S. Retail Pet Foods (C)	Pet snacks	261.0	269.0	269.0	760.3	760.3	773.4	773.4		U.S. Retail Pet Foods (B)	
Peanut butter	Peanut butter	200.6	192.9	412.6	253.5	U.S. Retail Consumer Foods	Peanut butter	204.5	184.6	184.6	617.1	617.1	438.1	438.1		U.S. Retail Frozen Handheld and Spreads	

Cat food	Cat food	204.6	284.7	395.7	550.1	U.S. Retail Pet Foods (C)	Cat food	203.4	271.3	271.3	599.1		599.1	821.4		821.4	U.S. Retail Pet Foods (B)	
Frozen handheld	Frozen handheld	211.8	168.3	391.2	328.8	U.S. Retail Consumer Foods	Frozen handheld	182.6	172.6	172.6	573.8		573.8	501.4		501.4	U.S. Retail Frozen Handheld and Spreads	
Fruit spreads	Fruit spreads	106.9	103.7	213.5	203.8	U.S. Retail Consumer Foods	Fruit spreads	108.2	110.2	110.2	321.7		321.7	314.0		314.0	U.S. Retail Frozen Handheld and Spreads	
Sweet baked goods							Sweet baked goods	270.2		—		270.2			—			Sweet Ba Snacks
Portion control	Portion control	53.0	43.5	101.6	71.3	Other (D)	Portion control	51.5	42.9	42.9	153.1		153.1	114.2		114.2	Other (D)	
Baking mixes and ingredients							Baking mixes and ingredients	23.1		25.7		68.0			70.8			Other (D)
Toppings and syrups							Toppings and syrups	21.0		21.1		67.7			67.2			U.S. Reta Frozen Handheld Spreads
Dog food	Dog food	20.3	246.3	47.1	488.0	U.S. Retail Pet Foods (B) (C)	Dog food	17.4	241.8	241.8	64.5		64.5	729.8		729.8	U.S. Retail Pet Foods (B) (C)	
Toppings and syrups		21.9	21.7	46.7	46.1	U.S. Retail Consumer Foods												
Baking mixes and ingredients		30.1	28.8	44.9	45.1	Other (D)												
Cookies							Cookies	30.1		—		30.1			—			Sweet Ba Snacks
Other	Other	55.1	55.4	103.7	107.5	Other (D)	Other	38.6	49.4	49.4	142.3		142.3	156.9		156.9	Other (D)	
Total net sales	Total net sales	$1,938.6	$2,205.1	$3,743.8	$4,078.1													

(A) The primary reportable segment generally represents at least 75 percent of total net sales for each respective product category.

(B) During the three and six nine months ended October 31, 2022, the net sales within this product category were primarily related to the divested pet food brands, primarily included in the U.S. Retail Pet Foods segment. For more information, see Note 4: Divestitures.

(C) During the three and six months ended October 31, 2023 January 31, 2024, a portion of the net sales within this product category relates to sales associated with a contract manufacturing agreement resulting from the divestiture of certain pet food brands, primarily included in the U.S. Retail Pet Foods segment. This agreement will continue through the remainder of 2024 and into 2025.

(C) During the three and nine months ended January 31, 2023, the net sales within this product category were primarily related to the divested pet food brands, primarily included in the U.S. Retail Pet Foods segment. For more information, see Note 4: Divestitures.

(D) Primarily represents the International and Away From Home operating segments, which are combined for segment reporting purposes.

Note 7: Earnings per Share

We computed net income per common share ("basic earnings per share") under the two-class method for the three and six nine months ended October 31, 2023 January 31, 2024 and 2022, 2023, due to certain unvested common shares that contained non-forfeitable rights to dividends (i.e., participating securities) during these periods. For the three and six nine months ended October 31, 2023 January 31, 2024 and 2022, 2023, the computation of net income per common share – assuming dilution (“diluted earnings per share”) was more dilutive under the treasury stock method, as compared to the two-class method. Therefore, the treasury stock method was used in accordance with FASB ASC 260, *Earnings Per Share*.

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The following table sets forth the computation of basic and diluted earnings per share under the two-class method.

		Three Months Ended October 31,		Six Months Ended October 31,		Three Months Ended January 31,		Nine Months Ended January 31,	
		2023	2022	2023	2022	2024	2023	2024	2023
Net income	Net income	$194.9	$191.1	$378.5	$300.9				
Less: Net income allocated to participating securities	Less: Net income allocated to participating securities	0.1	0.3	0.2	0.5				
Net income allocated to common stockholders	Net income allocated to common stockholders	$194.8	$190.8	$378.3	$300.4				
Weighted-average common shares outstanding	Weighted-average common shares outstanding	102.1	106.5	102.3	106.4				
Add: Dilutive effect of stock options	Add: Dilutive effect of stock options	0.1	—	0.1	0.1				
Weighted-average common shares outstanding – assuming dilution	Weighted-average common shares outstanding – assuming dilution	102.2	106.5	102.4	106.5				
Net income per common share	Net income per common share	$ 1.91	$ 1.79	$ 3.70	$ 2.82				
Net income per common share – assuming dilution	Net income per common share – assuming dilution	$ 1.91	$ 1.79	$ 3.70	$ 2.82				

The following table sets forth the computation of diluted earnings per share under the treasury stock method.

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022

	Three Months Ended January 31, 2024		Three Months Ended January 31, 2024	Three Months Ended January 31, 2023	Nine Months Ended January 31, 2024	Nine Months Ended January 31, 2023
Net income	Net income	$194.9	$191.1	$378.5	$300.9	
Weighted-average common shares outstanding – assuming dilution:	Weighted-average common shares outstanding – assuming dilution:					
Weighted-average common shares outstanding						
Weighted-average common shares outstanding						
Weighted-average common shares outstanding	Weighted-average common shares outstanding	102.1	106.5	102.3	106.4	
Add: Dilutive effect of stock options	Add: Dilutive effect of stock options	0.1	—	0.1	0.1	
Add: Dilutive effect of restricted shares, restricted stock units, and performance units	Add: Dilutive effect of restricted shares, restricted stock units, and performance units	0.2	0.4	0.2	0.3	
Weighted-average common shares outstanding – assuming dilution	Weighted-average common shares outstanding – assuming dilution	102.4	106.9	102.6	106.8	
Net income per common share – assuming dilution	Net income per common share – assuming dilution	$ 1.90	$ 1.79	$ 3.69	$ 2.82	

Note 8: Goodwill and Other Intangible Assets

The following table summarizes the changes in our goodwill.

	U.S. Retail Coffee	U.S. Retail Frozen Handheld and Spreads	U.S. Retail Pet Foods	Sweet Baked Snacks	International and Away From Home	Total
Balance at April 30, 2023	$ 2,090.9	$ 1,147.5	$ 1,580.2	$ —	$ 398.3	$ 5,216.9
Acquisition	—	—	—	2,461.1	—	2,461.1
Divestiture	—	(7.6)	—	—	(3.9)	(11.5)
Other (A)	—	—	—	—	1.3	1.3
Balance at January 31, 2024 (B)	$ 2,090.9	$ 1,139.9	$ 1,580.2	$ 2,461.1	$ 395.7	$ 7,667.8

(A) The amounts classified as other represent foreign currency translation adjustments.

(B) Included in goodwill as of April 30, 2023, are accumulated goodwill impairment charges of $242.9.

The following table summarizes our other intangible assets and related accumulated amortization and impairment charges including foreign currency exchange adjustments.

	January 31, 2024			April 30, 2023		
	Acquisition Cost	Accumulated Amortization/Impairment Charges/Foreign Currency Exchange	Net	Acquisition Cost	Accumulated Amortization/Impairment Charges/Foreign Currency Exchange	Net
Finite-lived intangible assets subject to amortization:						
Customer and contractual relationships	$ 4,764.9	$ 1,840.4	$ 2,924.5	$ 3,499.0	$ 1,719.8	$ 1,779.2
Patents and technology	163.0	160.7	2.3	167.6	161.6	6.0
Trademarks	143.1	109.1	34.0	151.4	111.6	39.8
Total intangible assets subject to amortization	$ 5,071.0	$ 2,110.2	$ 2,960.8	$ 3,818.0	$ 1,993.0	$ 1,825.0
Indefinite-lived intangible assets not subject to amortization:						
Trademarks	$ 4,572.7	$ 223.2	$ 4,349.5	$ 2,830.7	$ 226.4	$ 2,604.3
Total other intangible assets	$ 9,643.7	$ 2,333.4	$ 7,310.3	$ 6,648.7	$ 2,219.4	$ 4,429.3

We review goodwill and other indefinite-lived intangible assets for impairment at least annually on February 1, and more often if indicators of impairment exist. As of January 31, 2024, there were no indicators of impairment, and as a result, we do not believe that any of our reporting units or material indefinite-lived intangible assets are more likely than not impaired. The goodwill within the U.S. Retail Pet Foods segment remains susceptible to future impairment charges due to narrow differences between fair value and carrying value. In addition, the goodwill and indefinite-lived trademarks within the Sweet Baked Snacks segment remain susceptible to future impairment charges, as the carrying values approximate estimated fair values due to the

recent acquisition of Hostess Brands. Any significant adverse change in our near or long-term projections or macroeconomic conditions could result in future impairment charges for these segments.

Note 8: 9: Debt and Financing Arrangements

The following table summarizes the components of our long-term debt.

		October 31, 2023		April 30, 2023		January 31, 2024		April 30, 2023	
		Principal Outstanding	Carrying Amount (A)	Principal Outstanding	Carrying Amount (A)	Principal Outstanding	Carrying Amount (A)	Principal Outstanding	Carrying Amount (A)
3.50% Senior Notes due March 15, 2025	3.50% Senior Notes due March 15, 2025	$1,000.0	$ 998.8	$1,000.0	$ 998.4				
3.38% Senior Notes due December 15, 2027	3.38% Senior Notes due December 15, 2027	500.0	498.2	500.0	498.0				
5.90% Senior Notes due November 15, 2028	5.90% Senior Notes due November 15, 2028	750.0	744.4	—	—				
2.38% Senior Notes due March 15, 2030	2.38% Senior Notes due March 15, 2030	500.0	496.9	500.0	496.7				

2.13% Senior Notes due March 15, 2032	2.13% Senior Notes due March 15, 2032	500.0	494.8	500.0	494.4
6.20% Senior Notes due November 15, 2033	6.20% Senior Notes due November 15, 2033	1,000.0	991.7	—	—
4.25% Senior Notes due March 15, 2035	4.25% Senior Notes due March 15, 2035	650.0	645.3	650.0	645.1
2.75% Senior Notes due September 15, 2041	2.75% Senior Notes due September 15, 2041	300.0	297.4	300.0	297.3
6.50% Senior Notes due November 15, 2043	6.50% Senior Notes due November 15, 2043	750.0	736.6	—	—
4.38% Senior Notes due March 15, 2045	4.38% Senior Notes due March 15, 2045	600.0	588.4	600.0	588.2
3.55% Senior Notes due March 15, 2050	3.55% Senior Notes due March 15, 2050	300.0	296.2	300.0	296.1
6.50% Senior Notes due November 15, 2053	6.50% Senior Notes due November 15, 2053	1,000.0	983.0	—	—
Term Loan Credit Agreement due November 7, 2026					
Total long-term debt	Total long-term debt	$7,850.0	$7,771.7	$4,350.0	$4,314.2

(A) Represents the carrying amount included in the Condensed Consolidated Balance Sheets, which includes the impact of capitalized debt issuance costs, offering discounts, and terminated interest rate contracts.

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In September 2023, we entered into a Term Loan with a group of banks for an unsecured $800.0 term facility. Borrowings under the Term Loan bear interest on the prevailing Secured Overnight Financing Rate (“SOFR”) and are payable at the end of the borrowing term. The Term Loan matures on November 7, 2026, and does not require scheduled amortization payments. Voluntary prepayments are permitted without premium or penalty. As of October 31, 2023, no balance was drawn on the Term Loan. On November 7, 2023, In November 2023, the full amount was drawn on the Term Loan at an interest rate of 6.67 percent, to partially finance the acquisition of Hostess Brands and pay off the debt assumed as part of the acquisition, as discussed in Note 3: Acquisition. Capitalized debt issuance costs associated with the Term Loan will be amortized to interest expense – net on in the Condensed Statements of Consolidated Income over the time period for which the debt is outstanding. As of January 31, 2024, we prepaid $450.0 on the Term Loan. The interest rate on the Term Loan at January 31, 2024, was 6.69 percent. Subsequent to January 31, 2024, we prepaid an additional $100.0 on the Term Loan.

In September 2023, we entered into a commitment letter for a $5.2 billion Bridge Loan that provided committed financing for the acquisition of Hostess Brands, as disclosed in Note 3: Acquisition. No balances were drawn against this facility, as the commitment letter was terminated after completion of the Senior Notes offering and drawing on the Term Loan. Included in other debt costs on in the Condensed Statement of Consolidated Income at October 31, 2023 during the nine months ended January 31, 2024, was $19.5 related to financing fees associated with the Bridge Loan.

In October 2023, we completed an offering of $3.5 billion in Senior Notes due November 15, 2028, November 15, 2033, November 15, 2043, and November 15, 2053. The Senior Notes included $29.5 $31.8 of capitalized debt issuance costs and $15.0 of offering discounts to be amortized to interest expense – net on in the Condensed Statements of Consolidated Income over the time period for which the debt is outstanding. The net proceeds from the offering were used to partially finance the acquisition of Hostess Brands. Brands and pay off the debt assumed as part of the acquisition.

All of our Senior Notes outstanding at October 31, 2023 January 31, 2024, are unsecured and interest is paid semiannually, with no required scheduled principal payments until maturity. We may prepay all or part of the Senior Notes at 100 percent of the principal amount thereof, together with the accrued and unpaid interest, and any applicable make-whole amount.

We have available a $2.0 billion unsecured revolving credit facility with a group of 11 banks that matures in August 2026. Borrowings under the revolving credit facility bear interest on the prevailing U.S. Prime Rate, SOFR, Euro Interbank Offered Rate, or Canadian Dealer Offered Rate, based on our election. Interest is payable either on a quarterly basis or at the end of the

borrowing term. We did not have a balance outstanding under the revolving credit facility at October 31, 2023 January 31, 2024, or April 30, 2023.

We participate in a commercial paper program under which we can issue short-term, unsecured commercial paper not to exceed $2.0 billion at any time. The commercial paper program is backed by our revolving credit facility and reduces what we can borrow under the revolving credit facility by the amount of commercial paper outstanding. Commercial paper is used as a continuing source of short-term financing for general corporate purposes. As of October 31, 2023 and April 30, 2023 January 31, 2024,we had $418.0 of short-term borrowings outstanding, which were issued under our commercial paper program at weighted-average interest rate of 5.45 percent. As of April 30, 2023, we did not have a balance outstanding under the commercial paper program. However, on November 7, 2023, we issued $700.0 of short-term borrowings under our commercial paper program at a weighted-average interest rate of 5.47 percent, to partially finance the acquisition of Hostess Brands. Further, we sold all 5.4 million shares of our investment in Post common stock on November 15, 2023 for $466.3, and as a result, these funds were used to partially pay down the commercial paper balance outstanding.

Interest paid totaled $65.2 $20.6 and $67.9 $9.9 for the three months ended October 31, 2023 January 31, 2024 and 2022, 2023, respectively, and $73.6 $94.2 and $77.3 $87.2 for the six nine months ended October 31, 2023 January 31, 2024 and 2022, 2023, respectively. This differs from interest expense due to the timing of interest payments, capitalized interest, the effect of interest rate contracts, the timing of interest payments, amortization of debt issuance costs and discounts, and the payment of other debt fees.

Our debt instruments contain covenant restrictions, including an interest coverage ratio. As of October 31, 2023 January 31, 2024, we are in compliance with all covenants.

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Note 9: 10: Pensions and Other Postretirement Benefits

The components of our net periodic benefit cost for defined benefit pension and other postretirement benefit plans are shown below.

		Three Months Ended October 31,							
	Three Months Ended January 31,							Three Months Ended January 31,	
		Defined Benefit Pension Plans		Other Postretirement Benefits		Defined Benefit Pension Plans		Other Postretirement Benefits	
		2023	2022	2023	2022	2024	2023	2024	2023
Service cost	Service cost	$ 0.3	$ 0.3	$ 0.2	$ 0.3				
Interest cost	Interest cost	4.7	4.4	0.7	0.6				
Expected return on plan assets	Expected return on plan assets	(4.1)	(4.1)	—	—				

Amortization of net actuarial loss (gain)	Amortization of net actuarial loss (gain)	0.8	1.0	(0.4)	(0.3)
Amortization of prior service cost (credit)	Amortization of prior service cost (credit)	—	0.3	(0.2)	(0.3)
Settlement loss (gain)	Settlement loss (gain)	—	1.7	—	—
Settlement loss (gain)					
Settlement loss (gain)					
Net periodic benefit cost	Net periodic benefit cost	$ 1.7	$ 3.6	$ 0.3	$ 0.3

		Six Months Ended October 31,				Nine Months Ended January 31,			
	Nine Months Ended January 31,								
		Defined Benefit Pension Plans		Other Postretirement Benefits		Defined Benefit Pension Plans		Other Postretirement Benefits	
		2023	2022	2023	2022	2024	2023	2024	2023
Service cost	Service cost	$ 0.5	$ 0.6	$ 0.4	$ 0.5				
Interest cost	Interest cost	9.3	8.8	1.3	1.2				
Expected return on plan assets	Expected return on plan assets	(8.2)	(8.1)	—	—				
Amortization of net actuarial loss (gain)	Amortization of net actuarial loss (gain)	1.7	2.0	(0.8)	(0.6)				
Amortization of prior service cost (credit)	Amortization of prior service cost (credit)	0.1	0.4	(0.3)	(0.4)				
Settlement loss (gain)	Settlement loss (gain)	3.2	1.7	—	—				
Settlement loss (gain)									
Settlement loss (gain)									
Net periodic benefit cost	Net periodic benefit cost	$ 6.6	$ 5.4	$ 0.6	$ 0.7				

In 2021, we transferred obligations of related to our Canadian defined benefit pension plan to an insurance company through the purchase of an irrevocable group annuity contract (the "Canadian buy-out contract" Buy-Out Contract"). The group annuity contract was purchased using assets from the pension trust. During the first quarter of 2024, we received Board Resolution corporate approval to proceed with distribution of the surplus that remains within the Canadian defined benefit pension plan. As a result, we recognized a noncash pre-tax settlement charge of $3.2 related to the acceleration of prior service cost for the portion of the plan surplus to be allocated to plan members, which is subject to regulatory approval before a payout can be made. The settlement charge was included within other income (expense) – net in the Condensed Statement of Consolidated Income. We did not recognize any charges related to the Canadian buy-out contract Buy-Out Contract during the six nine months ended October 31, 2022 January 31, 2023.

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During the first six nine months of 2023, we made contributions of $70.0 to increase funding for our U.S. qualified defined benefit pension plans. Additionally, we made direct benefit payments of $1.8 for $2.8 in both the six nine months ended October 31, 2023 January 31, 2024 and 2022. 2023.

Note 10: 11: Derivative Financial Instruments

We are exposed to market risks, such as changes in commodity prices, foreign currency exchange rates, and interest rates. To manage the volatility related to these exposures, we enter into various derivative transactions. We have policies in place that define acceptable instrument types we may enter into and establish controls to limit our market risk exposure.

Commodity Derivatives: We enter into commodity derivatives to manage the price volatility and reduce the variability of future cash flows related to anticipated inventory purchases of key raw materials, notably green coffee, soybean meal, corn, wheat, and edible oils, and wheat. oils. We also enter into commodity derivatives to manage price risk for energy input costs, including diesel fuel and natural gas. Our derivative instruments generally have maturities of less than one year.

We do not qualify commodity derivatives for hedge accounting treatment, and as a result, the derivative gains and losses are immediately recognized in earnings. Although we do not perform the assessments required to achieve hedge accounting for derivative positions, we believe all of our commodity derivatives are economic hedges of our risk exposure.

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The commodities hedged have a high inverse correlation to price changes of the derivative instrument. Thus, we would expect that over time any gain or loss in the estimated fair value of its derivatives would generally be offset by an increase or decrease in the estimated fair value of the underlying exposures.

Foreign Currency Exchange Derivatives: We utilize foreign currency derivatives to manage the effect of foreign currency exchange fluctuations on future cash payments primarily related to purchases of certain raw materials and finished goods. The contracts generally have maturities of less than one year. We do not qualify instruments used to manage foreign currency exchange exposures for hedge accounting treatment.

Interest Rate Derivatives: From time to time, we utilize derivative instruments to manage interest rate risk associated with anticipated debt transactions, as well as to manage changes in the fair value of our long-term debt. At the inception of an interest rate contract, the instrument is evaluated and documented for qualifying hedge accounting treatment. If the contract is designated as a cash flow hedge, the mark-to-market gains or losses on the contract are deferred and included as a component of accumulated other comprehensive income (loss) and generally reclassified to interest expense in the period during which the hedged transaction affects earnings. If the contract is designated as a fair value hedge, the contract is recognized at fair value on the balance sheet and changes in the fair value are recognized in interest expense. Generally, changes in the fair value of the contract are equal to changes in the fair value of the underlying debt and have no net impact on earnings.

Equity Forward Derivative: During the first quarter of 2024, we began entering into equity forward derivative transactions under an agreement with an unrelated third party to facilitate the forward sale of the Post common stock. We do did not qualify the forward sale derivative contract for hedge accounting treatment, and as a result, derivative gains and losses associated with the economic hedge are were immediately recognized in earnings within other income (expense) – net in the Condensed Statement of Consolidated Income, netting with the change in fair value of the underlying shares. All 5.4 million shares of Post common stock were hedged as of October 31, 2023. During the three and six months ended October 31, 2023, we recognized an unrealized gain on the transaction of $33.0 and $33.6, respectively. On November 15, 2023, we settled the equity forward contract for $466.3. $466.3 and recognized a realized pre-tax loss of $28.2 and gain of $5.4 during the three and nine months ended January 31, 2024, respectively. For additional information, see Note 4: Divestitures.

The following table presents the gross notional value of outstanding derivative contracts.

	January 31, 2024	January 31, 2024	April 30, 2023
Commodity contracts			
Foreign currency exchange contracts			

	October 31, 2023	April 30, 2023
Commodity contracts	$ 328.8	$448.1
Foreign currency exchange contracts	107.6	98.1
Equity forward contract	432.7	—

The following tables set forth the gross fair value amounts of derivative instruments recognized in the Condensed Consolidated Balance Sheets.

	October 31, 2023				January 31, 2024			
	Other Current Assets	Other Current Liabilities	Other Noncurrent Assets	Other Noncurrent Liabilities	Other Current Assets	Other Current Liabilities	Other Noncurrent Assets	Other Noncurrent Liabilities
Derivatives not designated as hedging instruments: Derivatives not designated as hedging instruments:								
Derivatives not designated as hedging instruments:								
Derivatives not designated as hedging instruments:								
Commodity contracts								
Commodity contracts								
Commodity contracts Commodity contracts	$ 7.5	$ 8.4	$ —	$ —				
Foreign currency exchange contracts Foreign currency exchange contracts	3.2	—	—	—				
Equity forward contract	33.6	—	—	—				
Total derivative instruments Total derivative instruments	$44.3	$ 8.4	$ —	$ —				
Total derivative instruments								
Total derivative instruments								

	April 30, 2023			
	Other Current Assets	Other Current Liabilities	Other Noncurrent Assets	Other Noncurrent Liabilities
Derivatives not designated as hedging instruments:				
Commodity contracts	$ 18.1	$ 14.7	$ —	$ —
Foreign currency exchange contracts	1.4	0.1	—	—
Total derivative instruments	$ 19.5	$ 14.8	$ —	$ —

We have elected to not offset fair value amounts recognized for our exchange-traded derivative instruments and our cash margin accounts executed with the same counterparty that are generally subject to enforceable netting agreements. We are

required to maintain cash margin accounts in connection with funding the settlement of our open positions. Our cash margin accounts represented collateral pledged of $11.5 $19.1 and $17.0 at October 31, 2023 January 31, 2024, and April 30, 2023, respectively, and are included in other current assets in the Condensed Consolidated Balance Sheets. The change in the cash margin accounts is included in other – net, investing activities in the Condensed Statements of Consolidated Cash Flows. In the event of default and immediate net settlement of all of our open positions with individual counterparties, all of our derivative liabilities would be fully offset by either our derivative asset positions or margin accounts based on the net asset or liability position with our individual counterparties. Cash flows associated with the settlement of derivative instruments are classified in the same line item as the cash flows of the related hedged item, which is within operating activities in the Condensed Statements of Consolidated Cash Flows.

Economic Hedges

The following table presents the net gains and losses recognized in cost of products sold in the Condensed Statements of Consolidated Income on derivatives not designated as hedging instruments.

		Three Months Ended October 31,		Six Months Ended October 31,		Three Months Ended January 31,		Nine Months Ended January 31,	
		2023	2022	2023	2022	2024	2023	2024	2023
Derivative gains (losses) on commodity contracts	Derivative gains (losses) on commodity contracts	$(5.0)	$(19.3)	$2.8	$(28.2)				
Derivative gains (losses) on foreign currency exchange contracts	Derivative gains (losses) on foreign currency exchange contracts	4.8	4.8	2.6	4.6				
Total derivative gains (losses) recognized in cost of products sold	Total derivative gains (losses) recognized in cost of products sold	$(0.2)	$(14.5)	$5.4	$(23.6)				

Commodity and foreign currency exchange derivative gains and losses are reported in unallocated derivative gains and losses outside of segment operating results until the related inventory is sold. At that time, we reclassify the hedge gains and losses from unallocated derivative gains and losses to segment profit, allowing our segments to realize the economic effect of the hedge without experiencing any mark-to-market volatility. The following table presents the net change in cumulative unallocated derivative gains and losses.

		Three Months Ended October 31,		Six Months Ended October 31,		Three Months Ended January 31,		Nine Months Ended January 31,	
		2023	2022	2023	2022				
	2024					2024	2023	2024	2023
Net derivative gains (losses) recognized and classified as unallocated	Net derivative gains (losses) recognized and classified as unallocated	$ (0.2)	$(14.5)	$ 5.4	$(23.6)				
Less: Net derivative gains (losses) reclassified to segment operating profit	Less: Net derivative gains (losses) reclassified to segment operating profit	26.1	12.6	21.3	37.3				
Change in net cumulative unallocated derivative gains and losses	Change in net cumulative unallocated derivative gains and losses	$(26.3)	$(27.1)	$(15.9)	$(60.9)				

Net cumulative unallocated derivative gains losses were $5.2 at January 31, 2024, and losses net to zero at October 31, 2023 and cumulative unallocated derivative gains were $15.9 at April 30, 2023.

Cash Flow Hedges

In November 2023, we terminated interest rate contracts for $42.5 concurrent with the payment of the debt assumed with the acquisition of Hostess Brands. The interest rate contracts were designated as cash flow hedges and were used to manage exposure to changes in cash flows associated with variable rate debt.

In 2020, we terminated all outstanding interest rate contracts concurrent with the pricing of the Senior Notes due March 15, 2030, and March 15, 2050. The contracts were designated as cash flow hedges and were used to manage our exposure to interest rate volatility associated with the anticipated debt financing. The termination resulted in a pre-tax loss of $239.8, which was deferred and included as a component of accumulated other comprehensive income (loss) and is being amortized as interest expense over the life of the debt.

The following table presents information on the pre-tax gains and losses recognized on all contracts previously designated as cash flow hedges.

		Three Months Ended October 31,		Six Months Ended October 31,					
		2023	2022	2023	2022				
	Three Months Ended January 31,					Three Months Ended January 31,		Nine Months Ended January 31,	
	2024					2024	2023	2024	2023
Gains (losses) recognized in other comprehensive income (loss)	Gains (losses) recognized in other comprehensive income (loss)	$ —	$ —	$ —	$ —				
Less: Gains (losses) reclassified from accumulated other comprehensive income (loss) to interest expense – net (A)	Less: Gains (losses) reclassified from accumulated other comprehensive income (loss) to interest expense – net (A)	(3.4)	(3.5)	(6.8)	(6.8)				
Change in accumulated other comprehensive income (loss)	Change in accumulated other comprehensive income (loss)	$3.4	$3.5	$6.8	$6.8				

(A) Interest expense – net, as presented in the Condensed Statements of Consolidated Income was $35.1 $99.8 and $39.7 $37.9 for the three months ended October 31, 2023 January 31, 2024 and 2022, 2023, respectively, and $67.2 $167.0 and $78.8 $116.7 for the six nine months ended October 31, 2023 January 31, 2024 and 2022, 2023, respectively. The reclassification includes terminated contracts which were designated as cash flow hedges.

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Included as a component of accumulated other comprehensive income (loss) at October 31, 2023 January 31, 2024, and April 30, 2023, were deferred net pre-tax losses of $193.9 $190.6 and $200.7, respectively, related to the terminated interest rate contracts. The related net tax benefit recognized in accumulated other comprehensive income (loss) at October 31, 2023 January 31, 2024, and April 30, 2023, was $45.5 $45.2 and $47.1, respectively. Approximately $13.6 of the net pre-tax loss will be recognized over the next 12 months related to the terminated interest rate contracts.

Note 11: 12: Other Financial Instruments and Fair Value Measurements

Financial instruments, other than derivatives, that potentially subject us to significant concentrations of credit risk consist principally of cash investments, short-term borrowings, and trade receivables. The carrying value of these financial instruments approximates fair value. Our remaining financial instruments, with the exception of long-term debt, are recognized at estimated fair value in the Condensed Consolidated Balance Sheets.

The following table provides information on the carrying amounts and fair values of our financial instruments.

		October 31, 2023		April 30, 2023		January 31, 2024		April 30, 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Marketable securities and other investments	Marketable securities and other investments	$ 22.4	$ 22.4	$ 24.0	$ 24.0				
Derivative financial instruments – net	Derivative financial instruments – net	35.9	35.9	4.7	4.7				
Investment in equity securities	Investment in equity securities	432.7	432.7	487.8	487.8				
Total long-term debt	Total long-term debt	(7,771.7)	(7,156.5)	(4,314.2)	(3,879.1)				

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions.

The following tables summarize the fair values and the levels within the fair value hierarchy in which the fair value measurements fall for our financial instruments.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at October 31, 2023
Marketable securities and other investments: (A)				
Equity mutual funds	$ 5.0	$ —	$ —	$ 5.0
Municipal obligations	—	17.1	—	17.1
Money market funds	0.3	—	—	0.3
Derivative financial instruments: (B)				
Commodity contracts – net	(1.4)	0.5	—	(0.9)
Foreign currency exchange contracts – net	0.9	2.3	—	3.2
Equity forward contract – net	—	33.6	—	33.6
Investment in equity securities (C)	432.7	—	—	432.7
Total long-term debt (D)	(7,156.5)	—	—	(7,156.5)
Total financial instruments measured at fair value	$ (6,719.0)	$ 53.5	$ —	$ (6,665.5)

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	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at January 31, 2024
Marketable securities and other investments: (A)				
Equity mutual funds	$ 5.5	$ —	$ —	$ 5.5
Municipal obligations	—	17.3	—	17.3
Money market funds	0.3	—	—	0.3
Derivative financial instruments: (B)				
Commodity contracts – net	(4.9)	0.1	—	(4.8)
Foreign currency exchange contracts – net	0.2	(0.7)	—	(0.5)
Total long-term debt (D)	(7,677.4)	(400.2)	—	(8,077.6)
Total financial instruments measured at fair value	$ (7,676.3)	$ (383.5)	$ —	$ (8,059.8)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at April 30, 2023
Marketable securities and other investments: (A)				
Equity mutual funds	$ 5.0	$ —	$ —	$ 5.0
Municipal obligations	—	18.6	—	18.6
Money market funds	0.4	—	—	0.4
Derivative financial instruments: (B)				
Commodity contracts – net	2.7	0.7	—	3.4
Foreign currency exchange contracts – net	0.2	1.1	—	1.3
Investment in equity securities (C)	487.8	—	—	487.8
Total long-term debt (D)	(3,879.1)	—	—	(3,879.1)
Total financial instruments measured at fair value	$ (3,383.0)	$ 20.4	$ —	$ (3,362.6)

(A) Marketable securities and other investments consists of funds maintained for the payment of benefits associated with nonqualified retirement plans. The funds include equity securities listed in active markets, municipal obligations valued by a third-party third party using valuation techniques that utilize inputs that are derived principally from or corroborated by observable market data, and money market funds with maturities of three months or less. Based on the short-term nature of these money market funds, carrying value approximates fair value. As of October 31, 2023 January 31, 2024, our municipal obligations are scheduled to mature as follows: $0.7 $0.2 in 2024, $1.3 in 2025, $0.8 in 2026, $4.4 $4.5 in 2027, $0.4 in 2028, and the remaining $9.5 $10.1 in 2029 and beyond.

(B) Level 1 commodity and foreign currency exchange derivatives are valued using quoted market prices for identical instruments in active markets. Level 2 commodity and foreign currency exchange and equity forward derivatives are valued using quoted prices for similar assets or liabilities in active markets. The unrealized pre-tax gain on the equity forward derivative was included in other income (expense) – net in the Condensed Statement of Consolidated Income. In addition, all 5.4 million shares of Post common stock were hedged as of October 31, 2023. On November 15, 2023, we settled the equity forward contract for $466.3.For additional information, see Note 10: Derivative Financial Instruments.

(C) The market approach is utilized to measure the fair value of equity securities. The investment in equity securities represents represented our equity interest in Post of approximately 9 8 percent as of October 31, 2023 April 30, 2023, which is was valued using the trading value of Post common stock. During the six months ended October 31, 2023 On November 15, 2023, we settled the equity forward contract that hedged all 5.4 million shares of Post common stock for $466.3. The investment in equity securities was valued at $460.9 on the settlement date. As a result, we recognized an unrealized a realized pre-tax loss of $55.1 $30.7 on the investment, of which a gain of $28.2 and loss of $26.9 was recognized during the three and nine months ended January 31, 2024, respectively, which was included in other income (expense) – net in the Condensed Statement of Consolidated Income. On November 15, 2023, we sold all 5.4 million shares of Post common stock, and they settled for $466.3. For additional information, see Note 4: Divestitures.

(D) Long-term debt is composed of public Senior Notes which classified as Level 1 and the Term Loan classified as Level 2. The public Senior Notes are traded in an active secondary market and valued using quoted prices. The fair value of the Term Loan is based on the net present value of each interest and principle payment calculated utilizing an interest rate derived from an estimated yield curve obtained from independent pricing sources for similar types of term loan borrowing arrangements. For additional information, see Note 8: 9: Debt and Financing Arrangements.

As During the second quarter of October 31, 2023, 2024, the disposal groups for the *Sahale Snacks* and Canada condiment business disposal groups met the criteria to be businesses were classified as held for sale, and as a result, a valuation allowance an estimated pre-tax loss of $6.8 and $5.2 respectively, were established to reflect the fair value less costs to sell of the disposal groups, which was based on the expected proceeds and the estimated carrying value of the net assets to be disposed. The estimated pre-tax loss on the disposal groups were included recognized within other operating expense (income) – net in the Condensed Statement of Consolidated Income. Income, respectively. Upon close of the transactions during the third quarter of 2024, the pre-tax losses were adjusted to $6.7 and $5.7, respectively, reflecting the fair values of the disposal groups as of the transaction dates. We utilized Level 3 inputs based on management's best estimates and assumptions to estimate the fair value of the disposal groups. Furthermore, the pre-tax loss for the divested *Sahale Snacks* business included the impact of an allocation of $11.5 of goodwill, primarily in the U.S. Retail Frozen Handheld and Spreads segment, which was determined based on a relative fair value analysis. For additional information, see Note 4: Divestitures andNote 8: Goodwill and Other Intangible Assets.

Furthermore, we acquired Hostess Brands on November 7, 2023, and as a result, the underlying assets acquired and liabilities assumed were adjusted to their estimated fair values at the date of acquisition, which was determined based on independent appraisals, discounted cash flow analyses, quoted market prices, and estimates made by management. For additional information, see Note 4: Divestitures. 3: Acquisition.

Note 12: 13: Leases

We lease certain warehouses, manufacturing facilities, office space, equipment, and vehicles, primarily through operating lease agreements. We have elected to not recognize leases with a term of 12 months or less in the Condensed Consolidated Balance Sheets. Instead, we recognize the related lease expense on a straight-line basis over the lease term.

Although the majority of our right-of-use asset and lease liability balances consist of leases with renewal options, these optional periods do not typically impact the lease term as we are not reasonably certain to exercise them. Certain leases also include termination provisions or options to purchase the leased property. Since we are not reasonably certain to exercise these types of options, minimum lease payments do not include any amounts related to these termination or purchase options. Our lease agreements generally do not contain residual value guarantees or restrictive covenants that are material.

We determine if an agreement is or contains a lease at inception by evaluating whether an identified asset exists that we control over the term of the arrangement. A lease commences when the lessor makes the identified asset available for our use. We generally account for lease and non-lease components as a single lease component. Minimum lease payments do not include variable lease payments other than those that depend on an index or rate.

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Because the interest rate implicit in the lease cannot be readily determined for the majority of our leases, we utilize our incremental borrowing rate to present value lease payments using information available at the lease commencement date. We consider our credit rating and the current economic environment in determining this collateralized rate. As of October 31, 2023, we have entered into operating lease commitments related to one distribution center and one commercial property for which the leases have not yet commenced as of that date. The leases will begin during the third quarter of 2024, and upon commencement, we expect to recognize aggregate right-of-use assets and lease liabilities of approximately $12.0 in the Condensed Consolidated Balance Sheet.

In addition, as of October 31, 2023, we have entered into a financing lease commitment related to equipment for which the lease has not yet commenced as of that date. The lease will begin during the third quarter of 2024, and upon commencement, we expect to recognize a right-of-use asset and lease liability of approximately $1.1 in the Condensed Consolidated Balance Sheet.

The following table sets forth the right-of-use assets and lease liabilities recognized in the Condensed Consolidated Balance Sheets.

		October 31, 2023	April 30, 2023		
	January 31, 2024			January 31, 2024	April 30, 2023
Operating lease right-of-use assets	Operating lease right-of-use assets	$158.4	$103.0		
Operating lease liabilities:	Operating lease liabilities:				
Current operating lease liabilities					
Current operating lease liabilities					
Current operating lease liabilities	Current operating lease liabilities	$ 33.2	$ 33.2		
Noncurrent operating lease liabilities	Noncurrent operating lease liabilities	132.9	77.2		

Total operating lease liabilities	Total operating lease liabilities	$166.1	$110.4
Finance lease right-of-use assets:	Finance lease right-of-use assets:		
Finance lease right-of-use assets:			
Finance lease right-of-use assets:			
Machinery and equipment			
Machinery and equipment			
Machinery and equipment	Machinery and equipment	$ 14.5	$ 7.7
Accumulated depreciation	Accumulated depreciation	(6.5)	(4.4)
Total property, plant, and equipment	Total property, plant, and equipment	$ 8.0	$ 3.3
Finance lease liabilities:	Finance lease liabilities:		
Other current liabilities	Other current liabilities	$ 2.2	$ 1.2
Other current liabilities			
Other current liabilities			
Other noncurrent liabilities	Other noncurrent liabilities	6.0	2.2
Total finance lease liabilities	Total finance lease liabilities	$ 8.2	$ 3.4

The following table summarizes the components of lease expense.

		Three Months Ended October 31,		Six Months Ended October 31,	
		2023	2022	2023	2022
	Three Months Ended January 31,	Three Months Ended January 31,		Nine Months Ended January 31,	
	2024	2024	2023	2024	2023
Operating lease cost	Operating lease cost	$11.2	$10.3	$23.9	$20.8
Finance lease cost:	Finance lease cost:				
Amortization of right-of-use assets					
Amortization of right-of-use assets					
Amortization of right-of-use assets	Amortization of right-of-use assets	1.7	0.4	2.0	0.8

Interest on lease liabilities	Interest on lease liabilities	0.2	—	0.3	—
Variable lease cost	Variable lease cost	5.1	5.6	11.2	11.7
Short-term lease cost	Short-term lease cost	11.2	10.8	20.6	22.6
Total lease cost (A)	Total lease cost (A)	$29.4	$27.1	$58.0	$55.9

(A) Total lease cost does not include sublease income which is immaterial for all years presented.

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The following table sets forth cash flow and noncash information related to leases.

		Six Months Ended October 31,			
		2023	2022		
	Nine Months Ended January 31,			Nine Months Ended January 31,	
	2024			2024	2023
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases					
Operating cash flows from operating leases					
Operating cash flows from operating leases	Operating cash flows from operating leases	$22.9	$21.6		
Operating cash flows from finance leases	Operating cash flows from finance leases	0.3	—		
Financing cash flows from finance leases	Financing cash flows from finance leases	1.9	1.0		
Right-of-use assets obtained in exchange for new lease liabilities:	Right-of-use assets obtained in exchange for new lease liabilities:				
Operating leases	Operating leases	$75.2	$ 1.6		
Operating leases					
Operating leases					

Finance leases	Finance leases	6.5	1.3

The following table summarizes the maturity of our lease liabilities by fiscal year.

		October 31, 2023			
		Operating Leases	Finance Leases		
	January 31, 2024				January 31, 2024
	Operating Leases			Operating Leases	Finance Leases
2024 (remainder of the year)	2024 (remainder of the year)	$ 20.6	$ 1.3		
2025	2025	35.8	2.4		
2026	2026	32.8	2.0		
2027	2027	18.8	1.7		
2028	2028	14.3	1.4		
2029 and beyond	2029 and beyond	72.4	0.3		
Total undiscounted minimum lease payments	Total undiscounted minimum lease payments	$194.7	$ 9.1		
Less: Imputed interest	Less: Imputed interest	28.6	0.9		
Lease liabilities	Lease liabilities	$166.1	$ 8.2		

The following table sets forth the weighted average remaining lease term and discount rate.

		October 31, 2023	April 30, 2023				
	January 31, 2024			January 31, 2024			April 30, 2023
Weighted average remaining lease term (in years):	Weighted average remaining lease term (in years):						
Operating leases							
Operating leases							
Operating leases	Operating leases	4.0	4.8	6.3		4.8	
Finance leases	Finance leases	6.8	3.1	Finance leases	4.0	3.1	
Weighted average discount rate:	Weighted average discount rate:						
Weighted average discount rate:							
Weighted average discount rate:							
Operating leases							
Operating leases							
Operating leases	Operating leases	4.1 %	3.3 %	4.3 %		3.3 %	

Finance leases	Finance leases 4.5 % 2.4 %	Finance leases	4.8 %	2.4 %

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Note 13: 14: Income Taxes

The effective income tax rates for the three months ended October 31, 2023 January 31, 2024 and 2022, 2023, were 21.9 38.4 and 24.4 24.3 percent, respectively, and for the six nine months ended October 31, 2023 January 31, 2024 and 2022, 2023, were 22.4 27.0 and 23.6 23.9 percent, respectively. During the three and six nine months ended October 31, 2023 January 31, 2024, the effective income tax rates varied from the U.S. statutory income tax rate of 21.0 percent primarily due to state income taxes partially offset by and unfavorable tax impacts associated with the recognition acquisition of Hostess Brands. The effective income tax rate for the nine months ended January 31, 2024, also included a deductible outside basis difference related to the divestiture favorable tax impact of the divested *Sahale Snacks* brand, which was classified as held for sale as of October 31, 2023, as discussed in Note 4: Divestitures. business. During the three and six nine months ended October 31, 2022 January 31, 2023, the effective income tax rate varied from the U.S. statutory income tax rate of 21.0 percent primarily due to state income taxes.

We are a voluntary participant in the Compliance Assurance Process (“CAP”) program offered by the Internal Revenue Service (“IRS”) and are currently under a CAP examination for the tax years ended April 30, 2023, and April 30, 2024. During the three months ended January 31, 2024, the IRS concluded the CAP examinations for the 2019 through 2022 tax years.

Within the next 12 months, it is reasonably possible that we could decrease our unrecognized tax benefits by an estimated $2.1, $2.5, primarily as a result of the expiration of statute of limitation periods.

20 As part of the acquisition of Hostess Brands, we assumed a tax receivable agreement payable to C. Dean Metropoulos and entities under his control. Subsequent to the acquisition, we terminated all future payments under the tax receivable agreement in exchange for a cash payment of $86.4, which was recognized as a financing outflow in the Condensed Statement of Consolidated Cash Flows for the nine months ended January 31, 2024.

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Note 14: 15: Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), including the reclassification adjustments for items that are reclassified from accumulated other comprehensive income (loss) to net income, are shown below.

		Foreign Currency Translation Adjustment	Net Gains (Losses) on Cash Flow Hedging Derivatives (A)	Pension and Other Postretirement Liabilities (B)	Unrealized Gain (Loss) on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)
	Foreign Currency Translation Adjustment	Foreign Currency Translation Adjustment	Net Gains (Losses) on Cash Flow Hedging Derivatives (A)	Pension and Other Postretirement Liabilities (B)	Unrealized Gain (Loss) on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)
Balance at May 1, 2023	Balance at May 1, 2023	$ (34.3)	$ (153.6)	$ (52.7)	$ 1.4	$ (239.2)
Reclassification adjustments	Reclassification adjustments	—	6.8	3.9	—	10.7
Current period credit (charge)	Current period credit (charge)	(6.6)	—	(3.2)	(0.5)	(10.3)
Income tax benefit (expense)	Income tax benefit (expense)	—	(1.6)	(0.2)	0.1	(1.7)
Balance at October 31, 2023		$ (40.9)	$ (148.4)	$ (52.2)	$ 1.0	$ (240.5)

		Foreign Currency Translation Adjustment	Net Gains (Losses) on Cash Flow Hedging Derivatives (A)	Pension and Other Postretirement Liabilities (B)	Unrealized Gain (Loss) on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)	Foreign Currency Translation Adjustment	Net Gains (Losses) on Cash Flow Hedging Derivatives (A)	Pension and Other Postretirement Liabilities (B)	Unrealized Gain (Loss) on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)
Balance at January 31, 2024											
Balance at May 1, 2022	Balance at May 1, 2022	$ (21.1)	$ (163.9)	$ (54.2)	$ 1.8	$ (237.4)					
Reclassification adjustments	Reclassification adjustments	—	6.8	3.1	—	9.9					
Current period credit (charge)	Current period credit (charge)	(15.0)	—	(1.8)	(1.3)	(18.1)					
Income tax benefit (expense)	Income tax benefit (expense)	—	(1.7)	(0.4)	0.4	(1.7)					
Balance at October 31, 2022		$ (36.1)	$ (158.8)	$ (53.3)	$ 0.9	$ (247.3)					
Balance at January 31, 2023											

(A) The reclassification from accumulated other comprehensive income (loss) is composed of deferred gains (losses) related to terminated interest rate contracts which were reclassified to interest expense – net. For additional information, see Note 10: 11: Derivative Financial Instruments.

(B) The reclassification from accumulated other comprehensive income (loss) to other income (expense) – net is composed of settlement charges and amortization of net losses and prior service costs. For additional information, see Note 9: 10: Pensions and Other Postretirement Benefits.

Note 15: 16: Contingencies

We, like other food manufacturers, are from time to time subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. We are currently a defendant in a variety of such legal proceedings, and while we cannot predict with certainty the ultimate results of these proceedings or potential settlements associated with these or other matters, we have accrued losses for certain contingent liabilities that we have determined are probable and reasonably estimable at October 31, 2023 January 31, 2024. Based on the information known to date, with the exception of the matters discussed below, we do not believe the final outcome of these proceedings will have a material adverse effect on our financial position, results of operations, or cash flows.

We are defendants in a series of putative class action lawsuits that were transferred to the U.S. District Court for the Western District of Missouri for coordinated pre-trial proceedings. The plaintiffs assert claims arising under various state laws for false advertising, consumer protection, deceptive and unfair trade practices, and similar statutes. Their claims are premised on allegations that we have misrepresented the number of servings that can be made from various canisters of *Folgers* coffee on the packaging for those products.

The outcome and the financial impact of these cases, if any, cannot be predicted at this time. Accordingly, no loss contingency has been recorded for these matters as of October 31, 2023 January 31, 2024, and the likelihood of loss is not considered probable or reasonably estimable. However, if we are required to pay significant damages, our business and financial results could be adversely impacted, and sales of those products could suffer not only in these locations but elsewhere.

Product Recall: In May 2022, we initiated a voluntary recall of select *Jif* peanut butter products produced at our Lexington, Kentucky facility and sold primarily in the U.S., due to potential salmonella contamination. At that time, we also suspended the manufacturing of *Jif* peanut butter products at the Lexington facility and temporarily paused shipments from our Memphis, Tennessee facility. No other products produced at our other facilities were affected by the recall. In June 2022, we resumed manufacturing at our Lexington facility, as well as shipping from our Memphis facility. We partnered with retailers to restock

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Jif peanut butter products during the first quarter of 2023 and returned to normal levels at the end of 2023. We recognized total direct costs associated with the recall of approximately $120.0, net of insurance recoveries, related to customer returns, fees, unsaleable inventory, and other product recall-related costs, primarily within our U.S. Retail Consumer Foods Frozen Handheld and Spreads segment. Approximately $25.0 $20.0 and $90.0 $110.0 of direct costs were recognized during the three and six nine months ended October 31, 2022 January 31, 2023, respectively, and no significant direct costs were recognized during the three and six months ended October 31, 2023. 2024.

Further, the U.S. Food and Drug Administration (the "FDA") issued a Warning Letter on January 24, 2023, following an inspection of our Lexington facility completed in June 2022 in connection with the *Jif* voluntary recall, identifying concerns regarding certain practices and controls at the facility. We have responded to the Warning Letter with a detailed explanation of our food safety plan and extensive verification activities to prevent contamination in *Jif* peanut butter products. In addition, we have worked diligently to further strengthen our already stringent quality processes, including doubling our finished product testing and tripling our environmental testing to verify the efficacy of our actions. The FDA or other agencies may nonetheless conclude that certain practices or controls were not in compliance with the Federal Food, Drug, and Cosmetic Act or other laws. Any potential regulatory action based on such an agency conclusion could result in the imposition of injunctive terms and monetary payments that could have a material adverse effect on our business, reputation, brand, results of operations, and financial performance, as well as affect ongoing consumer litigation associated with the voluntary recall of *Jif* peanut butter products. The outcome and financial impact of the ongoing consumer litigation or any potential regulatory action associated with the *Jif* voluntary recall cannot be predicted at this time. Accordingly, no loss contingency has been recorded for these matters as of October 31, 2023 January 31, 2024, and the likelihood of loss is not considered probable or reasonably estimable.

Voortman Contingency: In December 2020, Hostess Brands asserted claims for indemnification against the sellers (the "Sellers") under the terms of a Share Purchase Agreement (the "Purchase Agreement") pursuant to which Hostess Brands acquired Voortman Cookies Limited ("Voortman"). The claims were for damages arising out of alleged breaches by the Sellers of certain representations, warranties and covenants contained in the Purchase Agreement relating to periods prior to the closing of the acquisition. Hostess Brands also submitted claims relating to these alleged breaches under the representation and warranty insurance policy ("RWI") that was purchased in connection with the acquisition. In the third quarter of calendar 2022, the RWI insurers paid Hostess Brands $42.5 CAD (the RWI coverage limit) (the "Proceeds") related to these breaches. Per agreement with the RWI insurers, under no circumstances would we be required to return the Proceeds.

On November 3, 2022, pursuant to the agreement with the RWI insurers, Voortman brought claims in the Ontario (Canada) Superior Court of Justice (the "Claim"), related to the breaches against certain of the Sellers. The Claim alleges the seller defendants made certain non-disclosures and misrepresentations to induce Hostess Brands to overpay for Voortman. We are seeking damages of $109.0 CAD representing the amount of the aggregate liability of the Sellers for indemnification under the Purchase Agreement, $5.0 CAD in punitive or aggravated damages, interest, proceedings fees, and any other relief the presiding

court deems appropriate. A portion of any recovery will be shared with the RWI insurers. Although we believe that the Claim is meritorious, no assurance can be given as to whether we will recover all, or any part, of the amounts being pursued.

Note 16: 17: Common Shares

The following table sets forth common share information.

		October 31, 2023	April 30, 2023
	January 31, 2024	January 31, 2024	April 30, 2023
Common shares authorized	Common shares authorized	300.0	300.0
Common shares outstanding	Common shares outstanding	102.2	104.4
Treasury shares	Treasury shares	44.3	42.1

Repurchase Program: On March 2, 2023, we entered into a share repurchase plan (the "10b5-1 Plan") established in accordance with Rule 10b5-1 of the Exchange Act in connection with the remaining common shares authorized for repurchase by the Board, which was approximately 3.5 million common shares as of April 30, 2023. In accordance with the 10b5-1 Plan, our designated broker had the authority to repurchase approximately 2.4 million common shares, which commenced upon the sale of certain pet food brands on April 28, 2023, and expired 45 calendar days after the closure of the transaction. During the six nine months ended October 31, 2023 January 31, 2024, we repurchased approximately 2.4 million common shares for $362.8 under the 10b5-1 Plan, and approximately 1.1 million common shares remain available for repurchase. In accordance with *The Inflation Reduction Act of 2022, H.R. 5376* (the "Inflation Reduction Act"), a one percent excise tax was applied to share repurchases after December 31, 2022. As a result, an excise tax of $3.6 was accrued on the repurchased shares during the first quarter of 2024, and included within additional capital in our Condensed Consolidated Balance Sheet.

During the six nine months ended October 31, 2022 January 31, 2023, we did not repurchase any common shares under a repurchase plan authorized by the Board. All other share repurchases during the six nine months ended October 31, 2023 January 31, 2024 and 2022, 2023, consisted of shares repurchased from stock plan recipients in lieu of cash payments.

Shares Issued: On November 7, 2023, we acquired Hostess Brands, and as a result, we issued approximately 4.0 million common shares valued at $450.2 in exchange for the outstanding shares of Hostess Brands common stock. stock to partially fund the acquisition of Hostess Brands. The shares issued were based on each outstanding share of Hostess Brands common stock receiving $30.00 per share in cash and 0.03002 shares of our common shares, which represents represented a value of $4.25 based on the closing stock price of our common shares on September 8, 2023, the last trading day preceding September 11, 2023, the date on which the execution of the Hostess Brands merger agreement was publicly announced. For additional information on the acquisition of Hostess Brands, see Note 3: Acquisition.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(Dollars and shares in millions, unless otherwise noted, except per share data)

This discussion and analysis deals with comparisons of material changes in the unaudited condensed consolidated financial statements for the three and six nine months ended October 31, 2023 January 31, 2024 and 2022. 2023. All comparisons presented are to the corresponding period of the prior year, unless otherwise noted.

During On January 2, 2024, we sold our Canada condiment business to TreeHouse Foods. The transaction included *Bick's* pickles, *Habitant* pickled beets, *Woodman's* horseradish, and *McLarens* pickled onions brands, inclusive of certain trademarks. Under our ownership, these brands generated net sales of approximately $60.0 in 2023, which were included in the International operating segment. Net proceeds from the divestiture were $25.3, net of cash transaction costs and includes a receivable related to a preliminary working capital adjustment. During the second quarter of 2024, the disposal group was classified as held for sale, and as a result, an estimated pre-tax loss of $5.2 was recognized within other operating expense (income) – net in the Condensed Statement of Consolidated Income. Upon close of the transaction during the third quarter of 2024, the pre-tax loss was adjusted to $5.7, reflecting the fair value of the disposal group as of the transaction date.

On November 7, 2023, we announced completed a definitive agreement cash and stock transaction to acquire Hostess Brands. On November 7, 2023 The total purchase consideration in connection with the acquisition was $5.4 billion, which reflects an exchange offer of all outstanding shares of Hostess Brands common stock at a price of $34.25 per share, consisting of $30.00 in cash and 0.03002 shares of our common shares, based on the closing stock price on September 8, 2023, that were exchanged for each share of Hostess Brands common stock as of the transaction date. The purchase price included the issuance of approximately 4.0 million of our common shares to Hostess Brands' shareholders, valued at $450.2. In addition, we completed paid $3.9 billion in cash, net of cash acquired, and assumed $991.0 of

debt from Hostess Brands and $67.8 of an other debt-like item, reflecting consideration transferred for the cash and stock transaction, valued at approximately $5.5 billion. The transaction payment of Hostess Brands' employee equity awards. New debt of $5.0 billion was funded with new debt, inclusive borrowed, consisting of $3.5 billion of in Senior Notes, a $800.0 Term Loan, of $800.0, and $700.0 of short-term borrowings under our commercial paper program to partially fund the transaction and pay off the debt assumed as well as part of the issuance of approximately 4.0 million of our common shares valued at $450.2. acquisition. Hostess Brands is a manufacturer and marketer of sweet baked goods brands including *Hostess Donettes*, *Twinkies*, *CupCakes*, *DingDongs*, *Zingers*, *CoffeeCakes*, *HoHos*, *Mini Muffins*, and *Fruit Pies*, and the *Voortman* cookie brand. In addition to its headquarters in Lenexa, Kansas, the transaction included six manufacturing facilities located in Emporia, Kansas; Burlington, Ontario; Chicago, Illinois; Columbus, Georgia; Indianapolis, Indiana; and Arkadelphia, Arkansas, a distribution facility in Edgerton, Kansas, and a commercial center of excellence in Chicago, Illinois. Approximately 3,000 employees transitioned with the business at the close of the transaction. We anticipate the acquired business to contribute net sales of approximately $650.0 in 2024. We anticipate cost synergies of of approximately $100.0, which are expected to be achieved by the end of 2026.

On October 17, 2023 November 1, 2023, we entered into a definitive agreement to sell sold our Canada condiment business to TreeHouse Foods. We expect the transaction to close during the third quarter of 2024, subject to customary closing conditions. The transaction includes *Bick's* pickles, *Habitant* pickled beets, *Woodman's* horseradish, and *McLarens* pickled onions brands, inclusive of certain trademarks. Under our ownership, these brands generated net sales of approximately $60.0 in 2023, which were included in the International operating segment. The transaction is valued at approximately $20.0, subject to a working capital adjustment. As of October 31, 2023, the disposal group met the criteria to be classified as held for sale, and as a result, a valuation allowance was established to reflect the fair value less costs to sell of the disposal group, which was based on the expected proceeds and the estimated carrying value of the net assets to be disposed. The valuation allowance was included within other current assets in the Condensed Consolidated Balance Sheet and the estimated pre-tax loss on the disposal group was included within other operating expense (income) – net in the Condensed Statement of Consolidated Income and within loss (gain) on divestitures – net in the Condensed Statement of Consolidated Cash Flows.

On September 27, 2023, we entered into a definitive agreement to sell the *Sahale Snacks* business to Second Nature, which closed on November 1, 2023. Nature. The transaction included products sold under our *Sahale Snacks* brand, inclusive of certain trademarks and licensing agreements, agreements; a leased manufacturing facility in Seattle, Washington, Washington; and approximately 100 employees who supported the brand. Under our ownership, the *Sahale Snacks* brand generated net sales of approximately $48.0 in 2023, primarily included in the U.S. Retail Consumer Foods Frozen Handheld and Spreads segment. The transaction is valued at approximately $34.0, subject to Final net proceeds from the divestiture were $31.6, net of a working capital adjustment. As adjustment and cash transaction costs. During the second quarter of October 31, 2023, 2024, the disposal group met the criteria to be was classified as held held for sale, and as a result, a valuation allowance was established to reflect the fair value less costs to sell of the disposal group, which was based on the expected proceeds and the estimated carrying value of the net assets to be disposed. The valuation allowance was included within other current assets in the Condensed Consolidated Balance Sheet and the an estimated pre-tax loss on the disposal group of $6.8 was included recognized within other operating expense (income) – net in the Condensed Statement of Consolidated Income and within Income. Upon close of the transaction during the third quarter of 2024, the pre-tax loss (gain) on divestitures – net in was adjusted to $6.7, reflecting the Condensed Statement fair value of Consolidated Cash Flows. the disposal group as of the transaction date.

On April 28, 2023, we sold certain pet food brands to Post. The transaction included the *Rachael Ray Nutrish*, *9Lives*, *Kibbles 'n Bits*, *Nature's Recipe*, and *Gravy Train* brands, as well as our private label pet food business, inclusive of certain trademarks and licensing agreements, manufacturing and distribution facilities in Bloomsburg, Pennsylvania, manufacturing facilities in Meadville, Pennsylvania and Lawrence, Kansas, and approximately 1,100 employees who supported these pet food brands. Under our ownership, these brands generated net sales of $1.5 billion in 2023, primarily included in the U.S. Retail Pet Foods segment. Final net proceeds from the divestiture were $1.2 billion, consisting of $683.9 in cash, net of a working capital adjustment and cash transaction costs, and approximately 5.4 million shares of Post common stock, valued at $491.6 at the close of the transaction. We recognized a pre-tax loss of $1.0 billion upon completion of this transaction during the fourth quarter of 2023, within other operating expense (income) – net in the Statement of Consolidated Income, net of a working capital adjustment and cash transaction costs. During 2024, we finalized the working capital adjustment and transaction costs, which resulted in an immaterial adjustment to the pre-tax loss. Furthermore, during the first quarter of 2024, we began entering into equity forward derivative transactions under an agreement with an unrelated third party to facilitate the forward sale of the Post common stock. All 5.4 million shares of Post common stock were hedged as of October 31, 2023, and were subsequently settled for $466.3 on November 15, 2023. For additional information, see Note 10: Derivative Financial Instruments.

On January 31, 2022, we sold the natural beverage and grains businesses to Nexus. The transaction included products sold under the *R.W. Knudsen* and *TruRoots* brands, inclusive of certain trademarks, a licensing agreement for *Santa Cruz Organic* beverages, dedicated manufacturing and distribution facilities in Chico, California and Havre de Grace, Maryland, and approximately 150 employees who supported the natural beverage and grains businesses. The transaction did not include *Santa Cruz Organic* nut butters, fruit spreads, syrups, or applesauce. Final net proceeds from the divestiture were $98.7, net of a working capital adjustment and cash transaction costs. We recognized a pre-tax gain of $28.3 related to the natural beverage and grains businesses, of which $1.6 was recognized during the first quarter of 2023, within other operating expense (income) – net in the Condensed Statement of Consolidated Income, upon finalization of the working capital adjustment.

For additional information, see Note 3: Acquisition and Note 4: Divestitures.

We are the owner of all trademarks referenced herein, except for the following, which are used under license: *Dunkin'* is a trademark of DD IP Holder LLC used under three licenses (the "Dunkin' Licenses") for packaged coffee products, including K-Cup® pods, sold in retail channels, such as grocery stores, mass merchandisers, club stores, e-commerce, and drug stores, as well as in certain away from home channels. The Dunkin' Licenses do not pertain to coffee or other products for sale in *Dunkin'* restaurants. K-Cup® is a trademark of Keurig Green Mountain, Inc., used with permission.

Trends Affecting our Business

During the first half nine months of 2024, we continued to experience a dynamic macroeconomic environment, which we anticipate will persist through the remainder of 2024, although with less volatility than experienced in 2023. In addition, an increase in costs may require us to implement price increases across our business in 2024, and we anticipate the price elasticity of demand will remain elevated throughout 2024 while consumers continue to experience broader inflationary pressures.

It is possible significant disruptions in our supply chain could occur if certain geopolitical events continue to impact markets around the world, including the impact of potential shipping delays due to supply and demand imbalances, as well as labor shortages. We also continue to work closely with our customers and external business partners, taking additional actions to ensure safety, business continuity, and maximize product availability. We have maintained production at all our facilities and availability of appointments at distribution centers. Furthermore, we have implemented measures to manage order volumes to ensure a consistent supply across our retail partners during periods of high demand. However, to the extent that high demand levels or supply chain disruptions delay order fulfillment, we may experience volume loss and elevated penalties. Although we do not have any operations in Russia or Ukraine, we continue to monitor the environment for any significant escalation or expansion of economic or supply chain disruptions, including broader inflationary costs, as well as regional or global economic recessions. During the first half nine months of 2024, we continued to experience high volatility in the price of grains, oils, and fat-based products as a result of the conflict between Russia and Ukraine, which may continue to have an adverse impact on our results of operations during the remainder of 2024.

Overall, broad-based supply chain disruptions and the impact of inflation remain uncertain. We will continue to evaluate the nature and extent to which supply chain disruptions and inflation will impact our business; results of operations; financial condition; and liquidity.

Results of Operations

		Three Months Ended October 31, 2023	Three Months Ended October 31, 2022	% Increase (Decrease)	Six Months Ended October 31, 2023	Six Months Ended October 31, 2022	% Increase (Decrease)		Three Months Ended January 31, 2024	Three Months Ended January 31, 2023	% Increase (Decrease)	Nine Months Ended January 31, 2024	Nine Months Ended January 31, 2023	% Increase (Decrease)
Net sales	Net sales	$1,938.6	$2,205.1	(12) %	$3,743.8	$4,078.1	(8) %	Net sales	$2,229.2	$ $2,216.3	1 1 %	$5,973.0	$ $6,294.4	(5) (5)%
Gross profit	Gross profit	$ 724.2	$ 701.1	3	$1,379.0	$1,253.6	10							
% of net sales	*% of net sales*	*37.4 %*	*31.8 %*		*36.8 %*	*30.7 %*								
Operating income	Operating income	$ 298.9	$ 293.4	2	$ 602.4	$ 473.1	27							
Operating income														
Operating income														
% of net sales	*% of net sales*	*15.4 %*	*13.3 %*		*16.1 %*	*11.6 %*								
Net income:	Net income:													
Net income:														
Net income:														
Net income														
Net income														
Net income	Net income	$ 194.9	$ 191.1	2	$ 378.5	$ 300.9	26							
Net income per common share – assuming dilution	Net income per common share – assuming dilution	$ 1.90	$ 1.79	6	$ 3.69	$ 2.82	31							
Adjusted gross profit (A)	Adjusted gross profit (A)	$ 750.5	$ 731.0	3	$1,394.9	$1,318.4	6							
% of net sales	*% of net sales*	*38.7 %*	*33.2 %*		*37.3 %*	*32.3 %*								
Adjusted operating income (A)	Adjusted operating income (A)	$ 385.4	$ 379.6	2	$ 717.1	$ 649.6	10							
Adjusted operating income (A)														
Adjusted operating income (A)														
% of net sales	*% of net sales*	*19.9 %*	*17.2 %*		*19.2 %*	*15.9 %*								
Adjusted income: (A)	Adjusted income: (A)													
Adjusted income: (A)														
Adjusted income: (A)														
Income														
Income														

Income	Income	$	265.0	$ 256.2	3	$ 492.0	$ 434.3	13
Earnings per share – assuming dilution	Earnings per share – assuming dilution	$	2.59	$ 2.40	8	$ 4.80	$ 4.07	18

(A) We use non-GAAP financial measures to evaluate our performance. Refer to “Non-GAAP Financial Measures” in this discussion and analysis for a reconciliation to the comparable GAAP financial measure.

Net Sales

	Three Months Ended January 3				
	2024	2023	Increase (Decrease)	%	2
Net sales	$2,229.2	$2,216.3	$ 12.9	1 %	$5,973.0
Hostess Brands acquisition					
Pet food brands divestiture					
Sahale Snacks divestiture					
Canada condiment divestiture					
Foreign currency exchange					
Net sales excluding acquisition, divestitures, and foreign currency exchange (A)	$1,929.2	$1,822.7	$106.5	6 %	$5,679.3

	Three Months Ended October 31,				Six Months Ended October 31,			
	2023	2022	Increase (Decrease)	%	2023	2022	Increase (Decrease)	%
Net sales	$1,938.6	$2,205.1	$ (266.5)	(12)%	$3,743.8	$4,078.1	$ (334.3)	(8)%
Pet food brands divestiture	—	(385.0)	385.0	17	—	(759.1)	759.1	19
Foreign currency exchange	2.5	—	2.5	—	6.3	—	6.3	—
Net sales excluding divestiture and foreign currency exchange (A)	$1,941.1	$1,820.1	$ 121.0	7 %	$3,750.1	$3,319.0	$ 431.1	13 %

Amounts may not add due to rounding.

(A) Net sales excluding divestiture acquisition, divestitures, and foreign currency exchange is a non-GAAP financial measure used to evaluate performance internally. This measure provides useful information to investors because it enables comparison of results on a year-over-year basis.

Net sales in the second third quarter of 2024 decreased $266.5, increased $12.9, or 12 1 percent, which includes $385.0 $393.6 of noncomparable net sales in the prior year related to divestitures, partially offset by incremental net sales in the divestiture current year of certain pet food brands. $300.3 related to the Hostess Brands acquisition. Net sales excluding the divestiture acquisition, divestitures, and foreign currency exchange increased $121.0, $106.5, or 7 6 percent. Favorable volume/mix contributed 4 percentage points to net sales, primarily driven by an increase for *Smucker's Uncrustables* *Meow Mix* ® cat food *frozen sandwiches and*, contract manufacturing sales related to the divested pet food brands, partially offset by a decrease and growth for the *Jif* *Café Bustelo* *peanut butter.* brand. Higher net price realization contributed 3 2 percentage points to net sales, primarily due to list price increases for our U.S. Retail Pet Foods and U.S. Retail Consumer Foods Frozen Handheld and Spreads segments and for International and Away From Home, partially offset by a lower net price decline realization for the U.S. Retail Coffee segment.

Net sales in the first six nine months of 2024 decreased $334.3, $321.4, or 8 5 percent, which includes $759.1 incremental net sales in the current year of $300.3 related to the Hostess Brands acquisition, partially offset by $1,152.7 of noncomparable net sales in the prior year related to the divestiture of certain pet food brands. divestitures. Net sales excluding the divestiture acquisition, divestitures, and foreign currency exchange increased $431.1, $537.6, or 13 10 percent. Favorable volume/mix contributed 8 7 percentage points to net sales, primarily driven by *Jif* peanut butter due to lapping the impact of the product recall in the prior year, contract manufacturing sales related to the divested pet food brands, lapping the impact of the *Jif* peanut butter product recall in the prior year, *Smucker's Uncrustables* frozen sandwiches, and coffee products. Higher net price realization contributed 5 4 percentage points to net sales, primarily due to list price increases for our U.S. Retail Pet Foods Frozen Handheld and Spreads and U.S. Retail Consumer Pet Foods segments and for International and Away From Home, and as well as the favorable impact of lapping customer returns and fees related to the *Jif* peanut butter product recall in the prior year, partially offset by a net price decline for the U.S. Retail Coffee segment.

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Operating Income

The following table presents the components of operating income as a percentage of net sales.

		Three Months Ended October 31,		Six Months Ended October 31,			Three Months Ended January 31,		Nine Months Ended January 31,	
		2023	2022	2023	2022		2024	2023	2024	2023
Gross profit	Gross profit	37.4 %	31.8 %	36.8 %	30.7 %	Gross profit	36.9 %	34.1 %	36.9 %	31.9 %
Selling, distribution, and administrative expenses:	Selling, distribution, and administrative expenses:									
Marketing										
Marketing										
Marketing	Marketing	5.6 %	5.1 %	5.3 %	5.1 %		4.8 %	5.5 %	5.1 %	5.3 %
Selling	Selling	2.7	2.5	3.1	3.1					
Distribution	Distribution	3.1	3.5	3.3	3.7					
General and administrative	General and administrative	5.8	4.9	5.6	5.3					
Total selling, distribution, and administrative expenses	Total selling, distribution, and administrative expenses	17.2 %	16.1 %	17.3 %	17.1 %	Total selling, distribution, and administrative expenses	16.8 %	17.2 %	17.1 %	17.1 %
Amortization	Amortization	2.0	2.5	2.1	2.7					
Other special project costs	Other special project costs	0.4	—	0.2	0.1					
Other special project costs										
Other special project costs										
Other operating expense (income) – net	Other operating expense (income) – net	2.3	(0.1)	1.2	(0.8)					
Other operating expense (income) – net										
Other operating expense (income) – net										

Operating income	Operating income	15.4 %	13.3 %	16.1 %	11.6 %	Operating income	13.3 %	14.3 %	15.1 %	12.6 %

Amounts may not add due to rounding.

Gross profit increased $23.1, $67.3, or 3 9 percent, in the second third quarter of 2024, primarily reflecting the noncomparable benefit of Hostess Brands, higher net price realization, lower green coffee costs, and favorable volume/mix, and lower commodity costs, partially offset by the noncomparable impact of the divested pet food brands. divestitures.

Operating income increased $5.5, decreased $20.5, or 2 6 percent, primarily driven by a $98.3 increase in special project costs, reflecting integration costs related to the acquisition of Hostess Brands, partially offset by the increase in gross profit and a $20.8 $6.7 decrease in selling, distribution, and administrative ("SD&A") expenses, and a $16.0 decrease in amortization expense as a result of the divested pet food brands. These benefits were partially offset by a $48.3 decrease in net other operating income, primarily reflecting a $39.1 unfavorable impact related to the termination of a supplier agreement and the net pre-tax loss on divestitures. expenses.

Our non-GAAP adjustments include amortization expense and impairment charges related to intangible assets, special project costs, gains and losses on divestitures, the change in net cumulative unallocated derivative gains and losses, and other infrequently occurring items that do not directly reflect ongoing operating results. Refer to "Non-GAAP Financial Measures" in this discussion and analysis for additional information. Gross profit excluding non-GAAP adjustments ("adjusted gross profit"), primarily reflecting the exclusion of the change in net cumulative unallocated derivative gains and losses, as compared to GAAP gross profit, increased $19.5, $89.0, or 3 12 percent, in the second third quarter of 2024. Operating income excluding non-GAAP adjustments ("adjusted operating income") increased $5.8, $99.9, or 2 28 percent, as compared to the prior year, further primarily reflecting the exclusion of amortization expense, the net pre-tax loss on divestitures, and special project costs.

Gross profit increased $125.4, $192.7, or 10 percent, in the first six nine months of 2024, primarily reflecting higher net price realization, the noncomparable benefit of Hostess Brands, favorable volume/mix, including the price and cost benefits from lapping the impact of the *Jif* peanut butter product recall, and lower green coffee commodity costs. The increase in gross profit was partially offset by the noncomparable impact of the divested pet food brands. divestitures.

Operating income increased $129.3, $108.8, or 27 14 percent, primarily driven by the increase in gross profit, a $51.0 $57.7 decrease in SD&A expenses, and a $31.8 $31.7 decrease in amortization expense as a result of the divested pet food brands, expense. These increases to operating income were partially offset by a $74.2 $103.0 increase in special project costs, reflecting integration costs related to the acquisition of Hostess Brands, and a $70.3 decrease in net other operating income, primarily reflecting the an unfavorable impact related to the termination of a supplier agreement, lapping the prior year insurance recovery from the *Jif* peanut butter product recall, and the net pre-tax loss on divestitures.

Adjusted gross profit, primarily reflecting the exclusion of the change in net cumulative unallocated derivative gains and losses, as compared to GAAP gross profit, decreased $76.5, increased $165.5, or 6 8 percent, in the first six nine months of 2024. Adjusted operating income increased $67.5, $167.4, or 10 17 percent, as compared to the prior year, further reflecting the exclusion of amortization expense, special project costs, the net pre-tax loss on divestitures, and special project costs. amortization expense.

Interest Expense

Net interest expense decreased $4.6 increased $61.9 and $11.6 $50.3 in the second third quarter and first six nine months of 2024, respectively, primarily due to increased interest expense related to the new Senior Notes and Term Loan issued during 2024 to partially finance the acquisition of Hostess Brands, partially offset by an increase in interest income, reflecting an increase in our cash investments and higher interest rates as compared to the prior year, and a decrease in interest expense related to our commercial paper program, as there was no balance outstanding as of October 31, 2023. The decrease in net interest expense was partially offset by increased interest expense related to the new

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Senior Notes issued during the second quarter of 2024 to partially fund the acquisition of Hostess Brands. year. For additional information, refer to Note 8: 9: Debt and Financing Arrangements.

Income Taxes

Income taxes decreased $7.3, increased $8.2, or 12 percent, in the second third quarter of 2024, primarily due to the lower higher effective income tax rate of 21.9 38.4 percent, as compared to 24.4 24.3 percent and in the decrease in income before income taxes. prior year. Income taxes increased $16.2, $24.4, or 17 15 percent, in the first six nine months of 2024, primarily due to the increase in income before income taxes, partially offset by a lower higher effective income tax rate of 22.4 27.0 percent, as compared to 23.6 percent. 23.9 percent in the prior year. During the current year, the effective income tax rates varied from the U.S. statutory income tax rate of 21.0 percent, primarily due to state income taxes partially offset by and unfavorable tax impacts associated with the recognition acquisition of Hostess Brands. The effective income tax rate for the nine months ended January 31, 2024, also included a deductible outside basis difference related to favorable tax impact from the divestiture of the recently divested *Sahale Snacks* brand, which was classified as held for sale as of October 31, 2023. business. During the prior year, the effective income tax rates varied from the U.S. statutory income tax rate of 21.0 percent, primarily due to the impact of state income taxes. We anticipate a full-year effective income tax rate for 2024 of approximately 26.4 percent, inclusive of the estimated impact of the acquisition of Hostess Brands. 26.2 percent. For further information, refer to Note 13: 14: Income Taxes.

Special Project Costs

Divestiture Costs: We expect Total divestiture costs related to incur approximately $4.6 primarily in employee-related costs associated with the recently announced divestitures of our divested *Sahale Snacks* and Canada condiment businesses are anticipated to be approximately $6.0 and consist primarily of employee-related costs and lease termination costs, all of which are expected to be cash charges and will primarily be recognized in 2024. We incurred $0.5 $2.3 and $2.8 of employee-related costs during the three and nine months ended October 31, 2023 January 31, 2024, respectively, related to these divestitures. We also incurred $1.6 of other transition and termination costs during the three months ended January 31, 2024, primarily related to lease termination costs.

Integration Costs: We expect to incur approximately $210.0 in Total integration costs related to the acquisition of Hostess Brands which are anticipated to be approximately $210.0 and include transaction costs, employee-related costs, and other transition and termination charges. Of the total anticipated integration costs, approximately half reflect transaction costs, with the remainder split between employee-related costs and other transition and termination charges, the charges. The majority of which the integration costs are expected to be cash charges. We have incurred $26.2 of total integration costs during the three months ended October 31, 2023, all of which were cash charges and primarily related to transaction costs incurred related to the Bridge Loan that provided committed financing for the acquisition. All remaining integration costs are expected to be incurred by the end of 2026, with over half of the costs expected to be recognized in 2024.

Restructuring Costs: A restructuring program was approved by the Board during 2021, associated with opportunities identified to reduce our overall cost structure, optimize our organizational design, and support our portfolio reshape, and was further expanded in 2022 to include the costs associated with the divestitures of the private label dry pet food and natural beverage and grains businesses as well as the closure of certain production facilities. The restructuring activities were considered complete as of April 30, 2023. The costs incurred associated with these restructuring activities included other transition and termination costs related to our cost reduction and margin management initiatives, inclusive of accelerated depreciation, as well as employee-related costs. We incurred total cumulative restructuring costs of $63.7. $63.7 related to this program.

For further information on these costs, refer to Note 5: Special Project Costs.

Segment Results

We have three four reportable segments: U.S. Retail Coffee, U.S. Retail Consumer Foods, Frozen Handheld and Spreads, U.S. Retail Pet Foods. Foods, and Sweet Baked Snacks. The presentation of International and Away From Home represents a combination of all other operating segments that are not individually reportable.

As disclosed in Note 3: Acquisition, we acquired Hostess Brands in a cash and stock transaction on November 7, 2023. The transaction resulted in a new reportable segment for 2024, Sweet Baked Snacks. Further, the historical U.S. Retail Consumer Foods reportable segment has been renamed to U.S. Retail Frozen Handheld and Spreads; however, there is no change to the manner in which the segment was previously presented. We do not anticipate any impact to our other historical reportable segments, as we do not anticipate any changes to the internal manner in which we will manage and report these reportable segments.

The U.S. Retail Coffee segment primarily includes the domestic sales of *Folgers*, *Dunkin'*, and *Café Bustelo* branded coffee; the U.S. Retail Consumer Foods Frozen Handheld and Spreads segment primarily includes the domestic sales of *Smucker's* and *Jif* branded products; and the U.S. Retail Pet Foods segment primarily includes the domestic sales of *Meow Mix*, *Milk-Bone*, *Pup-Peroni*, and *Canine Carry Outs* branded products. products; and the Sweet Baked Snacks segment primarily includes all domestic and foreign sales of *Hostess* and *Voortman* branded products in all channels. With the exception of Sweet Baked Snacks products, International and Away From Home includes the sale of all products that are distributed in foreign countries through retail channels, as well as domestically and in foreign countries through retail channels and foodservice distributors and operators (e.g., health care operators, restaurants, lodging, hospitality, offices, K-12, colleges and universities, and convenience stores).

Subsequent to the second quarter of 2024, we acquired Hostess Brands in a cash and stock transaction on November 7, 2023, as discussed in Note 3: Acquisition. As a result, beginning with the third quarter of 2024, we will present a new reportable segment, Sweet Baked Snacks, and the U.S. Retail Consumer Foods reportable segment will be renamed U.S. Retail Frozen Handheld and Spreads. With the exception of renaming the current U.S. Retail Consumer Foods reportable segment, we do not anticipate any other changes to the internal or external reporting of our reportable segments.

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	Three Months Ended October 31,			Six Months Ended October 31,			Three Months Ended January 31,			Nine Months Ended January 31,	
	2023	2022	% Increase (Decrease)	2023	2022	% Increase (Decrease)	2024	2023	% Increase (Decrease)	2024	2[illegible]
Net sales:											
U.S. Retail Coffee	$685.7	$709.8	(3) %	$1,310.8	$1,307.7	— %					
U.S. Retail Consumer Foods	464.3	432.2	7	928.3	743.3	25					
U.S. Retail Coffee											

U.S. Retail Coffee									$727.5	$735.1	(1)%	$2,038.3	$2,042.8
U.S. Retail Frozen Handheld and Spreads													
U.S. Retail Pet Foods	U.S. Retail Pet Foods	464.0	765.2	(39)	905.0	1,494.2	(39)						
Sweet Baked Snacks								Sweet Baked Snacks	300.3	—	n/a	300.3	—
International and Away From Home	International and Away From Home	324.6	297.9	9	599.7	532.9	13						
Segment profit:	Segment profit:												
U.S. Retail Coffee	U.S. Retail Coffee	$171.0	$187.7	(9) %	$ 341.1	$ 333.6	2 %						
U.S. Retail Consumer Foods		128.5	100.3	28	234.2	155.1	51						
U.S. Retail Coffee													
U.S. Retail Coffee									$207.8	$204.0	2 %	$ 548.9	$ 537.6
U.S. Retail Frozen Handheld and Spreads													
U.S. Retail Pet Foods	U.S. Retail Pet Foods	97.2	120.1	(19)	178.5	240.4	(26)						
Sweet Baked Snacks								Sweet Baked Snacks	68.0	—	n/a	68.0	—
International and Away From Home	International and Away From Home	60.2	41.5	45	96.6	58.1	66						
Segment profit margin:	Segment profit margin:												
U.S. Retail Coffee	U.S. Retail Coffee	24.9 %	26.4 %		26.0 %	25.5 %							
U.S. Retail Consumer Foods		27.7	23.2		25.2	20.9							
U.S. Retail Coffee													
U.S. Retail Coffee													
U.S. Retail Frozen Handheld and Spreads													
U.S. Retail Frozen Handheld and Spreads													
U.S. Retail Frozen Handheld and Spreads													
U.S. Retail Pet Foods	U.S. Retail Pet Foods	20.9	15.7		19.7	16.1							
U.S. Retail Pet Foods													
U.S. Retail Pet Foods													
Sweet Baked Snacks													
Sweet Baked Snacks													
Sweet Baked Snacks													
International and Away From Home	International and Away From Home	18.5	13.9		16.1	10.9							

International and Away From Home

International and Away From Home

U.S. Retail Coffee

The U.S. Retail Coffee segment net sales decreased $24.1 $7.6 in the second third quarter of 2024, reflecting a 2024. Net price realization decreased net sales by 4 percentage point decrease to net sales from lower net price realization, points, primarily driven by list price decreases, partially offset by reduced trade spend. Volume/mix was neutral contributed 3 percentage points to net sales, as primarily driven by increases for the *Café Bustelo* and *Dunkin'* brands were mostly offset by the *Folgers* brand. brands. Segment profit decreased $16.7, increased $3.8, primarily reflecting the $39.1 unfavorable impact related to the termination of a supplier agreement, favorable volume/mix, partially offset by a favorable an unfavorable net impact of decreased commodity costs and lower net price realization. realization and lower coffee costs.

The U.S. Retail Coffee segment net sales increased $3.1 decreased $4.5 in the first six nine months of 2024. Net price realization decreased net sales by 3 percentage points, primarily reflecting list price decreases, partially offset by reduced trade spend. Favorable volume/mix contributed 2 percentage points to net sales, primarily driven by the *Café Bustelo* and *Dunkin'* brands. Net price realization decreased net sales by 2 percentage points, primarily reflecting list price decreases, partially offset by reduced trade spend. Segment profit increased $7.5, $11.3, primarily reflecting a favorable net impact of decreased commodity lower coffee costs and lower net price realization and favorable volume/mix, partially offset by the unfavorable impact related to the termination of a supplier agreement.

U.S. Retail Consumer Foods Frozen Handhelds and Spreads

The U.S. Retail Consumer Foods Frozen Handheld and Spreads segment net sales increased $32.1 $2.6 in the second third quarter of 2024. 2024, including the impact of $7.8 of noncomparable net sales in the prior year related to the divested *Sahale Snacks* business. Excluding the noncomparable impact of the divestiture, net sales increased $10.4, or 2 percent. Higher net price realization contributed 7 5 percentage points to net sales, primarily reflecting a the favorable impact of lapping customer returns and fees related to the *Jif* peanut butter product recall in the prior year and a list price increase for *Jif* peanut butter. Volume/ Unfavorable volume/mix was neutral to decreased net sales as an increase by 2 percentage points, primarily reflecting decreases for the *Smucker's Uncrustables* frozen sandwiches was mostly offset by a decrease for and *Jif* peanut butter. brands. Segment profit increased $28.2, $10.0, primarily reflecting higher net price realization, and lower costs, inclusive of a favorable impact of lapping the recall, partially offset by higher marketing, spend. pre-production expenses, and unfavorable volume/mix.

The U.S. Retail Consumer Foods Frozen Handheld and Spreads segment net sales increased $185.0 $187.6 in the first six nine months of 2024. 2024, including the impact of $7.8 of noncomparable net sales in the prior year related to the divested *Sahale Snacks* business. Excluding the noncomparable impact of the divestiture, net sales increased $195.4, or 17 percent. Net price realization contributed 13 10 percentage points to net sales, primarily reflecting the favorable impact of lapping customer returns and fees related to the *Jif* peanut butter product recall in the prior year and the list price increase for *Jif* peanut butter. Volume/mix increased net sales by 12 7 percentage points, primarily driven by *Jif* peanut butter and *Smucker's Uncrustables* frozen sandwiches. Segment profit increased $79.1, $89.1, primarily reflecting a favorable net favorable impact of lapping the recall and favorable volume/mix for *Smucker's*

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Uncrustables frozen sandwiches, partially offset by an unfavorable net impact of increased costs and higher net price realization and higher marketing spend.

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U.S. Retail Pet Foods

The U.S. Retail Pet Foods segment net sales decreased $301.2 $293.4 in the second third quarter of 2024, including the impact of $377.8 $372.5 of noncomparable net sales in the prior year related to the divestiture of certain pet food brands. Excluding the noncomparable impact of the divested brands, net sales increased $76.6, $79.1, or 20 percent. Favorable volume/mix contributed 12 13 percentage points to net sales, primarily reflecting $38.4 an increase for *Meow Mix* cat food, $24.5 of contract manufacturing sales related to the divested pet food brands, and growth for dog snacks, primarily driven by the *Milk-Bone* brand. dog snacks. Higher net price realization increased net sales by 8 7 percentage points, primarily reflecting list price increases across the portfolio. Segment profit decreased $22.9, increased $0.5, reflecting higher net price realization, favorable volume/mix, lower costs, and lower marketing spend, mostly offset by the impact of noncomparable segment profit in the prior year related to the divested brands and increased distribution costs, partially offset by a favorable net impact of higher net price realization and increased costs and favorable volume/mix. costs.

The U.S. Retail Pet Foods segment net sales decreased $589.2 $882.6 in the first six nine months of 2024, including the impact of $745.5 $1,118.0 of noncomparable net sales in the prior year related to the divestiture of certain pet food brands. Excluding the noncomparable impact of the divested brands, net sales increased $156.3, $235.4, or 21 percent. Favorable volume/mix contributed 12 percentage points to net sales, primarily reflecting $89.0 $113.5 of contract manufacturing sales related to the divested pet food brands and growth for the*Meow Mix* and *Milk-Bone* brand, brands, partially offset by the *Pup-Peroni* brand. Higher net price realization increased net sales by 9 8 percentage points, primarily reflecting list price increases across the majority of the portfolio, partially offset by increased trade spend. Segment profit decreased $61.9, $61.4, reflecting the impact of noncomparable segment profit in the prior year related to the divested brands, increased distribution costs, and higher marketing spend, partially offset by a favorable net impact of higher net price realization and increased costs and favorable volume/mix.

Sweet Baked Snacks

We acquired Hostess Brands on November 7, 2023, as discussed in Note 3: Acquisition. During the third quarter of 2024, the Sweet Baked Snacks segment contributed net sales of $300.3 and segment profit of $68.0, including the recognition of an unfavorable fair value purchase accounting adjustment of approximately $8.1 attributable to the acquired inventory, which increased cost of products sold for the segment.

International and Away From Home

International and Away From Home net sales increased $26.7 $11.0 in the second third quarter of 2024, including the noncomparable impact of $7.2 $13.3 of net sales in the prior year related to the divested pet food brands divestitures and $2.5 $0.3 of unfavorable foreign currency exchange. Excluding the noncomparable impact of the divested brands and foreign currency exchange, net sales increased $36.4, $24.6, or 13 9 percent. Favorable volume/mix contributed 7 5 percentage points to net sales, primarily reflecting increases for *Smucker's Uncrustables*frozen handheld and coffee products. sandwiches. Net price realization contributed 5 4 percentage points to net sales, primarily driven by list price increases across the majority of the portfolio, partially offset by increased trade spend. Segment profit increased $18.7, $12.8, primarily driven by reflecting higher net price realization and favorable volume/mix. lower costs.

International and Away From Home net sales increased $66.8 $77.8 in the first six months nine months of 2024, including the noncomparable impact of $13.6 $26.9 of net sales in the prior year related to the divested pet food brands divestitures and $6.3 $6.6 of unfavorable foreign currency exchange. Excluding the noncomparable impact of the divested brands and foreign currency exchange, net sales increased $86.7, $111.3, or 17 14 percent. Favorable volume/mix contributed 10 8 percentage points to net sales, primarily reflecting increases for portion control, frozen handheld, peanut butter, inclusive of the impact of lapping the *Jif* peanut butter product recall in the prior year, frozen handheld, and coffee products. Net price realization contributed 6 percentage points to net sales, primarily driven by list price increases across the majority of the portfolio, partially offset by increased trade spend. Segment profit increased $38.5, $51.3, primarily driven by a favorable net impact of higher net price realization and increased costs and favorable volume/mix, reflecting the recovery from the *Jif* peanut butter product recall, and a favorable net impact of higher net price realization and increased costs. recall.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our principal source of funds is cash generated from operations, supplemented by borrowings against our commercial paper program and revolving credit facility. Total cash and cash equivalents increased decreased to $3,623.9 $35.9 at October 31, 2023 January 31, 2024, compared to $655.8 at April 30, 2023, primarily reflecting the proceeds received from long-term debt to partially finance the acquisition of Hostess Brands subsequent to the quarter.

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The following table presents selected cash flow information.

		Six Months Ended October 31,		Nine Months Ended January 31,	
		2023	2022	2024	2023
Net cash provided by (used for) operating activities	Net cash provided by (used for) operating activities	$ 394.8	$166.0		
Net cash provided by (used for) investing activities	Net cash provided by (used for) investing activities	(293.7)	(209.3)		

Net cash provided by (used for) financing activities	Net cash provided by (used for) financing activities	2,867.7	(98.8)
Net cash provided by (used for) operating activities	Net cash provided by (used for) operating activities	$ 394.8	$166.0
Net cash provided by (used for) operating activities			
Net cash provided by (used for) operating activities			
Additions to property, plant, and equipment	Additions to property, plant, and equipment	(299.0)	(190.4)
Free cash flow (A)	Free cash flow (A)	$ 95.8	$ (24.4)

(A) Free cash flow is a non-GAAP financial measure used by management to evaluate the amount of cash available for debt repayment, dividend distribution, acquisition opportunities, share repurchases, and other corporate purposes.

The $228.8 $50.7 increase in cash provided by operating activities in the first six nine months of 2024 was primarily driven by lower working capital requirements in 2024, lapping the $70.0 contribution to our U.S. qualified defined benefit pension plans in the prior year and higher the $42.5 proceeds received from settlement of the interest rate contracts assumed as part of the acquisition of Hostess Brands, partially offset by lower net income adjusted for noncash items in the current year. year and higher working capital requirements in 2024. The cash required to fund working capital decreased increased compared to the prior year primarily driven by the moderation of input cost inflation related to our inventories and an increase in cash from trade receivables due to the timing of sales and payments, partially offset by a decrease in cash for accounts payable due to timing. timing and lower spend in the current year, partially offset by lower inventory levels and the moderation of input cost inflation in the current year.

Cash used for investing activities in the first six nine months of 2024 consisted primarily of $299.0 $3.9 billion related to the acquisition of Hostess Brands, including $67.8 of consideration transferred for the cash payment of Hostess Brands' employee equity awards, and $455.9 in capital expenditures, primarily driven by investments in *Smucker's Uncrustables* frozen sandwiches to support the new manufacturing and distribution facilities in McCalla, Alabama, as well as plant maintenance across our facilities. These uses of cash for 2024 were partially offset by proceeds of $466.3 received from the settlement of our equity investment in Post common stock and net proceeds received of $50.5 from the divested *Sahale Snacks* and Canada condiment businesses. Cash used for investing activities in the first six nine months of 2023 consisted primarily of $190.4 $332.3 in capital expenditures, primarily related to the new manufacturing and distribution facilities in McCalla, Alabama, and capacity expansions in Longmont, Colorado, as well as plant maintenance across our facilities. Furthermore, an increase The use of cash in 2023 was partially offset by a decrease in collateral pledged of $23.3 $21.2 in our derivative cash margin account balances contributed to the use of cash in 2023. balances.

Cash provided by financing activities in the first six nine months of 2024 consisted primarily of proceeds from long-term debt of $3,485.0, $4.3 billion to partially finance the acquisition of Hostess Brands and a net increase in short-term borrowings of $413.2. These proceeds were partially offset by the $991.0 repayment of Hostess Brands debt assumed, the $450.0 Term Loan prepayment, purchase of treasury shares of $372.4 and $372.5, dividend payments of $213.2. $325.5, and the $86.4 payment to terminate the tax receivable agreement assumed with the acquisition of Hostess Brands. Cash used for financing activities in the first six nine months of 2023 consisted primarily of dividend payments of $213.5, partially offset by $321.8 and a net increase decrease in short-term borrowings of $118.2. $185.2.

<u>Supplier Financing Program</u>

As part of ongoing efforts to maximize working capital, we work with our suppliers to optimize our terms and conditions, which includes the extension of payment terms. Payment terms with our suppliers, which we deem to be commercially reasonable, range from 0 to 180 days. We have an agreement with a third-party administrator to provide an accounts payable tracking system and facilitate a supplier financing program, which allows participating suppliers the ability to monitor and voluntarily elect to sell our payment obligations to a designated third-party financial institution. Participating suppliers can sell one or more of our payment obligations at their sole discretion. We have no economic interest in a supplier's decision to enter into these agreements as our rights and obligations to our suppliers, including including amounts due and scheduled payment terms, are not impacted by these arrangements. As of October 31, 2023 January 31, 2024, and April 30, 2023, $402.7 $421.3 and $414.2 of our outstanding payment obligations, respectively, were elected and sold to a financial institution by participating participating suppliers. During the first six nine months of 2024 and 2023, we pai pd $882.8 and $692.4, aid $1,280.6 and $1,069.9, respectively, to a financial institution for payment obligations that were settled through the supplier financing financing program.

Contingencies

We, like other food manufacturers, are from time to time subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. We are currently a defendant in a variety of such legal proceedings, and while we cannot predict with certainty the ultimate results of these proceedings or potential settlements associated with these or other matters, we have accrued losses for certain contingent liabilities that we have determined are probable and reasonably estimable at October 31, 2023 January 31, 2024. Based on the information known to date, with the exception of the matters discussed below, we do not believe the final outcome of these proceedings will have a material adverse effect on our financial position, results of operations, or cash flows.

We are defendants in a series of putative class action lawsuits that were transferred to the U.S. District Court for the Western District of Missouri for coordinated pre-trial proceedings. The plaintiffs assert claims arising under various state laws for false advertising, consumer protection, deceptive and unfair trade practices, and similar statutes. Their claims are premised on allegations that we have misrepresented the number of servings that can be made from various canisters of *Folgers* coffee on the packaging for those products.

The outcome and the financial impact of these cases, if any, cannot be predicted at this time. Accordingly, no loss contingency has been recorded for these matters as of October 31, 2023 January 31, 2024, and the likelihood of loss is not considered probable or reasonably estimable. However, if we are required to pay significant damages, our business and financial results could be adversely impacted, and sales of those products could suffer not only in these locations but elsewhere.

Product Recall: In May 2022, we initiated a voluntary recall of select *Jif* peanut butter products produced at our Lexington, Kentucky facility and sold primarily in the U.S., due to potential salmonella contamination. At that time, we also suspended the manufacturing of *Jif* peanut butter products at the Lexington facility and temporarily paused shipments from our Memphis, Tennessee facility. No other products produced at our other facilities were affected by the recall. In June 2022, we resumed manufacturing at our Lexington facility, as well as shipping from our Memphis facility. We partnered with retailers to restock *Jif* peanut butter products during the first quarter of 2023 and returned to normal levels at the end of 2023. We recognized total direct costs associated with the recall of approximately $120.0, net of insurance recoveries, related to customer returns, fees, unsaleable inventory, and other product recall-related costs, primarily within our U.S. Retail Consumer Foods Frozen Handheld and Spreads segment. Approximately $25.0 $20.0 and $90.0 $110.0 of direct costs were recognized during the three and six nine months ended October 31, 2022 January 31, 2023, respectively, and no significant direct costs were recognized during the three and six nine months ended October 31, 2023 January 31, 2024.

Further, the FDA issued a Warning Letter on January 24, 2023, following an inspection of our Lexington facility completed in June 2022 in connection with the *Jif* voluntary recall, identifying concerns regarding certain practices and controls at the facility. We have responded to the Warning Letter with a detailed explanation of our food safety plan and extensive verification activities to prevent contamination in *Jif* peanut butter products. In addition, we have worked diligently to further strengthen our already stringent quality processes, including doubling our finished product testing and tripling our environmental testing to verify the efficacy of our actions. The FDA or other agencies may nonetheless conclude that certain practices or controls were not in compliance with the Federal Food, Drug, and Cosmetic Act or other laws. Any potential regulatory action based on such an agency conclusion could result in the imposition of injunctive terms and monetary payments that could have a material adverse effect on our business, reputation, brand, results of operations, and financial performance, as well as affect ongoing consumer litigation associated with the voluntary recall of *Jif* peanut butter products. The outcome and financial impact of the ongoing consumer litigation or any potential regulatory action associated with the *Jif* voluntary recall cannot be predicted at this time. Accordingly, no loss contingency has been recorded for these matters as of October 31, 2023 January 31, 2024, and the likelihood of loss is not considered probable or reasonably estimable.

Voortman Contingency: In December 2020, Hostess Brands asserted claims for indemnification against the Sellers under the terms of the Purchase Agreement pursuant to which Hostess Brands acquired Voortman. The claims were for damages arising out of alleged breaches by the Sellers of certain representations, warranties and covenants contained in the Purchase Agreement relating to periods prior to the closing of the acquisition. Hostess Brands also submitted claims relating to these alleged breaches under RWI that was purchased in connection with the acquisition. In the third quarter of calendar 2022, the RWI insurers paid Hostess Brands the Proceeds related to these breaches. Per agreement with the RWI insurers, under no circumstances would we be required to return the Proceeds.

On November 3, 2022, pursuant to the agreement with the RWI insurers, Voortman brought the Claim related to the breaches against certain of the Sellers. The Claim alleges the seller defendants made certain non-disclosures and misrepresentations to induce Hostess Brands to overpay for Voortman. We are seeking damages of $109.0 CAD representing the amount of the aggregate liability of the Sellers for indemnification under the Purchase Agreement, $5.0 CAD in punitive or aggravated damages, interest, proceedings fees, and any other relief the presiding court deems appropriate. A portion of any recovery will be shared with the RWI insurers. Although we believe that the Claim is meritorious, no assurance can be given as to whether we will recover all, or any part, of the amounts being pursued.

Capital Resources

The following table presents our capital structure.

	January 31, 2024			January 31, 2024	April 30, 2023
		October 31, 2023	April 30, 2023		
Short-term borrowings					
Short-term borrowings					
Short-term borrowings					
Long-term debt	Long-term debt	$ 7,771.7	$ 4,314.2		
Total debt					
Shareholders' equity	Shareholders' equity	7,088.9	7,290.8		
Total capital	Total capital	$14,860.6	$11,605.0		

In September 2023, we entered into a Term Loan with a group of banks for an unsecured $800.0 term facility. Borrowings under the Term Loan bear interest on the prevailing SOFR and are payable at the end of the borrowing term. The Term Loan matures on November 7, 2026, and does not require scheduled amortization payments. Voluntary prepayments are permitted without premium or penalty. As of October 31, 2023, no balance was drawn on the Term Loan. On November 7, 2023, In November 2023, the full amount was drawn on the Term Loan at an interest rate of 6.67 percent, to partially finance the acquisition of Hostess Brands and pay off the debt assumed as part of the acquisition, as discussed in Note 3: Acquisition. During the third quarter of 2024, we prepaid $450.0 on the Term Loan. The interest rate on the Term Loan at January 31, 2024, was 6.69 percent. Subsequent to January 31, 2024, we prepaid an additional $100.0 on the Term Loan.

In September 2023, we entered into a commitment letter for a $5.2 billion Bridge Loan that provided committed financing for the acquisition of Hostess Brands, as disclosed in Note 3: Acquisition. No balances were drawn against this facility, as the commitment letter was terminated after completion of the Senior Notes offering and drawing on the Term Loan.

In October 2023, we completed an offering of $3.5 billion in Senior Notes due November 15, 2028, November 15, 2033, November 15, 2043, and November 15, 2053. The net proceeds from the offering were used to partially finance the acquisition of Hostess Brands.

We have available a $2.0 billion unsecured revolving credit facility with a group of 11 banks that matures in August 2026. Additionally, we participate in a commercial paper program under which we can issue short-term, unsecured commercial paper not to exceed $2.0 billion at any time. The commercial paper program is backed by our revolving credit facility and reduces what we can borrow under the revolving credit facility by the amount of commercial paper outstanding. Commercial paper is used as a continuing source of short-term financing for general corporate purposes. As of October 31, 2023 January 31, 2024, we did not have a balance had $418.0 of short-term borrowings outstanding under the commercial paper program. However, on November 7, 2023, we issued $700.0 of short-term borrowings under our commercial paper program at a weighted-average interest rate of 5.47 percent, to partially finance the acquisition of Hostess Brands. Further, we sold all 5.4 million shares of our investment in Post common stock on November 15, 2023 for $466.3, and as a result, these funds were used to partially pay down the commercial paper balance outstanding. 5.45 percent.

We are in compliance with all our debt covenants as of October 31, 2023 January 31, 2024, and expect to be for the next 12 months. For additional information on our long-term debt, sources of liquidity, and debt covenants, see Note 8: 9: Debt and Financing Arrangements.

Dividend payments were $213.2 $325.5 and $213.5 $321.8 in the first six nine months of 2024 and 2023, respectively, and quarterly dividends declared per share were $1.06 and $1.02 in the first six nine months of 2024 and 2023, respectively. The declaration of dividends is subject to the discretion of our Board and depends on various factors, such as our net income, financial condition, cash requirements, future events, and other factors deemed relevant by the Board.

On March 2, 2023, we entered into the 10b5-1 Plan established in accordance with Rule 10b5-1 of the Exchange Act in connection with the remaining common shares authorized for repurchase by the Board, which was approximately 3.5 million common shares as of April 30, 2023. In accordance with the 10b5-1 Plan, our designated broker had the authority to repurchase approximately 2.4 million common shares, which commenced upon the sale of certain pet food brands on April 28, 2023, and expired 45 calendar days after the closure of the transaction. During the six nine months ended October 31, 2023 January 31, 2024, we repurchased approximately 2.4 million common shares for $362.8 under the 10b5-1 Plan, and approximately 1.1 million common shares remain available for repurchase. In accordance with the Inflation Reduction Act, a one percent excise tax was applied to share repurchases after December 31, 2022. As a result, an excise tax of $3.6 was accrued on the repurchased shares during the first quarter of 2024 and included within additional capital in our Condensed Consolidated Balance Sheet.

During the six nine months ended October 31, 2022 January 31, 2023, we did not repurchase any common shares under a repurchase plan authorized by the Board. All other share repurchases during the six nine months ended October 31, 2023 January 31, 2024 and 2022, 2023, consisted of shares repurchased from stock plan recipients in lieu of cash payments.

On November 7, 2023, we acquired Hostess Brands, and as a result, we issued approximately 4.0 million common shares valued at $450.2 in exchange for the outstanding shares of Hostess Brands common stock. stock to partially fund the acquisition of Hostess Brands. The shares issued were based on each outstanding share of Hostess Brands common stock receiving $30.00 per share in cash and 0.03002 shares of our common shares, which represents a value of $4.25 based on the closing stock price of our common shares on September 8, 2023, the last trading day preceding September 11, 2023, the date on which the execution of the Hostess Brands merger agreement was publicly announced. For additional information on the acquisition of Hostess Brands, see Note 3: Acquisition.

In November 2021, we announced plans to invest $1.1 billion to build a new manufacturing facility and distribution center in McCalla, Alabama, dedicated to the production of *Smucker's Uncrustables* frozen sandwiches. Construction of this facility began in 2022, with production expected to begin in 2025. The project demonstrates our commitment to meet increasing demand for this highly successful product and deliver on our strategy to focus on brands with the most significant growth opportunities. Construction of the facility and production will occur in three phases over multiple years, and will result in the creation of up to 750 jobs. Financial with financial investments and job creation will align with aligning across each of the three phases. Subsequent to January 31, 2024, property damage was incurred at the new manufacturing facility as a result of an equipment fire. Based on our initial assessment of the damage, our preliminary estimate of the financial impact, net of an anticipated insurance recovery, is not expected to be material. Further, we do not anticipate a significant delay in beginning production in 2025.

Absent any material acquisitions, apart from the recent acquisition of Hostess Brands, or other significant investments, we believe that cash on hand, combined with cash provided by operations, borrowings available under our revolving credit facility and commercial paper program, and access to capital markets, will be sufficient to meet our cash requirements for the next 12 months, including the payment of quarterly dividends, principal and interest payments on debt outstanding, and capital expenditures, including an estimated $60.0 of additional capital expenditures related to the acquisition of Hostess Brands for the second half of 2024. However, as a result of the current macroeconomic environment and the recent acquisition, we may experience an increase in the cost or the difficulty to obtain debt or equity financing, or to refinance our debt in the future. We continue to evaluate these risks, which could affect our financial condition or our ability to fund operations or future investment opportunities.

During the third quarter of 2024, we returned $50.0 of foreign cash to the U.S. from Canada, reflecting an intercompany debt repayment, and as a result, there were no tax impacts. As of October 31, 2023 January 31, 2024, total cash and cash equivalents of $35.8 $23.3 was held by our foreign subsidiaries, primarily in Canada. We have not repatriated foreign cash to the U.S. during the first six months of 2024.

Material Cash Requirements
We do not have material off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as variable interest entities. Transactions with related parties are in the ordinary course of business and are not material to our results of operations, financial condition, or cash flows.

During the second quarter of 2024, we completed an offering of $3.5 billion in Senior Notes due November 15, 2028, November 15, 2033, November 15, 2043, and November 15, 2053. In addition, on November 7, 2023, we entered into a Term Loan with a group of banks for an unsecured $800.0 term facility. The Senior Notes and Term Loan were used to partially finance the acquisition of Hostess Brands. Brands and pay off the debt assumed as part of the acquisition. For additional information, see Note 8: 9: Debt and Financing Arrangements. As of October 31, 2023 January 31, 2024, there were no other material changes to our material cash requirements as previously reported in our Annual Report on Form 10-K for the year ended April 30, 2023.

NON-GAAP FINANCIAL MEASURES

We use non-GAAP financial measures including: net sales excluding acquisition, divestitures, and foreign currency exchange, adjusted gross profit, adjusted operating income, adjusted income, adjusted earnings per share, and free cash flow, as key measures for purposes of evaluating performance internally. We believe that investors' understanding of our performance is enhanced by disclosing these performance measures. Furthermore, these non-GAAP financial measures are used by management in preparation of the annual budget and for the monthly analyses of our operating results. The Board also utilizes certain non-GAAP financial measures as components for measuring performance for incentive compensation purposes.

Non-GAAP financial measures exclude certain items affecting comparability that can significantly affect the year-over-year assessment of operating results, which include amortization expense and impairment charges related to intangible assets, special

project costs, gains and losses on divestitures, the change in net cumulative unallocated derivative gains and losses, and other infrequently occurring items that do not directly reflect ongoing operating results. Income taxes, as adjusted is calculated using an adjusted effective income tax rate that is applied to adjusted income before income taxes and reflects the exclusion of the previously discussed items, as well as any adjustments for one-time tax related activities, when they occur. While this adjusted effective income tax rate does not generally differ materially from our GAAP effective income tax rate, certain exclusions from non-GAAP results, such as unfavorable tax impacts associated with the acquisition of Hostess Brands, can significantly impact our adjusted effective income tax rate.

These non-GAAP financial measures are not intended to replace the presentation of financial results in accordance with U.S. GAAP. Rather, the presentation of these non-GAAP financial measures supplements other metrics we use to internally evaluate our business and facilitate the comparison of past and present operations and liquidity. These non-GAAP financial measures may not be comparable to similar measures used by other companies and may exclude certain nondiscretionary expenses and cash payments.

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The following table reconciles certain non-GAAP measures to the comparable GAAP financial measure. See page 25 30 for a reconciliation of net sales adjusted for certain noncomparable items to the comparable GAAP financial measure.

		Three Months Ended October 31,		Six Months Ended October 31,	
		2023	2022	2023	2022
Gross profit reconciliation:	Gross profit reconciliation:				
Gross profit reconciliation:					
Gross profit reconciliation:					
Gross profit					
Gross profit					
Gross profit	Gross profit	$ 724.2	$ 701.1	$ 1,379.0	$ 1,253.6
Change in net cumulative unallocated derivative gains and losses	Change in net cumulative unallocated derivative gains and losses	26.3	27.1	15.9	60.9
Change in net cumulative unallocated derivative gains and losses					
Change in net cumulative unallocated derivative gains and losses					
Cost of products sold – special project costs (A)					
Cost of products sold – special project costs (A)					
Cost of products sold – special project costs (A)	Cost of products sold – special project costs (A)	—	2.8	—	3.9
Adjusted gross profit	Adjusted gross profit	$ 750.5	$ 731.0	$ 1,394.9	$ 1,318.4
Adjusted gross profit					
Adjusted gross profit					
Operating income reconciliation:					
Operating income reconciliation:					
Operating income reconciliation:	Operating income reconciliation:				
Operating income	Operating income	$ 298.9	$ 293.4	$ 602.4	$ 473.1
Operating income					
Operating income					
Amortization					
Amortization					
Amortization	Amortization	39.6	55.6	79.4	111.2
Loss (gain) on divestitures – net	Loss (gain) on divestitures – net	13.8	—	12.6	(1.6)

Loss (gain) on divestitures – net					
Loss (gain) on divestitures – net					
Change in net cumulative unallocated derivative gains and losses					
Change in net cumulative unallocated derivative gains and losses					
Change in net cumulative unallocated derivative gains and losses	Change in net cumulative unallocated derivative gains and losses	26.3	27.1	15.9	60.9
Cost of products sold – special project costs (A)	Cost of products sold – special project costs (A)	—	2.8	—	3.9
Cost of products sold – special project costs (A)					
Cost of products sold – special project costs (A)					
Other special project costs (A)					
Other special project costs (A)					
Other special project costs (A)	Other special project costs (A)	6.8	0.7	6.8	2.1
Adjusted operating income	Adjusted operating income	$ 385.4	$ 379.6	$ 717.1	$ 649.6
Adjusted operating income					
Adjusted operating income					
Net income reconciliation:					
Net income reconciliation:					
Net income reconciliation:	Net income reconciliation:				
Net income	Net income	$ 194.9	$ 191.1	$ 378.5	$ 300.9
Net income					
Net income					
Income tax expense	Income tax expense	54.5	61.8	109.3	93.1
Income tax expense					
Income tax expense					
Amortization					
Amortization					
Amortization	Amortization	39.6	55.6	79.4	111.2
Loss (gain) on divestitures – net	Loss (gain) on divestitures – net	13.8	—	12.6	(1.6)
Loss (gain) on divestitures – net					
Loss (gain) on divestitures – net					
Change in net cumulative unallocated derivative gains and losses					
Change in net cumulative unallocated derivative gains and losses					
Change in net cumulative unallocated derivative gains and losses	Change in net cumulative unallocated derivative gains and losses	26.3	27.1	15.9	60.9
Cost of products sold – special project costs (A)	Cost of products sold – special project costs (A)	—	2.8	—	3.9

Cost of products sold – special project costs (A)					
Cost of products sold – special project costs (A)					
Other special project costs (A)					
Other special project costs (A)					
Other special project costs (A)	Other special project costs (A)	6.8	0.7	6.8	2.1
Other debt costs – special project costs (A)	Other debt costs – special project costs (A)	19.5	—	19.5	—
Other debt costs – special project costs (A)					
Other debt costs – special project costs (A)					
Other expense – special project costs (A)					
Other expense – special project costs (A)					
Other expense – special project costs (A)	Other expense – special project costs (A)	0.4	—	0.4	—
Other infrequently occurring items:	Other infrequently occurring items:				
Unrealized loss (gain) on investment in equity securities – net (B)		(5.9)	—	21.5	—
Other infrequently occurring items:					
Other infrequently occurring items:					
Realized loss on investment in equity securities – net (B)					
Realized loss on investment in equity securities – net (B)					
Realized loss on investment in equity securities – net (B)					
Pension plan termination settlement charge (C)					
Pension plan termination settlement charge (C)					
Pension plan termination settlement charge (C)	Pension plan termination settlement charge (C)	—	—	3.2	—
Adjusted income before income taxes	Adjusted income before income taxes	$ 349.9	$ 339.1	$ 647.1	$ 570.5
Adjusted income before income taxes					
Adjusted income before income taxes					
Income taxes, as adjusted					
Income taxes, as adjusted					
Income taxes, as adjusted	Income taxes, as adjusted	84.9	82.9	155.1	136.2
Adjusted income	Adjusted income	$ 265.0	$ 256.2	$ 492.0	$ 434.3
Adjusted income					
Adjusted income					
Weighted-average shares – assuming dilution					
Weighted-average shares – assuming dilution					

Weighted-average shares – assuming dilution	Weighted-average shares – assuming dilution		102.4		106.9		102.6		106.8
Adjusted earnings per share – assuming dilution	Adjusted earnings per share – assuming dilution	$	2.59	$	2.40	$	4.80	$	4.07
Adjusted earnings per share – assuming dilution									
Adjusted earnings per share – assuming dilution									

(A) Includes certain divestiture, acquisition, integration, and restructuring costs. For more information, see Note 5: Special Project Costs, Note 6: Reportable Segments, and Note 8: 9: Debt and Financing Arrangements.

(B) Unrealized Realized loss (gain) on investment in equity securities – net includes unrealized gains and losses on the change in fair value on our investment in Post common stock and the related equity forward contract. contract, which was settled on November 15, 2023. For more information, see Note 4: Divestitures, Note 10: 11: Derivative Financial Instruments, and Note 11: 12: Other Financial Instruments and Fair Value Measurements.

(C) Represents the nonrecurring pre-tax settlement charge recognized during the first quarter of 2024 related to the acceleration of prior service cost for the portion of the plan surplus to be allocated to plan members within our Canadian defined benefit plans, which is subject to regulatory approval before a payout can be made. For additional information, see Note 9: 10: Pensions and Other Postretirement Benefits.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

A discussion of our critical accounting estimates and policies can be found in the "Management's Discussion and Analysis" section of our Annual Report on Form 10-K for the year ended April 30, 2023. There were no material changes to the information previously disclosed.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

(Dollars in millions, unless otherwise noted)

The following discussions about our market risk disclosures involve forward-looking statements. Actual results could differ from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates, commodity prices, and foreign currency exchange rates.

Interest Rate Risk: The fair value of our cash and cash equivalents at October 31, 2023 January 31, 2024, approximates carrying value. We are exposed to interest rate risk with regard to existing debt consisting of fixed- and variable-rate maturities. Our interest rate exposure primarily includes U.S. Treasury rates, SOFR, and commercial paper rates in the U.S.

From time to time, we utilize derivative instruments to manage interest rate risk associated with anticipated debt transactions, as well as to manage changes in the fair value of our long-term debt. At the inception of an interest rate contract, the instrument is evaluated and documented for qualifying hedge accounting treatment. If the contract is designated as a cash flow hedge, the mark-to-market gains or losses on the contract are deferred and included as a component of accumulated other comprehensive income (loss) and generally reclassified to interest expense in the period during which the hedged transaction affects earnings. If the contract is designated as a fair value hedge, the contract is recognized at fair value on the balance sheet and changes in the fair value are recognized in interest expense. Generally, changes in the fair value of the contract are equal to changes in the fair value of the underlying debt and have no net impact on earnings.

In November 2023, we terminated interest rate contracts for $42.5 concurrent with the payment of the debt assumed with the acquisition of Hostess Brands. The interest rate contracts were designated as cash flow hedges and were used to manage exposure to changes in cash flows associated with variable rate debt.

In 2020, we terminated all outstanding interest rate contracts concurrent with the pricing of the Senior Notes due March 15, 2030, and March 15, 2050. The contracts were designated as cash flow hedges and were used to manage our exposure to interest rate volatility associated with the anticipated debt financing. The termination resulted in a pre-tax loss of $239.8, which was deferred and included as a component of accumulated other comprehensive income (loss) and is being amortized as interest expense over the life of the debt.

In measuring interest rate risk by the amount of net change in the fair value of our financial liabilities, a hypothetical 100 basis-point decrease in interest rates at October 31, 2023 January 31, 2024, would increase the fair value of our long-term debt by $317.4. $663.6.

Commodity Price Risk: We use certain raw materials and other commodities that are subject to price volatility caused by supply and demand conditions, political and economic variables, weather, investor speculation, and other unpredictable factors. To manage the volatility related to anticipated commodity purchases, we use derivatives with maturities of generally less than one year. We do not qualify commodity derivatives for hedge accounting treatment. As a result, the gains and losses on all commodity derivatives are immediately recognized in cost of products sold.

The following sensitivity analysis presents our potential loss (gain) of fair value resulting from a hypothetical 10 percent change in market prices related to commodities.

	January 31, 2024	October 31, 2023	April 30, 2023	January 31, 2024	April 30, 2023
High	High	$48.7	$53.9		
Low	Low	8.4	21.6		
Average	Average	25.6	39.7		

The estimated fair value was determined using quoted market prices and was based on our net derivative position by commodity for the previous four quarters. The calculations are not intended to represent actual losses in fair value that we expect to incur. In practice, as markets move, we actively manage our risk and adjust hedging strategies as appropriate. The commodities hedged have a high inverse correlation to price changes of the derivative instrument. Thus, we would expect that over time any gain or loss in the estimated fair value of its derivatives would generally be offset by an increase or decrease in the estimated fair value of the underlying exposures.

Foreign Currency Exchange Risk: We have operations outside the U.S. with foreign currency denominated assets and liabilities, primarily denominated in Canadian currency. Because we have foreign currency denominated assets and liabilities, financial exposure may result, primarily from the timing of transactions and the movement of exchange rates. The foreign currency balance sheet exposures as of October 31, 2023 January 31, 2024, are not expected to result in a significant impact on future earnings or cash flows.

We utilize foreign currency derivatives to manage the effect of foreign currency exchange fluctuations on future cash payments primarily related to purchases of certain raw materials and finished goods. The contracts generally have maturities of less than

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one year. We do not qualify instruments used to manage foreign currency exchange exposures for hedge accounting treatment. Therefore, the change in value of these instruments is immediately recognized in cost of products sold. Based on our hedged foreign currency positions as of October 31, 2023 January 31, 2024, a hypothetical 10 percent change in exchange rates would not materially impact the fair value.

Revenues from customers outside the U.S., subject to foreign currency exchange, represented 6 percent of net sales during the six nine months ended October 31, 2023 January 31, 2024. Thus, certain revenues and expenses have been, and are expected to be, subject to the effect of foreign currency fluctuations, and these fluctuations may have an impact on operating results.

Certain Forward-Looking Statements

Certain statements included in this Quarterly Report on Form 10-Q contain forward-looking statements within the meaning of federal securities laws. The forward-looking statements may include statements concerning our current expectations, estimates, assumptions, and beliefs concerning future events, conditions, plans, and strategies that are not historical fact. Any statement that is not historical in nature is a forward-looking statement and may be identified by the use of words and phrases such as “expect,” “anticipate,” “believe,” “intend,” “will,” “plan,” and similar phrases.

Federal securities laws provide a safe harbor for forward-looking statements to encourage companies to provide prospective information. We are providing this cautionary statement in connection with the safe harbor provisions. Readers are cautioned not to place undue reliance on any forward-looking statements, as such statements are by nature subject to risks, uncertainties, and other factors, many of which are outside of our control and could cause actual results to differ materially from such statements and from our historical results and experience. These risks and uncertainties include, but are not limited to, the following:

- our ability to successfully integrate Hostess Brands’ operations and employees and to implement plans and achieve financial forecasts with respect to the Hostess Brands’ business;
- our ability to realize the anticipated benefits, including synergies and cost savings, related to the Hostess Brands acquisition, including the possibility that the expected benefits will not be realized or will not be realized within the expected time period;

- disruption from the acquisition of Hostess Brands by diverting the attention of our management and making it more difficult to maintain business and operational relationships;
- the negative effects of the acquisition of Hostess Brands on the market price of our common shares;
- the amount of the costs, fees, expenses, and charges and the risk of litigation related to the acquisition of Hostess Brands;

- the effect of the acquisition of Hostess Brands on our business relationships, operating results, ability to hire and retain key talent, and business generally;
- the effect of the sale of certain pet food brands on our ability to retain key personnel and to maintain relationships with customers, suppliers, and other business partners;
- disruptions or inefficiencies in our operations or supply chain, including any impact caused by product recalls, political instability, terrorism, armed hostilities (including the ongoing conflict between Russia and Ukraine), extreme weather conditions, natural disasters, pandemics (including the novel coronavirus), work stoppages or labor shortages, or other calamities;
- risks related to the availability, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging, and transportation;
- the impact of food security concerns involving either our products or our competitors' products, including changes in consumer preference, consumer litigation, actions by the FDA or other agencies, and product recalls;
- risks associated with derivative and purchasing strategies we employ to manage commodity pricing and interest rate risks;
- the availability of reliable transportation on acceptable terms;
- our ability to achieve cost savings related to our restructuring and cost management programs in the amounts and within the time frames currently anticipated;
- our ability to generate sufficient cash flow to continue operating under our capital deployment model, including capital expenditures, debt repayment to meet our deleveraging objectives, dividend payments, and share repurchases;
- a change in outlook or downgrade in our public credit ratings by a rating agency below investment grade;

- our ability to implement and realize the full benefit of price changes, and the impact of the timing of the price changes to profits and cash flow in a particular period;
- the success and cost of marketing and sales programs and strategies intended to promote growth in our business, including product innovation;
- general competitive activity in the market, including competitors' pricing practices and promotional spending levels;
- our ability to attract and retain key talent;
- the concentration of certain of our businesses with key customers and suppliers, including single-source suppliers of certain key raw materials and finished goods, and our ability to manage and maintain key relationships;
- impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets or changes in the useful lives of other intangible assets or other long-lived assets;
- the impact of new or changes to existing governmental laws and regulations and their application;
- the outcome of tax examinations, changes in tax laws, and other tax matters;
- a disruption, failure, or security breach of our or our suppliers' information technology systems, including, but not limited to, ransomware attacks;
- foreign currency exchange rate and interest rate fluctuations; and
- risks related to other factors described under "Risk Factors" in other reports and statements we have filed with the SEC.

Readers are cautioned not to unduly rely on such forward-looking statements, which speak only as of the date made, when evaluating the information presented in this Quarterly Report on Form 10-Q. We do not undertake any obligation to update or revise these forward-looking statements to reflect new events or circumstances subsequent to the filing of this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures: Management, including the principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act), as of October 31, 2023 January 31, 2024 (the "Evaluation Date"). Based on that evaluation, the principal executive officer and principal financial officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in ensuring that information required to be disclosed in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and (2) accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Controls: There have been no changes in our internal control over financial reporting during the six nine months ended October 31, 2023 January 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. reporting, except as noted below.

37 On November 7, 2023, we acquired Hostess Brands, as discussed in Note 3: Acquisition in Part I, Item 1 in this Quarterly Report on Form 10-Q. As part of the purchase price allocation process, procedures were performed to validate the assets acquired and liabilities assumed, including existence testing and a preliminary valuation of the tangible and intangible assets acquired. We are currently integrating Hostess Brands into our operations and internal control processes, and, as permitted by the SEC rules and regulations, we have not yet included Hostess Brands in our assessment of the effectiveness of our internal control over financial reporting. Hostess Brands constituted $6,332.0 of our consolidated total assets at January 31, 2024. For the three months ended January 31, 2024, Hostess Brands net sales was $300.3 and operating income was $34.7, which excludes special project costs recognized within the segment. We anticipate Hostess Brands will be included in management's evaluation of internal control over financial reporting as of April 30, 2025.

Furthermore, as a result of the divested *Sahale Snacks* and Canada condiment businesses on November 1, 2023, and January 2, 2024, respectively, new controls were executed during the third quarter of 2024.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information required for Part II, Item 1 is incorporated by reference to the discussion in Note 15: 16: Contingencies in Part I, Item 1 in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

Our business, operations, and financial condition are subject to various risks and uncertainties. The risk factors described in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended April 30, 2023, should be carefully considered, together with the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q and in our other filings with the SEC, in connection with evaluating the Company, our business, and the forward-looking statements contained in this Quarterly Report on Form 10-Q. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may affect us. The occurrence of any of these known or unknown risks could have a material adverse impact on our business, financial condition, and results of operations.

The risk factors described below update the risk factors disclosed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended April 30, 2023, to include information on the recent acquisition of Hostess Brands and related debt financing.

Our operations are subject to the general risks associated with acquisitions, divestitures, and restructurings. Specifically, we may not realize all of the anticipated benefits of the acquisition of Hostess Brands, or those benefits may take longer to realize than expected. We may also encounter significant unexpected difficulties in integrating the Hostess Brands business.

Our stated strategic vision is to engage, delight, and inspire consumers by building brands they love and leading in growing categories. We have historically made strategic acquisitions of brands and businesses and intend to do so in the future in support of this strategy. If we are unable to complete acquisitions or to successfully integrate and develop acquired businesses, including the effective management of integration and related restructuring costs, we could fail to achieve the anticipated synergies and cost savings, or the expected increases in revenues and operating results. Additional acquisition risks include the diversion of management attention from our existing business, potential loss of key employees, suppliers, or consumers from the acquired business, assumption of unknown risks and liabilities, and greater than anticipated operating costs of the acquired business. Any of these factors could have a material adverse effect on our financial results.

In particular, our ability to realize the anticipated benefits of the acquisition of Hostess Brands will depend, to a large extent, on our ability to integrate the Hostess Brands business into Smucker. the Company. The combination of two independent businesses is a complex, costly, and time-consuming process. As a result, we will be required to devote significant management attention and resources to integrating Hostess Brands' business practices and operations with our business practices and operations. The integration process may disrupt the businesses and, if implemented ineffectively or if impacted by unforeseen negative economic or market conditions or other factors, we may not realize the full anticipated benefits of the acquisition. Our failure to meet the challenges involved in integrating the two businesses to realize the anticipated benefits of the acquisition could cause an interruption of, or a loss of momentum in, our activities and could adversely affect our results of operations, or cash flows,

cause dilution to our earnings per share, decrease or delay any accretive effect of the transactions, and negatively impact the price of our common shares.

Specifically, the difficulties of combining the operations of Hostess Brands with our business include, among others:

- the diversion of management's attention to integration matters;
- difficulties in achieving anticipated cost savings, synergies, business opportunities, and growth prospects from combining the Hostess Brands business with our business;
- difficulties in the integration of operations and systems;
- difficulties in managing the expanded operations of a significantly larger and more complex company;
- challenges in keeping existing customers and obtaining new customers;
- challenges in attracting and retaining key personnel;
- unanticipated expenses resulting from integration activities and disputes with third parties; and
- unanticipated liabilities, such as environmental liabilities resulting from contamination at our properties or those of third parties.

In addition, we have made strategic divestitures of brands and businesses, including the recent sale of recently divested *Sahale Snacks* and our Canada condiment business, businesses, which is anticipated to close in closed during the third quarter of 2024, as well as past divestitures of certain pet

food brands, the natural beverage and grains, and private label dry pet food businesses, and we may do so in the future. If we are unable to complete divestitures or successfully transition divested businesses, including the effective management of the related separation and stranded overhead costs, transition services, and the maintenance of relationships with customers, suppliers, and other business partners, our business and financial results could be negatively impacted. Further, we may incur asset impairment charges related to divestitures that reduce our profitability. Divestitures and related restructuring costs, such as the restructuring plan entered into in 2021, and concluded in 2023, require a significant amount of management and operational resources. These additional demands could divert management's attention from core business operations, potentially adversely impacting existing business relationships and employee morale, resulting in negative impacts on our financial performance. For more information, see Note 4: Divestitures and Note 5: Special Project Costs.

Our business could be harmed by strikes or work stoppages.

As of October 31, 2023 January 31, 2024, 21 28 percent of our full-time employees, located at seven 11 manufacturing locations, are covered by collective bargaining agreements. agreements, inclusive of Hostess Brands employees. These contracts vary in term depending on location, with no contracts expiring in 2024. On November 7, 2023, we acquired Hostess Brands and approximately 42 percent of their employees, located at four manufacturing locations, were covered by collective bargaining agreements with no contracts expiring in 2024. We cannot assure that we will be able to renew these collective bargaining agreements on the same or more favorable terms as the current agreements, or at all, without production interruptions caused by labor stoppages. If a strike or work stoppage were to occur in connection with negotiations of new collective bargaining agreements or as a result of disputes under collective bargaining agreements with labor unions, our business, financial condition, and results of operations could be materially adversely affected.

A material impairment in the carrying value of acquired goodwill or other intangible assets could negatively affect our consolidated operating results and net worth.

A significant portion of our assets is composed of goodwill and other intangible assets, the majority of which are not amortized but are reviewed for impairment at least annually on February 1, and more often if indicators of impairment exist. At October 31, 2023 January 31, 2024, the carrying value of goodwill and other intangible assets totaled $9.6 billion $15.0 billion, compared to total assets of $18.1 billion $20.3 billion and total shareholders' equity of $7.1 billion $7.6 billion. If the carrying value of these assets exceeds the current estimated fair value, the asset would be considered impaired, and this would result in a noncash charge to earnings, which could be material. Events and conditions that could result in impairment include a sustained drop in the market price of our common shares, increased competition or loss of market share, obsolescence, product claims that result in a significant loss of sales or profitability over the product life, deterioration in macroeconomic conditions, declining financial performance in comparison to projected results, increased input costs beyond projections, or divestitures of significant brands.

As of October 31, 2023 January 31, 2024, goodwill and indefinite-lived intangible assets totaled $5.2 billion $7.7 billion and $2.6 billion $4.3 billion, respectively. respectively. The carrying values of the goodwill and indefinite-lived intangible assets were $1.6 billion and $1.1 billion, respectively, within the U.S. Retail Pet Foods segment, and segment; $2.1 billion and $1.2 billion $1.3 billion, respectively, within the U.S. Retail Coffee segment; and $2.5 billion and $1.8 billion, respectively, within the Sweet Baked Snacks segment, which represent approximately 80 85 percent of the total goodwill and indefinite-lived intangible assets as of October 31, 2023 January 31, 2024. Furthermore, the

The goodwill within the U.S. Retail Pet Foods segment remains susceptible to future impairment charges due to narrow differences between fair value and carrying value, which is primarily attributable to the recognition of these assets at fair value resulting from impairment charges and divestitures in recent years. Further, the goodwill and indefinite-lived trademarks within

We do not believe that

the Pet Foods reporting unit or any of Sweet Baked Snacks reportable segment were based on their estimated fair values on the indefinite-lived acquisition date. Since carrying value represents the estimated fair value, these assets within the U.S. Retail Pet Foods segment are could be more likely than not impaired as of October 31, 2023. However, significant adverse changes susceptible to future impairment. A change to the assumptions regarding the future performance of the U.S. Retail Pet Foods segment business, or its brands, a sustained adverse change to macroeconomic conditions, portion of it, or a change to other assumptions, could result in additional significant impairment losses in the future, which could be significant. future.

As of April 30, 2023, the estimated fair value was substantially in excess of the carrying value for all reporting units and material indefinite-lived intangible assets, and in all such instances, the estimated fair value exceeded the carrying value by greater than 10 percent.

While we concluded there were no indicators of impairment as of October 31, 2023 January 31, 2024, any significant sustained adverse change in consumer purchasing behaviors, financial results, or macroeconomic conditions could result in future impairment.

In addition, as a result of the acquisition of Hostess Brands on November 7, 2023, we will recognize additional goodwill and other intangible assets, which will be included within the new Sweet Baked Snacks reportable segment, based on their estimated fair values on the acquisition date. Since carrying value will represent estimated fair value, these assets could be more susceptible to future impairment. A change to the assumptions regarding future performance of the business, or a portion of it, or a change to other assumptions, could result in significant impairment losses in the future.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers: The following table presents the total number of shares of common stock purchased during the second third quarter of 2024, the average price paid per share, the number of shares that were purchased as part of a publicly announced repurchase program, if any, and the approximate dollar value of the maximum number of shares that may yet be purchased under the share repurchase program: plans or programs:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
August 1, 2023 - August 31, 2023	78	$ 142.50	—	1,111,472
September 1, 2023 - September 30, 2023	3,086	125.15	—	1,111,472
October 1, 2023 - October 31, 2023	—	—	—	1,111,472
Total	3,164	$ 125.58	—	1,111,472

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
November 1, 2023 - November 30, 2023	21	$ 113.47	—	1,111,472
December 1, 2023 - December 31, 2023	42	116.12	—	1,111,472
January 1, 2024 - January 31, 2024	1,038	126.55	—	1,111,472
Total	1,101	$ 125.90	—	1,111,472

(a) Shares in this column include shares repurchased from stock plan recipients in lieu of cash payments.

(c) During the first six nine months of 2024, we repurchased approximately 2.4 million common shares under our repurchase program, as discussed in Note 16: 17: Common Shares.

(d) As of October 31, 2023 January 31, 2024, there were approximately 1.1 million common shares remaining available for repurchase pursuant to the Board's authorizations.

Item 5. Other Information.

(c) Trading Plans

During the first six nine months of 2024, no director or Section 16 officer adopted, modified, or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements.

Item 6. Exhibits.

See the Index of Exhibits that appears on Page No. 4247 of this report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

December 5, 2023 February 27, 2024

THE J. M. SMUCKER COMPANY

/s/ Mark T. Smucker

By: MARK T. SMUCKER

Chair of the Board, President and Chief Executive Officer

/s/ Tucker H. Marshall

By: TUCKER H. MARSHALL

Chief Financial Officer

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INDEX OF EXHIBITS

The following exhibits are either attached or incorporated herein by reference to another filing with the SEC.

Exhibit Number	Exhibit Description
2.1	Agreement and Plan of Merger by and among The J.M. Smucker Company, Hostess Brands, Inc. and SSF Holdings, Inc. dated as of September 10, 2023
4.1	Fifth Supplemental Indenture, dated as of October 25, 2023 between the Company and U.S. Bank Trust Company, N.A. (as successor to U.S. Bank N.A.)
4.2	Description of Capital Stock
10.1	Term Loan Credit Agreement, dated as of September 27, 2023, among the Company, as borrower, Bank of America, N.A., as administrative agent, and the lenders party thereto
31.1	Certifications of Mark T. Smucker pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
31.2	Certifications of Tucker H. Marshall pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
104	The cover page of this Quarterly Report on Form 10-Q for the quarter ended October 31, 2023 January 31, 2024, formatted in Inline XBRL

* Identifies exhibits that consist of a management contract or compensatory plan or arrangement.

Exhibit 4.2

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of The J. M. Smucker Company (the "Company") is only a summary and does not purport to be complete and is qualified in its entirety by reference to the Company's Amended Articles of Incorporation (the "Articles of Incorporation") and the Company's Amended Regulations (the "Regulations").

Authorized Capital Stock

The Company's authorized capital stock consists of 306,000,000 shares, including:

- 300,000,000 common shares, without par value; and
- 6,000,000 serial preferred shares, without par value.

Common Shares

The Articles of Incorporation permit the issuance of up to 300,000,000 common shares. This amount can be amended by the Company's board of directors (the "Board") without shareholder approval, to the extent permitted by Chapter 1701 of the Ohio Revised Code.

Voting Rights

The Articles of Incorporation provide that each outstanding common share entitles the holder to one vote on each matter properly submitted to the shareholders for their approval, including any vote or consent for the election or removal of the Company's directors.

Dividend Rights

Subject to the rights of holders of serial preferred shares, if any, holders of the Company's common shares are entitled to receive dividends as, when and if dividends are declared by the Board out of assets legally available for the payment of dividends.

Liquidation Rights

In the event of a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, after payment of liabilities and obligations to creditors and holders of serial preferred shares, if any, the Company's remaining assets are to be distributed ratably among the holders of common shares.

Preemptive Rights

The Company's shareholders will not have any preemptive rights to purchase or subscribe for shares of any class or any other security of the Company.

Redemption Rights

The Company's common shares are not subject to redemption by the Company or by the holder of the common shares.

Conversion Rights

The Company's common shares are not convertible into shares of any other class or any other security of the Company.

Repurchase

Under the Articles of Incorporation, the Company, by action of the Board and without action by its shareholders, may purchase its common shares in accordance with Ohio law. The Board may authorize such purchases to be made in the open market or through a private or public sale and at such price as the Board determines.

Liability to Further Calls or Assessments

The Company's outstanding common shares are, and any common shares issued will be, duly authorized, validly issued, fully paid and nonassessable.

Sinking Fund Provisions

The Company's common shares have no sinking fund provisions.

Serial Preferred Shares

The Articles of Incorporation authorize 6,000,000 serial preferred shares. No serial preferred shares are currently issued and outstanding. The Board has, however, established a series designated as Series A Junior Participating Preferred Shares and authorized 1,500,000 of such shares.

The Board may establish and issue one or more series of serial preferred shares from time to time with such powers, preferences, rights, qualifications, limitations and restrictions that are permitted by the Articles of Incorporation, and as the Board fixes by resolution, including:

- dividend rights;
- redemption rights and price;
- sinking fund requirements;
- voting rights;
- conversion rights;
- liquidation rights, preferences and price; and
- restrictions on the issuance of shares of any class or series.

The rights of holders of the Company's serial preferred shares will be subordinate to the rights of the Company's general creditors. Serial preferred shares that the Company issues will be duly authorized and validly issued, fully paid and nonassessable. Holders of the Company's serial preferred shares will not be entitled to preemptive rights unless otherwise specified. Holders of the Company's common shares will not have preemptive rights to participate in any issuance of serial preferred shares.

The Board believes that the serial preferred shares will provide flexibility for future financings and acquisitions by the Company. Although there currently are no plans to issue serial preferred shares, it is contemplated that from time to time the Company may consider transactions involving the issuance of serial preferred shares. Because the Articles of Incorporation give the Board flexibility in determining the terms of the serial preferred shares, the Board is able to issue serial preferred shares with terms suitable to existing market conditions at the time of issuance or to meet the needs of a particular transaction.

The ability of the Board to issue serial preferred shares could enable it to render more difficult or discourage an attempt by another person or entity to obtain control of the Company. The serial preferred shares could be issued by the Board in a public or private sale, merger or similar transaction, increasing the number of outstanding shares and thereby diluting the equity interest and voting power, if the serial preferred shares were convertible into the Company's common shares, of a party attempting to obtain control of the Company.

Anti-Takeover Matters

Certain provisions of the Articles of Incorporation, the Regulations and Ohio law, which are summarized in the following paragraphs, may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

Certain Provisions of the Articles of Incorporation and Regulations

Advance Notice of Nominations and Shareholder Proposals. The Regulations provide that only business properly brought before annual or special meetings will be considered at the meeting. For annual meetings, the shareholder must have (i) been a shareholder of record at the time notice was given for the annual meeting, (ii) been entitled to vote at the annual meeting, (iii) given timely notice in writing to the Company's corporate secretary of the business or nominations for election of directors to be considered at the meeting and (iv) in the case of nominations of persons for election to the Board, complied in all respects with the requirements of Section 14 of the Exchange Act including, without limitation, the requirements of Rule 14a-19 (as such rules and regulations may be amended from time to time by the Securities and Exchange Commission (the "SEC"), including any SEC staff interpretations relating thereto).

The regulations require shareholders to provide notice of nominations of persons for election to the Board or other business no earlier than 120 days, nor later than 90 days, prior to the anniversary date of the prior year's annual meeting (unless the annual meeting date is more than 30 days before or 60 days after the prior year's annual meeting date, in which case the Regulations provide for alternative notice deadlines).

The shareholder's notice must set forth certain information about the shareholder, including:

- Whether the shareholder is acting in his or her own capacity or on behalf of another person or entity;
- Any interests that the shareholder has that are not shared generally by other shareholders and that could have influenced that shareholder's decision to bring the business before the meeting;
- The number of shares beneficially owned by the shareholder;
- Any options or derivative instruments owned by the shareholder that derive their value directly or indirectly by reference to the Company's stock;
- Any proxies or other arrangements pursuant to which the shareholder has a right to vote shares of the Company's stock;
- Any short interest held by the shareholder in the Company's stock;
- Any other interests held by the shareholder that are directly or indirectly tied to the value of the Company's stock;
- Any interests that the shareholder may have in any contract with the Company or with a principal competitor;
- Any litigation between the shareholder and the Company or its affiliates; and
- Any transactions during the past 12 months between the shareholder and the Company or a principal competitor.

The notice must also include information concerning the business to be brought before the meeting, including a brief description of the shareholder's proposal, including the reasons for the proposal, any material interest that the shareholder has in the proposal, and any agreements or understandings between the shareholder and any other person concerning the proposal.

In the event that the shareholder is proposing a nominee for election as a director, the notice must include all information about that person that would be required to be included in a proxy statement under the SEC's proxy rules and a description of all material monetary arrangements and other material relationships between the shareholder and the nominee. The notice must be accompanied by the nominee's completed Director Questionnaire, and the nominee's representation that he or she will comply with the Company's policies applicable to directors and that he or she is not a party to any agreement as to how such person will vote on any matter presented to the Board that has not been disclosed to the Company or providing any compensation, expense reimbursement or indemnification arrangements that have not been disclosed to the Company.

In the case of a notice of nomination delivered pursuant to Rule 14a-19, the nominating shareholder's notice must also include (i) a representation that such nominating shareholder or beneficial owner, if any, intends to solicit

the holders of common shares representing at least 67% of the voting power of the common shares entitled to vote on the election of directors in support of director nominees other than the Company's nominees in accordance with Rule 14a-19 under the Exchange Act and (ii) any other information relating to the nominating shareholder or beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

Compliance with these provisions of the regulations will be the exclusive means for shareholders to make nominations or submit other business at the meeting (other than shareholder proposals submitted in conformity with Rule 14a-8 of the Exchange Act).

The Regulations also extend similar advance notice requirements to proposals made in connection with special meetings of shareholders.

In addition, the Regulations contain "proxy access" provisions, whereby a shareholder, or a group of up to 20 shareholders, owning at least three percent of the Company's common shares continuously for at least three years, may nominate and include in the Company's annual meeting proxy materials director nominees constituting up to the greater of (a) two directors or (b) twenty percent of the Board, subject to certain limitations and provided that the shareholders and nominees satisfy the requirements specified in the Regulations. To be timely, a Notice of Proxy Access Nomination must be delivered to or mailed and received at the Company's principal executive offices not less than 120 days nor more than 150 days prior to the anniversary of the date that the Company first distributed its proxy statement to shareholders for the immediately preceding annual meeting of shareholders. The complete proxy access provisions for director nominations are set forth in the Regulations.

No Cumulative Voting. Holders of the Company's common shares do not have cumulative voting rights.

Election of Board of Directors. The Articles of Incorporation provide that in an uncontested election of directors, a candidate will be elected as a director only if the votes cast for the candidate exceed the votes cast against the candidate. Abstentions will not be counted as votes cast for or against a candidate. If, however, the Board determines that the number of candidates exceeds the number of directors to be elected in that year, a plurality voting standard will apply and the candidates receiving the greatest number of votes will be elected.

Removal of Directors. The Company's directors may be removed, without assigning any cause, by the affirmative vote of the holders of a majority of the Company's voting power with respect to the election of directors.

Control Share Acquisitions

The Articles of Incorporation provide for the opting out of Ohio's control share acquisition law. The Company has, however, adopted similar provisions in the Articles of Incorporation requiring that notice and informational filings and special shareholder meetings and voting procedures must be followed prior to consummation of a proposed "control share acquisition." In general a control share acquisition is the acquisition, directly or indirectly, by any person of the Company's shares that when added to all other shares of the Company in respect of which that person, directly or indirectly, may exercise or direct the exercise of voting power as provided in the Articles of Incorporation, would entitle the person, immediately after the acquisition, directly or indirectly, to exercise or direct the exercise of the voting power in the election of directors of a number of the Company's outstanding shares (as distinguished from the number of votes to which the holder of the shares is entitled) within any of the following ranges:

- one-fifth or more but less than one-third of outstanding shares;
- one-third or more but less than a majority of outstanding shares; and
- a majority or more of outstanding shares.

Assuming compliance with the notice and information filings, the proposed control share acquisition may be made only if both of the following occur:

- shareholders who hold shares entitling them to vote in the election of directors authorize the acquisition at a special meeting held for that purpose at which a quorum is present by an affirmative vote of a majority of the Company's voting power in the election of directors represented at the meeting in person or by proxy and a majority of the portion of the voting power excluding the voting power of interested shares represented at the meeting in person or by proxy; and
- the acquisition is consummated, in accordance with the terms authorized, not later than 360 days following shareholder authorization of the control share acquisition.

In general, "interested shares" means shares of which any of the following persons may exercise or direct the exercise of the Company's voting power in the election of directors:

- the acquiring person;
- any officer elected by the Board, except shares beneficially owned by such officer for four years or more;
- any employee who is also a director, except shares beneficially owned by such employee for four years or more;
- any person that acquires shares during the period beginning with the first public disclosure of the proposed control share acquisition and ending with the record date established for the special meeting, if either of the following applies:
  - the aggregate consideration paid by such person, and any persons acting in concert therewith, exceeds $250,000; or
  - the number of shares acquired by such person, and any persons acting in concert therewith, exceeds one-half of one percent (1/2%) of the Company's outstanding shares entitled to vote on the election of directors; and
- any person who transfers shares after the record date for the special meeting, if accompanied by voting power in the form of a blank proxy, an agreement to vote as instructed by the transferee or otherwise.

Transactions with Interested Shareholders

The Company is subject to Chapter 1704 of the Ohio Revised Code, which generally prohibits certain business combinations and transactions with "interested shareholders" for a period of three years after (i) the interested shareholder acquired ten percent or more of the voting power of the corporation in the election of directors or (ii) at any time within the three years prior, such interested shareholder held ten percent of more of the voting power of the corporation in the election of directors, unless prior to the interested shareholder's acquisition of ten percent or more of the corporation's shares, the directors of the corporation approved the business combination or other transaction or the purchase of shares by the interested shareholder on the date the shareholder acquired ten percent or more of the corporation's shares.

In general, subsequent to the three-year period, a transaction subject to Chapter 1704 may take place provided that at least one of the following is satisfied:

- prior to the date the interested shareholder acquired ten percent or more of the corporation's shares, the board of directors approved the purchase of shares by the interested shareholder;
- the transaction is approved, at a meeting held for that purpose, by the affirmative vote of the holders of shares of the corporation entitling them to exercise at least two-thirds of the voting power of the corporation in the election of directors, or of such different proportion as the articles of incorporation may provide, provided that the transaction is also approved by the affirmative vote of the holders of at least a majority of the disinterested shares; or
- the transaction results in shareholders, other than the interested shareholder, receiving a fair price (as described in Chapter 1704) plus interest for their shares.

In addition, the Articles of Incorporation provide that any business combination between the Company and any person that beneficially owns more than 30% of the Company's shares entitled to vote in the election of directors (or at any time owned more than 30% of the Company's shares entitled to vote in the election of directors) must be approved by the affirmative vote of 85% of all shares entitled to vote in the election of directors. The 85% voting requirement is not applicable if:

- the cash, or fair market value of other consideration, to be received per share by the Company's common shareholders in the business combination is at least an amount equal to the highest per share price paid by the other entity in acquiring any of its holdings of the Company's common shares plus the aggregate amount, if any, by which 5% per annum of the per share price exceeds the aggregate amount of all dividends paid in cash, in each case since the date on which the other entity acquired the 30% interest;

- after the other entity has acquired a 30% interest and prior to the consummation of the business combination, (1) the other entity has taken steps to ensure that the Board included at all times representation by continuing directors proportionate to the shareholdings of the public holders of the Company's common shares not affiliated with the other entity (with a continuing director to occupy any resulting fractional board position), (2) the other entity has not acquired any newly issued shares,

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directly or indirectly, from the Company (except upon conversion of convertible securities acquired by it prior to obtaining a 30% interest or as a result of a pro rata share dividend or share split) and (3) the other entity has not acquired any additional outstanding common shares or securities convertible into the Company's common shares except as part of the transaction that resulted in the other entity's acquiring its 30% interest;

- the other entity has not (1) received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or tax credits provided by the Company or (2) made any major change in the Company's business or equity capital structure without in either case the approval of at least a majority of all the directors and at least two-thirds of the continuing directors, in either case prior to the consummation of the business combination; and
- a proxy statement responsive to the requirements of the Exchange Act has been mailed to the Company's public shareholders for the purpose of soliciting shareholder approval of the business combination and contained at the front, in a prominent place, any recommendations as to the advisability (or inadvisability) of the business combination that the continuing directors, or any of them, may choose to state and, if deemed advisable by a majority of the continuing directors, an opinion of a reputable investment banking firm as to the fairness (or not) of the terms of the business combination, from the point of view of the Company's remaining public shareholders (the investment banking firm to be selected by a majority of the continuing directors and to be paid a reasonable fee for their services by the Company upon receipt of the opinion).

Continuing directors are directors elected by shareholders prior to the time when such entity acquired more than 5% of the shares entitled to vote in the election of directors, or a person recommended to succeed a continuing director or by a majority of continuing directors.

Mergers, Acquisitions, Share Purchases and Certain Other Transactions

The Ohio Revised Code requires approval of mergers, dissolutions, dispositions of all or substantially all of a corporation's assets and majority share acquisitions and combinations involving issuance of shares representing one-sixth or more of the voting power of the corporation immediately after the consummation of the transaction (other than so-called "parent-subsidiary" mergers), by two-thirds of the voting power of a corporation, unless the articles of incorporation specify a different proportion (but not less than a majority). The Articles of Incorporation do not specify a voting power proportion different than that specified by Ohio law in connection with the approval of these transactions.

Amendments to Constituent Documents

Ohio law permits the adoption of amendments to articles of incorporation if those amendments are approved at a meeting held for that purpose by the holders of shares entitling them to exercise two-thirds of the voting power of the corporation, or a lesser, but not less than a majority, or greater vote as specified in the articles of incorporation. The Articles of Incorporation specify that amendments relating to transactions with interested persons require the affirmative vote of the holders of 85% of the common shares entitled to vote in the election of directors, except that the 85% vote will not be required for any amendment to that provision recommended to the Company's shareholders if the recommendation was approved by at least a majority of the Company's directors and at least two-thirds of the Company's continuing directors.

Ohio law permits adoption of amendments to regulations by an affirmative vote of the majority of shares entitled to vote or by written consent from holders of two-thirds of the shares entitled to vote or by written consent or vote of a greater or lesser proportion as provided in the articles of incorporation or regulations but not less than the majority of voting power. The Regulations may be amended by (1) the Board to the extent permitted by Ohio law or (2) the Company's shareholders by the affirmative vote of a majority of the Company's voting power at a meeting held for that purpose, or without a meeting by the affirmative written consent of two-thirds of the Company's voting power.

RULE 13a-14(a)/15d-14(a) CERTIFICATIONS

I, Mark T. Smucker, Chair of the Board, President, and Chief Executive Officer of The J. M. Smucker Company, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of The J. M. Smucker Company;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2023 February 27, 2024

/s/ Mark T. Smucker

Name:	Mark T. Smucker
Title:	Chair of the Board, President and Chief Executive Officer

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATIONS

I, Tucker H. Marshall, Chief Financial Officer of The J. M. Smucker Company, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of The J. M. Smucker Company;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2023 February 27, 2024

/s/ Tucker H. Marshall

Name:	Tucker H. Marshall
Title:	Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of The J. M. Smucker Company (the “Company”) for the quarter ended October 31, 2023 January 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ /s/ Mark T. Smucker

Name:	Mark T. Smucker
Title:	Chair of the Board, President and Chief Executive Officer

/s/ Tucker H. Marshall

Name:	Tucker H. Marshall
Title:	Chief Financial Officer

Date: December 5, 2023 February 27, 2024

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

DISCLAIMER

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