

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

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the quarterly period ended September 28, 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 1-4171



Kellanova

State of Incorporation— Delaware

IRS Employer Identification No. 38-0710690

412 N. Wells Street , Chicago , IL 60654

Registrant's telephone number: 269 - 961-2000

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$.25 par value per share	K	New York Stock Exchange
1.250% Senior Notes due 2025	K 25	New York Stock Exchange
0.500% Senior Notes due 2029	K 29	New York Stock Exchange
3.750% Senior Notes due 2034	K 34	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 ☒ No ☐

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 ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☒ 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Common Stock outstanding as of September 28, 2024 — 344,697,894 shares

KELLANOVA

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Part I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Kellanova and Subsidiaries
CONSOLIDATED BALANCE SHEET
(in millions of U.S. dollars, except per share data)
(Unaudited)

	September 28, 2024	December 30, 2023
Current assets		
Cash and cash equivalents	\$ 569	\$ 274
Accounts receivable, net	1,699	1,568
Inventories	1,219	1,243
Other current assets	368	245
Total current assets	3,855	3,330
Property, net	3,218	3,212
Operating lease right-of-use assets	631	661
Goodwill	5,045	5,160
Other intangibles, net	1,799	1,930
Investments in unconsolidated entities	101	184
Other assets	1,114	1,144
Total assets	\$ 15,763	\$ 15,621
Current liabilities		
Current maturities of long-term debt	\$ 678	\$ 663
Notes payable	124	121
Accounts payable	2,368	2,314
Current operating lease liabilities	126	121
Accrued advertising and promotion	670	766
Accrued salaries and wages	267	278
Other current liabilities	742	797
Total current liabilities	4,975	5,060
Long-term debt	5,051	5,089
Operating lease liabilities	502	532
Deferred income taxes	437	497
Pension liability	554	613
Other liabilities	486	461
Commitments and contingencies		
Equity		
Common stock, \$.25 par value	105	105
Capital in excess of par value	1,105	1,101
Retained earnings	9,195	8,804
Treasury stock, at cost	(4,557)	(4,794)
Accumulated other comprehensive income (loss)	(2,198)	(2,041)
Total Kellanova equity	3,650	3,175
Noncontrolling interests	108	194
Total equity	3,758	3,369
Total liabilities and equity	\$ 15,763	\$ 15,621

See accompanying Notes to Consolidated Financial Statements.

Kellanova and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
(in millions of U.S. dollars, except per share data)
(Unaudited)

	Quarter ended		Year-to-date period ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net sales	\$ 3,233	\$ 3,255	\$ 9,625	\$ 9,948
Cost of goods sold	2,057	2,145	6,257	6,760
Selling, general and administrative expense	720	696	2,026	2,011
Operating profit	456	414	1,342	1,177
Interest expense	75	75	241	218
Other income (expense), net	21	(62)	97	(17)
Income from continuing operations before income taxes	402	277	1,198	942
Income taxes	34	78	213	216
Earnings (loss) from unconsolidated entities	2	(1)	3	4
Net income from continuing operations	370	198	988	730
Net income (loss) attributable to noncontrolling interests	3	1	10	10
Income (loss) from discontinued operations, net of taxes	—	72	—	204
Net income attributable to Kellanova	\$ 367	\$ 269	\$ 978	\$ 924
Per share amounts:				
Earnings per common share - basic				
Earnings (loss) from continuing operations	\$ 1.07	\$ 0.58	\$ 2.86	\$ 2.11
Earnings (loss) from discontinued operations	\$ —	\$ 0.21	\$ —	\$ 0.59
Net earnings (loss) per common share - basic	\$ 1.07	\$ 0.79	\$ 2.86	\$ 2.70
Earnings per common share - diluted				
Earnings (loss) from continuing operations	\$ 1.05	\$ 0.57	\$ 2.83	\$ 2.09
Earnings (loss) from discontinued operations	\$ —	\$ 0.21	\$ —	\$ 0.59
Net earnings (loss) per common share - diluted	\$ 1.05	\$ 0.78	\$ 2.83	\$ 2.68
Average shares outstanding:				
Basic	343	342	342	342
Diluted	347	345	345	345
Actual shares outstanding at period end			345	343

See accompanying Notes to Consolidated Financial Statements.

Kellanova and Subsidiaries
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions of U.S. dollars) (Unaudited)

	Quarter ended			Year-to-date period ended		
	September 28, 2024			September 28, 2024		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			\$ 370			\$ 988
Other comprehensive income (loss):						
Foreign currency translation adjustments:						
Foreign currency translation adjustments during period	\$ 94	\$ —	94	\$ (256)	\$ —	(256)
Net investment hedges:						
Net investment hedges gain (loss)	(133)	34	(99)	(34)	9	(25)
Cash flow hedges:						
Net deferred gain (loss) on cash flow hedges	—	—	—	39	(10)	29
Reclassification to net income	—	—	—	3	(1)	2
Postretirement and postemployment benefits:						
Amount arising during the period:						
Prior service cost	1	—	1	2	—	2
Reclassification to net income:						
Net experience (gain) loss	(1)	—	(1)	(2)	—	(2)
Other comprehensive income (loss)	\$ (39)	\$ 34	\$ (5)	\$ (248)	\$ (2)	\$ (250)
Comprehensive income			\$ 365			\$ 738
Net Income attributable to noncontrolling interests			3			10
Other comprehensive income (loss) attributable to noncontrolling interests			(15)			(93)
Comprehensive income attributable to Kellanova			\$ 377			\$ 821

	Quarter ended			Year-to-date period ended		
	September 30, 2023			September 30, 2023		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			\$ 270			\$ 934
Other comprehensive income (loss):						
Foreign currency translation adjustments:						
Foreign currency translation adjustments during period	\$ (134)	\$ 1	(133)	\$ (475)	\$ 3	(472)
Net investment hedges:						
Net investment hedges gain (loss)	111	(26)	85	17	(4)	13
Cash flow hedges:						
Net deferred gain (loss) on cash flow hedges	40	(10)	30	37	(9)	28
Reclassification to net income	2	(1)	1	7	(2)	5
Postretirement and postemployment benefits:						
Reclassification to net income:						
Net experience (gain) loss	(1)	—	(1)	(2)	—	(2)
Available-for-sale securities:						
Unrealized gain (loss)	(1)	—	(1)	—	—	—
Reclassification to net income	1	—	1	1	—	1
Other comprehensive income (loss)	\$ 18	\$ (36)	\$ (18)	\$ (415)	\$ (12)	\$ (427)
Comprehensive income			\$ 252			\$ 507
Net Income attributable to noncontrolling interests			1			10
Other comprehensive income (loss) attributable to noncontrolling interests			(7)			(181)
Comprehensive income attributable to Kellanova			\$ 258			\$ 678

See accompanying Notes to Consolidated Financial Statements.

Kellanova and Subsidiaries
CONSOLIDATED STATEMENT OF EQUITY
(in millions of U.S. dollars, except per share data)
(Unaudited)

Quarter ended September 28, 2024

	Common stock		Capital in excess of par value		Retained earnings	Treasury stock		Accumulated other comprehensive income (loss)	Total Kellanova equity	Non-controlling interests	Total equity
	shares	amount				shares	amount				
Balance, June 29, 2024	(4,699)										
	421	\$ 105	\$ 1,082	\$ 9,027		79	\$)	\$ (2,208)	\$ 3,307	\$ 120	\$ 3,427
Net income					367				367	3	370
Dividends declared (\$ 0.57 per share)					(197)				(197)		(197)
Other comprehensive income (loss)								10	10	(15)	(5)
Stock compensation			25						25		25
Stock options exercised, issuance of other stock awards and other			(2)	(2)	(2)	142			138		138
Balance, September 28, 2024	(4,557)										
	421	\$ 105	\$ 1,105	\$ 9,195		77	\$)	\$ (2,198)	\$ 3,650	\$ 108	\$ 3,758

Year-to-date period ended September 28, 2024

	Common stock		Capital in excess of par value		Retained earnings	Treasury stock		Accumulated other comprehensive income (loss)	Total Kellanova equity	Non-controlling interests	Total equity
	shares	amount				shares	amount				
Balance, December 30, 2023	(4,794)										
	421	\$ 105	\$ 1,101	\$ 8,804		81	\$)	\$ (2,041)	\$ 3,175	\$ 194	\$ 3,369
Net income					978				978	10	988
Dividends declared (\$ 1.69 per share)					(580)				(580)		(580)
Distributions to noncontrolling interest									—	(3)	(3)
Other comprehensive income (loss)								(157)	(157)	(93)	(250)
Stock compensation			66						66		66
Stock options exercised, issuance of other stock awards and other			(62)	(7)	(4)	237			168		168
Balance, September 28, 2024	(4,557)										
	421	\$ 105	\$ 1,105	\$ 9,195		77	\$)	\$ (2,198)	\$ 3,650	\$ 108	\$ 3,758

See accompanying Notes to Consolidated Financial Statements.

Kellanova and Subsidiaries
CONSOLIDATED STATEMENT OF EQUITY (Cont.)
(in millions of U.S. dollars, except per share data)
(Unaudited)

Quarter ended September 30, 2023

	Common stock		Capital in excess of par value	Retained earnings	Treasury stock		Accumulated other comprehensive income (loss)	Total Kellanova equity	Non-controlling interests	Total equity
	shares	amount			shares	amount				
Balance, July 1, 2023						(4,700				
	421	\$ 105	\$ 1,056	\$ 9,447	79	\$)	\$ (1,943)	\$ 3,965	\$ 256	\$ 4,221
Net income				269				269	1	270
Dividends declared (\$ 0.60 per share)				(206)				(206)		(206)
Distributions to noncontrolling interest								—	(11)	(11)
Other comprehensive income							(11)	(11)	(7)	(18)
Stock compensation			19					19		19
Stock options exercised and other			(5)	(1)	—	8		2		2
Balance, September 30, 2023						(4,692				
	421	\$ 105	\$ 1,070	\$ 9,509	79	\$)	\$ (1,954)	\$ 4,038	\$ 239	\$ 4,277

Year-to-date period ended September 30, 2023

	Common stock		Capital in excess of par value	Retained earnings	Treasury stock		Accumulated other comprehensive income (loss)	Total Kellanova equity	Non-controlling interests	Total equity
	shares	amount			shares	amount				
Balance, December 31, 2022						(4,721				
	421	\$ 105	\$ 1,068	\$ 9,197	79	\$)	\$ (1,708)	\$ 3,941	\$ 434	\$ 4,375
Common stock repurchases					1	(60)		(60)		(60)
Net income				924				924	10	934
Dividends declared (\$ 1.78 per share)				(610)				(610)		(610)
Distributions to noncontrolling interest								—	(24)	(24)
Other comprehensive income							(246)	(246)	(181)	(427)
Stock compensation			62					62		62
Stock options exercised and other			(60)	(2)	(1)	89		27		27
Balance, September 30, 2023						(4,692				
	421	\$ 105	\$ 1,070	\$ 9,509	79	\$)	\$ (1,954)	\$ 4,038	\$ 239	\$ 4,277

See accompanying Notes to Consolidated Financial Statements.

Kellanova and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions of U.S. dollars)
(Unaudited)

	Year-to-date period ended	
	September 28, 2024	September 30, 2023
Operating activities		
Net income	\$ 988	\$ 934
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	273	338
Impairment of property	60	—
Postretirement benefit plan expense (benefit)	(32)	(105)
Deferred income taxes	(13)	—
Stock compensation	66	62
Loss on Russia divestiture	—	113
Other	19	9
Distribution from postretirement benefit plan	175	—
Postretirement benefit plan contributions	(55)	(13)
Changes in operating assets and liabilities, net of acquisitions:		
Trade receivables	(191)	(229)
Inventories	(16)	69
Accounts payable	144	(32)
All other current assets and liabilities	(125)	254
Net cash provided by (used in) operating activities	1,293	1,400
Investing activities		
Additions to properties	(440)	(506)
Issuance of notes receivable	—	(4)
Purchases of marketable securities	(301)	—
Sales of marketable securities	145	—
Purchases of available for sale securities	—	(15)
Sales of available for sale securities	—	15
Settlement of net investment hedges	(7)	29
Other	14	9
Net cash provided by (used in) investing activities	(589)	(472)
Financing activities		
Net issuances (reductions) of notes payable	12	(115)
Issuances of long-term debt	619	896
Reductions of long-term debt	(654)	(227)
Net issuances of common stock	190	51
Common stock repurchases	—	(60)
Cash dividends	(580)	(610)
Other	(4)	(55)
Net cash provided by (used in) financing activities	(417)	(120)
Effect of exchange rate changes on cash and cash equivalents	8	(8)
Increase (decrease) in cash and cash equivalents	295	800
Cash and cash equivalents at beginning of period	274	299
Cash and cash equivalents at end of period	\$ 569	\$ 1,099
Supplemental cash flow disclosures of non-cash investing activities:		
Additions to properties included in accounts payable	\$ 94	\$ 107

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the quarter ended September 28, 2024 (unaudited)

NOTE 1 ACCOUNTING POLICIES

Basis of presentation

The unaudited interim financial information of Kellanova (the Company), formerly Kellogg Company, included in this report reflects all adjustments, all of which are of a normal and recurring nature, that management believes are necessary for a fair statement of the results of operations, comprehensive income, financial position, equity and cash flows for the periods presented. This interim information should be read in conjunction with the financial statements and accompanying footnotes within the Company's 2023 Annual Report on Form 10-K.

During the fourth quarter of 2023, the Company completed the separation of its North America cereal business resulting in two independent companies, Kellanova and WK Kellogg Co. In accordance with applicable accounting guidance, the results of WK Kellogg Co are presented as discontinued operations in the consolidated statements of income and, as such, have been excluded from both continuing operations and segment results for all periods presented. The consolidated statements of comprehensive income, equity and cash flows are presented on a consolidated basis for both continuing operations and discontinued operations. All amounts, percentages and disclosures for all periods presented reflect only the continuing operations of Kellanova unless otherwise noted. See Note 2 for additional information.

The balance sheet information at December 30, 2023 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. The results of operations for the quarter ended September 28, 2024 are not necessarily indicative of the results to be expected for other interim periods or the full year.

Certain prior period amounts have been reclassified to conform with current period presentation.

Proposed Merger

On August 13, 2024, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Acquiror 10VB8, LLC, a Delaware limited liability company ("Acquiror"), Merger Sub 10VB8, LLC, a Delaware limited liability company and a wholly owned subsidiary of Acquiror ("Merger Sub"), and, solely for the limited purposes specified in the Merger Agreement, Mars, Incorporated, a Delaware corporation ("Mars").

The Merger Agreement provides that, subject to the terms and conditions set forth therein, at the effective time of the Merger (the "Effective Time"), (1) Merger Sub will be merged with and into the Company (the "Merger"), with the Company continuing as the surviving corporation and a wholly owned subsidiary of Acquiror, and (2) each share of public common stock, par value \$ 0.25 per share, of the Company issued and outstanding immediately prior to Effective Time (other than shares owned by (i) the Company or its subsidiaries or Mars or its subsidiaries (including Acquiror and its subsidiaries) or (ii) shareowners who have properly exercised and perfected appraisal rights under Delaware law) will be automatically cancelled and converted into the right to receive \$ 83.50 per share in cash, without interest. Completion of the Merger is subject to customary closing conditions, including approval of the Company's shareowners and the receipt of required regulatory approvals.

The Merger Agreement contains certain termination rights, including the right of either the Company or Acquiror to terminate the Merger Agreement if the Merger is not consummated by August 13, 2025 (subject to two extensions for up to an additional six months each if all of the conditions to the closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). The Merger Agreement also provides for certain termination rights for each of the Company and Acquiror, and provides that, upon termination of the Merger Agreement under certain specified circumstances related to the failure to obtain regulatory approvals, Acquiror would be required to pay a termination fee of \$ 1.25 billion to the Company, and under other specified circumstances, including if the Company terminates the Merger Agreement to enter into a superior proposal or Acquiror terminates the Merger Agreement due to a change of recommendation by the Board, the Company would be required to pay to Acquiror a termination fee of \$ 800 million.

During the quarter ended September 28, 2024, the Company incurred \$ 22 million of costs related to the proposed Merger.

Accounts payable - Supplier Finance Programs

The Company establishes competitive market-based terms with our suppliers, regardless of whether they participate in supplier finance programs, which generally range from 0 to 150 days dependent on their respective industry and geography.

The Company has agreements with third parties to provide accounts payable tracking systems which facilitate participating suppliers' ability to monitor and, if elected, sell payment obligations from the Company to designated third-party financial institutions. Participating suppliers may, at their sole discretion, make offers to sell one or more payment obligations of the Company prior to their scheduled due dates at a discounted price to participating financial institutions. The Company has no economic interest in the sale of these suppliers' receivables and no direct financial relationship with the financial institutions concerning these services. The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to sell amounts under the arrangements. However, the Company's right to offset balances due from suppliers against payment obligations is restricted by the agreements for those payment obligations that have been sold by suppliers. The payment of these obligations by the Company is included in cash used in operating activities in the Consolidated Statement of Cash Flows. As of September 28, 2024, \$ 876 million of the Company's outstanding payment obligations had been placed in the accounts payable tracking system. As of December 30, 2023, \$ 825 million of the Company's outstanding payment obligations had been placed in the accounts payable tracking system.

Accounting standards to be adopted in future periods

Income Taxes: Improvements to Income Tax Disclosures. In December 2023, the FASB issued ASU 2023-09 to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. It will take effect for public entities fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently assessing the impact of any incremental disclosures required by this ASU and plan to adopt for year-end 2025.

Segment Reporting: Improvements to Reportable Segment Disclosures. In November 2023, the FASB issued ASU 2023-07, which focuses on enhancing reportable segment disclosures under Segment Reporting (Topic 280). This new standard is designed to enhance the transparency of significant segment expenses on an interim and annual basis. It will take effect for public entities fiscal years beginning after December 15, 2023, and interim periods within the fiscal year beginning after December 15, 2024, with the option for earlier adoption at any time before the specified date. The Company is currently assessing the impact of any incremental disclosures required by this ASU. The Company will adopt this amendment in the fourth quarter of 2024.

NOTE 2 DISCONTINUED OPERATIONS

During the fourth quarter of 2023, the Company completed the separation of its North America cereal business resulting in two independent companies, Kellanova and WK Kellogg Co.

In accordance with applicable accounting guidance, the results of WK Kellogg Co are presented as discontinued operations in the Consolidated Statements of Income and, as such, have been excluded from both continuing operations and segment results for all periods presented. The Consolidated Statements of Cash Flows are presented on a consolidated basis for both continuing operations and discontinued operations.

The following table presents key components of "Income from discontinued operations, net of income taxes" for the quarter and year-to-date period ended September 30, 2023:

(millions)	Quarter-ended	Year-to-date period ended
Net sales	\$ 684	\$ 2,085
Cost of goods sold	451	1,387
Selling, general and administrative expense	165	444
Operating profit	\$ 68	\$ 254
Interest expense	8	27
Other income (expense), net	38	55
Income from discontinued operations before income taxes	\$ 98	\$ 282
Income taxes	26	78
Net income from discontinued operations, net of tax	\$ 72	\$ 204

The following table presents significant cash flow items from discontinued operations for the year-to-date period ended September 30, 2023:

(millions)	
Depreciation and amortization	\$ 52
Additions to properties	\$ 107
Postretirement benefit plan expense (benefit)	\$ (53)

In connection with the separation, WK Kellogg Co ("WKKC") entered into several agreements with Kellanova that govern the relationship of the parties following the spin-off including a Separation and Distribution Agreement, a Manufacturing and Supply Agreement ("Supply Agreement"), a Tax Matters Agreement, Employee Matters Agreement, Transition Services Agreement ("TSA"), and various lease agreements.

Pursuant to the TSA, both Kellanova and WK Kellogg Co agreed to provide certain services to each other, on an interim, transitional basis from and after the separation and the distribution for a duration of up to 2 years following the spin-off. The TSA covers various services such as supply chain, IT, commercial, sales, Finance, HR, R&D and other Corporate. The remuneration to be paid for such services is generally intended to allow the company providing the services to recover all of its costs and expenses of providing such services. The costs and reimbursements related to services provided by Kellanova under the TSA are recorded in continuing operations within the Consolidated Statement of Income. Kellanova recorded approximately \$ 37 million and \$ 128 million of cost reimbursements related to the TSA for the quarter and year-to-date period ended September 28, 2024, respectively, of which \$ 22 million and \$ 84 million is recognized in cost of goods sold (COGS), respectively, and \$ 15 million and \$ 44 million in selling, general, and administrative expense (SGA), respectively, in the Consolidated Statement of Income. These reimbursements are a direct offset within the Consolidated Statement of Income to the costs incurred related to providing services under the TSA.

Pursuant to the Supply Agreement, Kellanova will continue to supply certain inventory to WKKC for a period of up to 3 years following the spin-off. During the quarter and year-to-date period ended September 28, 2024, the Company recognized net sales to WKKC of \$ 9 million and \$ 35 million, respectively, and cost of sales of \$ 7 million and \$ 30 million, respectively.

NOTE 3 SALE OF ACCOUNTS RECEIVABLE

The Company has a program in which a discrete group of customers are allowed to extend their payment terms in exchange for the elimination of early payment discounts (Extended Terms Program).

The Company has two Receivable Sales Agreements (Monetization Programs) described below, which are intended to directly offset the impact the Extended Terms Program would have on the days-sales-outstanding (DSO) metric that is critical to the effective management of the Company's accounts receivable balance and overall working capital. The Monetization Programs sell, on a revolving basis, certain trade accounts receivable invoices to third party financial institutions. Transfers under these agreements are accounted for as sales of receivables resulting in the receivables being de-recognized from the Consolidated Balance Sheet. The Monetization Programs provide for

the continuing sale of certain receivables on a revolving basis until terminated by either party; however the maximum receivables that may be sold at any time is approximately \$ 975 million.

The Company has no retained interest in the receivables sold, however the Company does have collection and administrative responsibilities for the sold receivables. The Company has not recorded any servicing assets or liabilities as of September 28, 2024 and December 30, 2023 for these agreements as the fair value of these servicing arrangements as well as the fees earned were not material to the financial statements.

Accounts receivable sold of \$ 784 million and \$ 697 million remained outstanding under these arrangements as of September 28, 2024 and December 30, 2023, respectively. The proceeds from these sales of receivables are included in cash from operating activities in the Consolidated Statement of Cash Flows in the period of sale. The recorded net loss on sale of receivables was \$ 10 million for both quarters ended September 28, 2024 and September 30, 2023. The recorded net loss on sale of receivables was \$ 32 million and \$ 29 million for the year-to-date period ended September 28, 2024 and September 30, 2023, respectively. The recorded loss is included in Other income and expense (OIE).

Other programs

Additionally, from time to time certain of the Company's foreign subsidiaries will transfer, without recourse, accounts receivable invoices of certain customers to financial institutions. These transactions are accounted for as sales of the receivables resulting in the receivables being de-recognized from the Consolidated Balance Sheet. Accounts receivable sold of \$ 23 million and \$ 8 million remained outstanding under these programs as of September 28, 2024 and December 30, 2023, respectively. The proceeds from these sales of receivables are included in cash from operating activities in the Consolidated Statement of Cash Flows in the period of sale. The recorded net loss on the sale of these receivables is included in OIE and is not material.

NOTE 4 RESTRUCTURING

The Company views its restructuring programs as part of its operating principles to provide greater visibility in achieving its long-term profit growth and margin targets. Initiatives undertaken are generally expected to recover cash implementation costs within a 1 to 5 -year period subsequent to completion. Completion (or as each major stage is completed in the case of multi-year programs) is when the project begins to deliver cash savings and/or reduced depreciation.

In the first quarter of 2024, the Company announced a reconfiguration of the North America frozen supply chain network, designed to drive increased productivity. The project is expected to be substantially completed by late 2024, with cost savings beginning to contribute to gross margin improvements in the second half of 2024 and reaching full-run rate in 2025. The overall project is expected to result in cumulative pretax charges of approximately \$ 50 million, which include employee-related costs of \$ 10 million, other cash costs of \$ 10 million, and non-cash costs, primarily consisting of asset impairment, accelerated depreciation, and asset disposals of \$ 30 million. Charges incurred related to this restructuring program were \$ 7 million and \$ 47 million during the quarter and year-to-date period ended September 28, 2024, respectively. These charges primarily related to severance costs and asset impairment, and were recorded in COGS.

In the first quarter of 2024, the Company proposed a reconfiguration of the European cereal supply chain network and completed collective bargaining obligations and consultation with impacted employees during the quarter ended June 29, 2024. The project, designed to drive efficiencies, is expected to be substantially completed by late 2026, with resulting efficiencies expected to begin contributing to gross margin improvements in late 2026. The overall project is expected to result in cumulative pretax charges of approximately \$ 120 million, which include employee-related costs of \$ 50 million, other cash costs of \$ 30 million, and non-cash costs, primarily consisting of asset impairment, accelerated depreciation, and asset disposals of \$ 40 million. Charges incurred related to this restructuring program were \$ 5 million and \$ 74 million during the quarter and year-to-date period ended September 28, 2024, respectively. These charges primarily related to severance costs and asset impairment and were recorded in COGS.

The tables below provide the details for charges incurred during the quarter and year-to-date period ended September 28, 2024.

	Year-to-date period		
	Quarter ended	ended	Program costs to date
(millions)	September 28, 2024	September 28, 2024	September 28, 2024
Employee related costs	\$ 4	\$ 41	\$ 41
Asset related costs	1	9	9
Asset impairment	—	60	60
Other costs	7	11	11
Total	\$ 12	\$ 121	\$ 121

	Year-to-date period		
	Quarter ended	ended	Program costs to date
(millions)	September 28, 2024	September 28, 2024	September 28, 2024
North America	\$ 7	\$ 47	\$ 47
Europe	5	74	74
Total	\$ 12	\$ 121	\$ 121

All other restructuring projects were immaterial within the periods presented.

At September 28, 2024, total project reserves for the European and North American reorganizations were \$ 34 million and \$ 1 million, respectively. The reserves were related to severance payments and other costs of which a substantial portion will not be paid during the current year. The following table provides details for exit cost reserves related to the European and North American reorganizations described above.

	Employee Related Costs	Asset Impairment	Asset Related Costs	Other Costs	Total
Liability as of December 30, 2023	\$ —	\$ —	\$ —	\$ —	\$ —
2024 restructuring charges	41	60	9	11	121
Cash payments	(7)	—	—	(11)	(18)
Non-cash charges and other	1	(60)	(9)	—	(68)
Liability as of September 28, 2024	\$ 35	\$ —	\$ —	\$ —	\$ 35

NOTE 5 DIVESTITURES

Egypt

In September 2024, the Company entered into an agreement to sell a foreign subsidiary in Egypt. In conjunction with the agreement, the Company reclassified related assets and liabilities to held-for-sale and recognized an immaterial impairment charge in the AMEA reportable segment in OIE. Additionally, the Company recognized a domestic tax benefit of \$ 41 million for the excess of tax basis over book on the Company's investment in the subsidiary. The business in Egypt represents less than 1 % of consolidated Kellanova net sales.

Russia

In July 2023 the Company completed the sale of its Russian business. As a result of completing the transaction, the Company derecognized net assets of approximately \$ 65 million and recorded a non-cash loss on the transaction of approximately \$ 113 million in OIE, primarily related to the release of historical currency translation adjustments. The business was part of the Europe reportable segment and the sale resulted in a complete exit from the Russian market. The business in Russia represented approximately 1 % of consolidated Kellanova net sales.

NOTE 6 INVESTMENTS IN UNCONSOLIDATED ENTITIES

The Company holds a 50 % ownership interest in Tolaram Africa Foods, PTE LTD (TAF), a holding company with a 49 % interest in Dufil Prima Foods, Plc, a food manufacturer in West Africa. The carrying value of the investment in TAF at September 28, 2024 and December 30, 2023 was \$ 87 million and \$ 173 million, respectively. The investment in TAF is accounted for under the equity method of accounting and is evaluated for indicators of other than temporary impairment. The company records the activity of TAF on a one-month lag due to the timing required to obtain the financial statements from TAF management. The reduction in value of the investment in TAF during 2024 has been primarily driven by the devaluation of the Nigerian Naira through foreign currency translation adjustments.

During the second quarter of 2023, the Company recorded an out-of-period adjustment to correct an error in the foreign currency translation of its investment in TAF. The adjustment decreased investments in unconsolidated entities and increased other comprehensive loss by \$ 113 million, respectively. We determined the adjustment to be immaterial to our Consolidated Financial Statements for the quarter and year-to-date periods ended July 1, 2023 and related prior annual and quarterly periods.

NOTE 7 EQUITY

Earnings per share

Basic earnings per share is determined by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is similarly determined, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued. Dilutive potential common shares consist principally of employee stock options issued by the Company, restricted stock units, and certain contingently issuable performance shares. There were less than 1 million and approximately 3 million anti-dilutive potential common shares excluded from the calculation for the quarter and year-to-date periods ended September 28, 2024, respectively. There were approximately 6 million and 4 million anti-dilutive potential common shares excluded from the calculation for the quarter and year-to-date periods ended September 30, 2023. Please refer to the Consolidated Statement of Income for basic and diluted earnings per share for the quarters ended September 28, 2024 and September 30, 2023.

Share repurchases

In December 2022, the Board of Directors approved an authorization to repurchase up to \$ 1.5 billion of our common stock through December 2025. During the quarter and year-to-date periods ended September 28, 2024, the Company did not repurchase any shares of common stock. During the year-to-date period ended September 30, 2023, the Company repurchased approximately 1 million shares of common stock for a total of \$ 60 million.

Comprehensive income

Comprehensive income includes net income and all other changes in equity during a period except those resulting from investments by or distributions to shareholders. Other comprehensive income consists of foreign currency translation adjustments, fair value adjustments associated with cash flow hedges, which are recorded in interest expense within the statement of income, upon reclassification from Accumulated Other Comprehensive Income (AOCI), adjustments for net experience gains (losses), prior service credit (costs) related to employee benefit plans and adjustments for unrealized (gains) losses on available-for-sale securities, which are recorded in other income (expense) within the statement of income, upon reclassification from AOCI. The related tax effects of these items are recorded in income tax expense within the Consolidated Statement of Income, upon reclassification from AOCI.

Accumulated other comprehensive income (loss), net of tax, as of September 28, 2024 and December 30, 2023 consisted of the following:

(millions)	September 28, 2024	December 30, 2023
Foreign currency translation adjustments	\$ (2,489)	\$ (2,326)
Net investment hedges gain (loss)	161	186
Cash flow hedges — net deferred gain (loss)	174	143
Postretirement and postemployment benefits:		
Net experience gain (loss)	(1)	1
Prior service credit (cost)	(43)	(45)
Total accumulated other comprehensive income (loss)	\$ (2,198)	\$ (2,041)

NOTE 8 NOTES PAYABLE AND LONG-TERM DEBT

The following table presents the components of Notes payable at September 28, 2024 and December 30, 2023:

	September 28, 2024	December 30, 2023
(millions)	Principal amount	Principal amount
Bank borrowings	124	121

During the second quarter of 2024, Kellanova issued \$ 300 million of thirty-year 5.75 % Notes due 2054, resulting in net proceeds after discount and underwriting commissions of \$ 296 million. In connection with the debt issuance, the Company recorded gains totaling \$ 161 million, including approximately a \$ 11 million gain realized in the second quarter, on forward starting swaps with a notional value of \$ 300 million. These gains were recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the Notes. The average effective interest rate over the term of the Notes, reflecting issuance discount and hedge settlement is 4.0 %.

Additionally, during the second quarter of 2024, Kellanova issued € 300 million of ten-year 3.75 % Notes due 2034, resulting in net proceeds after discount and underwriting commissions of € 297 million. In connection with the debt issuance, the Company recorded gains totaling € 51 million (approximately \$ 55 million), including approximately a € 5 million (approximately \$ 5 million) loss realized in the second quarter, on forward starting swaps with a notional value of € 250 million. These gains were recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the Notes. The average effective interest rate over the term of the Notes, reflecting issuance discount and hedge settlement is 2.2 %.

The proceeds from these notes were used for general corporate purposes, including the payment of offering related fees and expenses, and repayment of a portion of the € 600 million 1.0 % Notes when they matured on May 17, 2024. The Notes contain customary covenants that limit the ability of the Company and its restricted subsidiaries (as defined) to incur certain liens or enter into certain sale and lease-back transactions, as well as a change of control provision.

NOTE 9 EMPLOYEE BENEFITS

The Company sponsors a number of U.S. and foreign pension plans as well as other nonpension postretirement and postemployment plans to provide various benefits for its employees. These plans are described within the footnotes to the Consolidated Financial Statements included in the Company's 2023 Annual Report on Form 10-K. Components of Company benefit plan (income) expense for the periods presented are included in the tables below. Excluding the service cost component, these amounts are included within Other income (expense) in the Consolidated Statement of Income.

Pension

	Quarter ended		Year-to-date period ended	
(millions)	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Service cost	\$ 4	\$ 4	\$ 12	\$ 12
Interest cost	35	36	105	108
Expected return on plan assets	(42)	(45)	(124)	(134)
Amortization of unrecognized prior service cost	2	2	6	4
Recognized net loss (gain)	—	1	—	1
Total pension (income) expense	\$ (1)	\$ (2)	\$ (1)	\$ (9)

Other nonpension postretirement

(millions)	Quarter ended		Year-to-date period ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Service cost	\$ 1	\$ —	\$ 2	\$ 1
Interest cost	4	4	11	12
Expected return on plan assets	(9)	(10)	(27)	(28)
Amortization of unrecognized prior service cost	(1)	—	(4)	(2)
Recognized net (gain) loss	—	(25)	(13)	(25)
Total postretirement benefit (income) expense	\$ (5)	\$ (31)	\$ (31)	\$ (42)

The Company contributes to voluntary employee benefit association (VEBA) trusts to fund certain U.S. retiree health and welfare benefit obligations. During the first quarter of 2024, the Company amended the plan to create a sub-trust to permit the payment of certain benefits for active union employees using a surplus totaling \$ 175 million from the retiree plan, which represents a portion of the plan's total surplus. This amount was converted to cash and treated as a one-time transfer to a sub-trust that was then invested in marketable securities and will be used to pay for these active union employee benefits. As a result of its designation for this purpose, the transferred amount is no longer considered an asset of the retiree plan and the Company's investment in marketable securities is included in Other current assets and Other assets dependent on the expected holding period on the Consolidated Balance Sheet as of September 28, 2024. The one-time transfer of cash from the VEBA trust to the sub-trust was treated as a distribution from the plan in operating activities on the Consolidated Statement of Cash Flows and the investment in marketable securities to fund the active union employee benefits was treated as an investing activity in the Consolidated Statement of Cash Flows.

For the year-to-date period ended September 28, 2024, the Company recognized a gain of \$ 13 million related to the remeasurement of other postretirement benefit plans. These remeasurements were the result of the transfer of assets noted above. The remeasurements recognized were due primarily to the increase in discount rates versus the prior year-end and higher than expected return on plan assets.

For the quarter and year-to-date periods ended September 30, 2023, the Company recognized a gain of \$ 25 million related to the remeasurement of other postretirement benefit plans. These remeasurements were the result of separating the other postretirement benefit plans impacted by the separation transaction. The remeasurements recognized were due primarily to a higher than expected return on plan assets.

Postemployment benefit plan expense for the quarters and year-to-date periods ended September 28, 2024 and September 30, 2023 were not material.

Exclusive of the negative contribution discussed above, Company contributions to employee benefit plans are summarized as follows:

(millions)	Pension	Nonpension postretirement	Total
Quarter ended:			
September 28, 2024	\$ 23	\$ —	\$ 23
September 30, 2023	\$ —	\$ 1	\$ 1
Year-to-date period ended:			
September 28, 2024	\$ 51	\$ 4	\$ 55
September 30, 2023	\$ —	\$ 8	\$ 8
Full year:			
Fiscal year 2024 (projected)	\$ 46	\$ 18	\$ 64
Fiscal year 2023 (actual)	\$ 25	\$ 10	\$ 35

Plan funding strategies may be modified in response to management's evaluation of tax deductibility, market conditions, and competing investment alternatives.

NOTE 10 INCOME TAXES

The consolidated effective tax rate for the quarters ended September 28, 2024 and September 30, 2023 was 9 % and 28 %, respectively. The consolidated effective tax rate for the year-to-date periods ended September 28, 2024 and September 30, 2023 was 18 % and 23 %, respectively. The decrease in the consolidated effective tax rate from the prior year quarter and year-to-date period is due to the recognition of a \$ 41 million domestic tax benefit during the third quarter of 2024 for the excess of tax basis over book on the Company's investment in a subsidiary. In addition, during the quarter ended September 30, 2023, the effective tax rate increased due to zero tax benefit recognized on the \$ 113 million loss incurred on the divestiture of the Russia business. See additional disclosure within *Note 5 Divestitures*.

The Company's total gross unrecognized tax benefits as of September 28, 2024 was \$ 34 million. Of this balance, \$ 29 million represents the amount that, if recognized, would affect the Company's effective income tax rate in future periods.

NOTE 11 DERIVATIVE INSTRUMENTS AND FAIR VALUE

The Company is exposed to certain market risks such as changes in interest rates, foreign currency exchange rates, and commodity prices, which exist as a part of its ongoing business operations. Management uses derivative and nonderivative financial instruments and commodity instruments, including futures, options, and swaps, where appropriate, to manage these risks. Instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged.

The Company designates derivatives and nonderivative hedging instruments as cash flow hedges, fair value hedges, net investment hedges, and uses other contracts to reduce volatility in interest rates, foreign currency and commodities. As a matter of policy, the Company does not engage in trading or speculative hedging transactions.

Derivative instruments are classified on the Consolidated Balance Sheet based on the contractual maturity of the instrument or the timing of the underlying cash flows of the instrument for derivatives with contractual maturities beyond one year. Any collateral associated with derivative instruments is classified as other assets or other current liabilities on the Consolidated Balance Sheet depending on whether the counterparty collateral is in an asset or liability position. Margin deposits related to exchange-traded commodities are recorded in accounts receivable, net on the Consolidated Balance Sheet. On the Consolidated Statement of Cash Flows, cash flows associated with derivative instruments are classified according to the nature of the underlying hedged item. Cash flows associated with collateral and margin deposits on exchange-traded commodities are classified as investing cash flows when the collateral account is in an asset position and as financing cash flows when the collateral account is in a liability position.

Total notional amounts of the Company's derivative instruments as of September 28, 2024 and December 30, 2023 were as follows:

(millions)	September 28, 2024	December 30, 2023
Foreign currency exchange contracts	\$ 4,707	\$ 3,141
Cross-currency contracts	2,178	1,707
Interest rate contracts	1,050	2,289
Commodity contracts	282	201
Total	\$ 8,217	\$ 7,338

Following is a description of each category in the fair value hierarchy and the financial assets and liabilities of the Company that were included in each category at September 28, 2024 and December 30, 2023, measured on a recurring basis.

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market. For the Company, Level 1 financial assets and liabilities consist primarily of commodity derivative contracts.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. For the Company, Level 2 financial assets and liabilities consist of interest rate swaps, cross-currency swaps and over-the-counter commodity and currency contracts.

The Company's calculation of the fair value of interest rate swaps is derived from a discounted cash flow analysis based on the terms of the contract and the interest rate curve. Over-the-counter commodity derivatives are valued using an income approach based on the commodity index prices less the contract rate multiplied by the notional amount. Foreign currency contracts are valued using an income approach based on forward rates less the contract rate multiplied by the notional amount. Cross-currency contracts are valued based on changes in the spot rate at the time of valuation compared to the spot rate at the time of execution, as well as the change in the interest differential between the two currencies. The Company's calculation of the fair value of Level 2 financial assets and liabilities takes into consideration the risk of nonperformance, including counterparty credit risk.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. The Company did not have any Level 3 financial assets or liabilities as of September 28, 2024 or December 30, 2023.

The following table presents assets and liabilities that were measured at fair value in the Consolidated Balance Sheet on a recurring basis as of September 28, 2024 and December 30, 2023:

Derivatives designated as hedging instruments

(millions)	September 28, 2024			December 30, 2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Cross-currency contracts:						
Other current assets	\$ —	\$ 16	\$ 16	\$ —	\$ 12	\$ 12
Other assets	—	4	4	—	4	4
Interest rate contracts:						
Other current assets	—	—	—	—	—	—
Other assets	—	—	—	—	—	—
Total assets	\$ —	\$ 20	\$ 20	\$ —	\$ 16	\$ 16
Liabilities:						
Cross-currency contracts:						
Other current liabilities	\$ —	\$ (25)	\$ (25)	\$ —	\$ (17)	\$ (17)
Other liabilities	—	(29)	(29)	—	(15)	(15)
Interest rate contracts(a):						
Other current liabilities	—	—	—	—	(44)	(44)
Other liabilities	—	(31)	(31)	—	(45)	(45)
Total liabilities	\$ —	\$ (85)	\$ (85)	\$ —	\$ (121)	\$ (121)

(a) The fair value of the related hedged portion of the Company's long-term debt, a Level 2 liability, was \$ 0.4 billion as of September 28, 2024 and \$ 1.1 billion as of December 30, 2023, respectively.

Derivatives not designated as hedging instruments

(millions)	September 28, 2024			December 30, 2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Foreign currency exchange contracts:						
Other current assets	\$ —	\$ 65	\$ 65	\$ —	\$ 51	\$ 51
Other assets	—	4	4	—	4	4
Interest rate contracts:						
Other current assets	—	8	8	—	9	9
Other assets	—	1	1	—	4	4
Commodity contracts:						
Other current assets	9	—	9	2	—	2
Total assets	\$ 9	\$ 78	\$ 87	\$ 2	\$ 68	\$ 70
Liabilities:						
Foreign currency exchange contracts:						
Other current liabilities	\$ —	\$ (48)	\$ (48)	\$ —	\$ (54)	\$ (54)
Other liabilities	—	(5)	(5)	—	(6)	(6)
Interest rate contracts:						
Other current liabilities	—	(10)	(10)	—	(11)	(11)
Other liabilities	—	(2)	(2)	—	(6)	(6)
Commodity contracts:						
Other current liabilities	(1)	—	(1)	(2)	—	(2)
Total liabilities	\$ (1)	\$ (65)	\$ (66)	\$ (2)	\$ (77)	\$ (79)

The Company has designated its outstanding foreign currency denominated debt as a net investment hedge of a portion of the Company's investment in its subsidiaries' foreign currency denominated net assets. The carrying value of this debt, including current and long-term, was approximately \$ 1.3 billion and \$ 1.7 billion as of September 28, 2024 and December 30, 2023, respectively.

The following amounts were recorded on the Consolidated Balance Sheet related to cumulative basis adjustments for existing fair value hedges as of September 28, 2024 and December 30, 2023.

(millions)	Line Item in the Consolidated Balance Sheet in which the hedged item is included	Carrying amount of the hedged liabilities		Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged liabilities (a)	
		September 28, 2024	December 30, 2023	September 28, 2024	December 30, 2023
Interest rate contracts	Current maturities of long-term debt	\$ 674	\$ 655	\$ 2	\$ (8)
Interest rate contracts	Long-term debt	\$ 1,015	\$ 1,666	\$ (33)	\$ (43)

(a) The fair value adjustment related to current maturities of long-term debt includes \$ 2 million from discontinued hedging relationships as of September 28, 2024 and December 30, 2023, respectively. The fair value adjustment related to long-term debt includes \$(2) million and \$ 3 million from discontinued hedging relationships as of September 28, 2024 and December 30, 2023, respectively.

The Company has elected to not offset the fair values of derivative assets and liabilities executed with the same counterparty that are generally subject to enforceable netting agreements. However, if the Company were to offset and record the asset and liability balances of derivatives on a net basis, the amounts presented in the Consolidated Balance Sheet as of September 28, 2024 and December 30, 2023 would be adjusted as detailed in the following table:

As of September 28, 2024:	Gross Amounts Not Offset in the Consolidated Balance Sheet				
	Amounts Presented in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Received/Posted	Net Amount	
Total asset derivatives	\$ 107	\$ (92)	\$ 1	\$ 16	
Total liability derivatives	\$ (151)	\$ 92	\$ 59	\$ —	

As of December 30, 2023:	Gross Amounts Not Offset in the Consolidated Balance Sheet				
	Amounts Presented in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Received/Posted	Net Amount	
Total asset derivatives	\$ 86	\$ (84)	\$ —	\$ 2	
Total liability derivatives	\$ (200)	\$ 84	\$ 68	\$ (48)	

During the year-to-date period ended September 28, 2024, the Company settled certain interest rate contracts resulting in a net realized gain of approximately \$ 11 million. During the quarter and year-to-date periods ended September 30, 2023, the Company settled certain interest rate contracts resulting in a net realized gain of approximately \$ 14 million and \$ 85 million, respectively. These derivatives were accounted for as cash flow hedges and the related net gains were recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the related U.S. dollar fixed rate debt.

During the year-to-date periods ended September 28, 2024, the Company settled certain interest rate contracts resulting in a net realized loss of approximately € 5 million. These derivatives were accounted for as cash flow hedges and the related net gains were recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the related Euro fixed rate debt.

During the year-to-date period ended September 28, 2024, the Company settled certain cross currency swaps resulting in a net realized gain of approximately \$ 7 million. During the quarter and year-to-date periods September 30, 2023, the Company settled certain cross currency swaps resulting in a net realized gain of approximately \$ 12 million and \$ 29 million, respectively. These cross currency swaps were accounted for as net investment hedges and the related net gain (loss) was recorded in accumulated other comprehensive income.

The effect of derivative instruments on the Consolidated Statements of Income and Comprehensive Income for the quarters ended September 28, 2024 and September 30, 2023 was as follows:

Derivatives and non-derivatives in net investment hedging relationships

(millions)	Gain (loss) recognized in AOCI		Gain (loss) excluded from assessment of hedge effectiveness		Location of gain (loss) in income of excluded component
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023	
Foreign currency denominated long-term debt	\$ (60)	\$ 44	\$ —	\$ —	
Cross-currency contracts	(73)	67	16	14	Interest expense
Total	\$ (133)	\$ 111	\$ 16	\$ 14	

Derivatives not designated as hedging instruments

(millions)		Location of gain (loss) recognized in income	September 28, 2024	September 30, 2023
Foreign currency exchange contracts	COGS		\$ 2	\$ 13
Foreign currency exchange contracts	Other income (expense), net		24	(1)
Foreign currency exchange contracts	SG&A		(2)	1
Commodity contracts	COGS		(4)	(27)
Total			\$ 20	\$ (14)

The effect of derivative instruments on the Consolidated Statements of Income and Comprehensive Income for the year-to-date periods ended September 28, 2024 and September 30, 2023 was as follows:

(millions)		Gain (loss) recognized in AOCI	September 28, 2024	September 30, 2023	Gain (loss) excluded from assessment of hedge effectiveness	September 28, 2024	September 30, 2023	Location of gain (loss) in income of excluded component
Foreign currency denominated long-term debt		\$ (9)	\$ 10	\$ —	\$ —			
Cross-currency contracts		(25)	7	30	42			Interest expense
Total		\$ (34)	\$ 17	\$ 30	\$ 42			

(millions)		Location of gain (loss) recognized in income	September 28, 2024	September 30, 2023
Foreign currency exchange contracts	COGS		\$ 15	\$ (2)
Foreign currency exchange contracts	Other income (expense), net		30	(11)
Foreign currency exchange contracts	SGA		9	(4)
Commodity contracts	COGS		(53)	(90)
Total			\$ 1	\$ (107)

The effect of fair value and cash flow hedge accounting on the Consolidated Income Statement for the quarters ended September 28, 2024 and September 30, 2023:

(millions)	September 28, 2024	September 30, 2023
	Interest Expense	Interest Expense
Total amounts of income and expense line items presented in the Consolidated Income Statement in which the effects of fair value or cash flow hedges are recorded	\$ 75	\$ 75
Gain (loss) on fair value hedging relationships:		
Interest contracts:		
Hedged items	(16)	(1)
Derivatives designated as hedging instruments	17	2
Gain (loss) on cash flow hedging relationships:		
Interest contracts:		
Amount of gain (loss) reclassified from AOCI into income	—	(2)

The effect of fair value and cash flow hedge accounting on the Consolidated Income Statement for the year-to-date periods ended September 28, 2024 and September 30, 2023:

	September 28, 2024	September 30, 2023
(millions)	Interest Expense	Interest Expense
Total amounts of income and expense line items presented in the Consolidated Income Statement in which the effects of fair value or cash flow hedges are recorded	\$ 241	\$ 218
Gain (loss) on fair value hedging relationships:		
Interest contracts:		
Hedged items	(19)	(5)
Derivatives designated as hedging instruments	24	8
Gain (loss) on cash flow hedging relationships:		
Interest contracts:		
Amount of gain (loss) reclassified from AOCI into income	(3)	(7)

During the next 12 months, the Company expects \$ 5 million of net deferred gains reported in AOCI at September 28, 2024 to be reclassified to income, assuming market rates remain constant through contract maturities.

Certain of the Company's derivative instruments contain provisions requiring the Company to post collateral on those derivative instruments that are in a liability position when the value exceeds certain thresholds with each counterparty. In addition, certain derivative instruments contain provisions that would be triggered in the event the Company defaults on its debt agreements. The collateral posting requirements as of September 28, 2024, triggered by threshold contingent features was not material.

Other fair value measurements

Fair value measurements on a nonrecurring basis

During the quarter ended March 30, 2024, the Company announced the reconfiguration of the North America frozen supply chain network and the reconfiguration of the European cereal supply chain network. As part of these programs, the Company will be consolidating the usage of and disposing certain long-lived assets, including manufacturing facilities. See Note 4 for more information regarding these restructuring programs.

During the year-to-date period ended September 28, 2024, long-lived assets of \$ 62 million related to a frozen foods manufacturing facility in the Company's North America reportable segment, were written down to an estimated fair value of approximately \$ 41 million resulting in an impairment charge of \$ 21 million recorded in COGS.

During the year-to-date period ended September 28, 2024, long-lived assets of \$ 99 million related to a cereal manufacturing facility in the Company's Europe reportable segment, were written down to an estimated fair value of \$ 60 million resulting in an impairment charge of \$ 39 million recorded in COGS.

The Company's calculation of the fair value of these long-lived assets is based on Level 3 inputs, including market comparables, market trends and the condition of the assets.

Available for sale securities

During the year-to-date period ended September 30, 2023, the Company sold approximately \$ 15 million of investments in level 2 corporate bonds. The resulting loss was approximately \$ 1 million and recorded in Other income and (expense). Also during the year-to-date period ended September 30, 2023, the Company purchased approximately \$ 15 million in level 2 corporate bonds.

The market values of the Company's investments in Level 2 corporate bonds are based on matrices or models from pricing vendors. Unrealized gains and losses are included in the Consolidated Statement of Comprehensive Income. Additionally, these investments are recorded within Other current assets and Other assets on the Consolidated Balance Sheet, based on the maturity of the individual security.

The Company reviews its investment portfolio for any unrealized losses that would be deemed other-than-temporary and requires the recognition of an impairment loss in earnings. If the cost of an investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, the duration and extent to which the fair

value is less than its cost, the Company's intent to hold the investment, and whether it is more likely than not that the Company will be required to sell the investment before recovery of the cost basis. The Company also considers the type of security, related industry and sector performance, and published investment ratings. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. If conditions within individual markets, industry segments, or macro-economic environments deteriorate, the Company could incur future impairments.

Marketable securities

During the first quarter of 2024, the Company amended the U.S. retiree health and welfare plan to create a sub-trust to permit the payment of certain benefits for active union employees using a surplus totaling \$ 175 million from the retiree plan. During the quarter ended March 30, 2024, the Company invested the \$ 175 million in a short-term investment fund that primarily holds short-term debt instruments. The marketable securities portfolio is designated to be used to pay for active union employee benefits.

During the quarter and year-to-date periods ended September 28, 2024, the Company sold approximately \$ 132 million and \$ 145 million of investments in the short-term investment fund, respectively. A portion of the proceeds were used to pay for certain benefits of active union employees. During the quarter and year-to-date period ended September 28, 2024, the company purchased approximately \$ 124 million and \$ 301 million of short-term U.S. Treasury securities, respectively. The fair value of marketable securities portfolio was approximately \$ 154 million as of September 28, 2024. The classification of these marketable securities as current or noncurrent depends on our intended holding period and the securities are measured at Level 1 quoted market prices.

Equity investments

We hold equity investments in certain companies that we do not have the ability to exercise significant influence. Equity investments without a readily determinable fair value are recorded at original cost. Investments with a readily determinable fair value, which are Level 2 investments, are measured at fair value based on observable market price changes, with gains and losses recorded through net earnings. Equity investments were approximately \$ 40 million and as of September 28, 2024 and December 30, 2023. Additionally, these investments were recorded within Other assets on the Consolidated Balance Sheet.

Financial instruments

The carrying values of the Company's short-term items, including cash, cash equivalents, accounts receivable, accounts payable, notes payable and current maturities of long-term debt approximate fair value. The fair value of the Company's long-term debt, which are Level 2 liabilities, is calculated based on broker quotes. The fair value and carrying value of the Company's long-term debt was \$ 5.1 billion as of September 28, 2024. The fair value and carrying value of the Company's long-term debt was \$ 5.0 billion and \$ 5.1 billion, respectively, as of December 30, 2023.

Counterparty credit risk concentration and collateral requirements

The Company is exposed to credit loss in the event of nonperformance by counterparties on derivative financial and commodity contracts. Management believes a concentration of credit risk with respect to derivative counterparties is limited due to the credit ratings and use of master netting and reciprocal collateralization agreements with the counterparties and the use of exchange-traded commodity contracts.

Master netting agreements apply in situations where the Company executes multiple contracts with the same counterparty. Certain counterparties represent a concentration of credit risk to the Company. If those counterparties fail to perform according to the terms of derivative contracts, this would result in a loss to the Company, net of collateral already received from those counterparties. As of September 28, 2024, the concentration of credit risk to the Company was immaterial.

For certain derivative contracts, reciprocal collateralization agreements with counterparties call for the posting of collateral in the form of cash, treasury securities or letters of credit if a fair value loss position to the Company or its counterparties exceeds a certain amount. In addition, the Company is required to maintain cash margin accounts in connection with its open positions for exchange-traded commodity derivative instruments executed with the counterparty that are subject to enforceable netting agreements. As of September 28, 2024, the Company posted \$ 53 million related to reciprocal collateralization agreements. As of September 28, 2024, the Company posted \$ 6 million in margin deposits for exchange-traded commodity derivative instruments, which was reflected as an increase in accounts receivable, net on the Consolidated Balance Sheet.

Management believes concentrations of credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers, as well as the large number and geographic dispersion of smaller customers.

NOTE 12 REPORTABLE SEGMENTS

Kellanova is a leading producer of snacks, cereal, and frozen foods. It is the second largest producer of crackers, and a leading producer of savory snacks and cereal. Additional product offerings include toaster pastries, cereal bars, veggie foods and noodles. Kellanova products are manufactured and marketed globally. Principal markets for these products include the United States, United Kingdom, Nigeria, Canada, Mexico, and Australia.

The Company manages its operations through four operating segments that are based on geographic location – North America which includes U.S. businesses and Canada; Europe which consists of European countries; Latin America which consists of Central and South America and includes Mexico; and AMEA (Asia Middle East Africa) which consists of Africa, Middle East, Australia and other Asian and Pacific markets. These operating segments also represent our reportable segments.

Corporate includes corporate administration and initiatives as well as share-based compensation.

The measurement of reportable segment results is based on segment operating profit which is generally consistent with the presentation of operating profit in the Consolidated Statement of Income. Reportable segment results were as follows:

(millions)	Quarter ended		Year-to-date period ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net sales				
North America	\$ 1,673	\$ 1,654	\$ 5,019	\$ 4,985
Europe	660	616	1,898	1,888
Latin America	311	329	958	938
AMEA	590	657	1,754	2,139
Total Reportable Segments	3,234	3,256	9,629	9,950
Corporate	(1)	(1)	(4)	(2)
Consolidated	\$ 3,233	\$ 3,255	\$ 9,625	\$ 9,948
Operating profit				
North America	\$ 297	\$ 240	\$ 971	\$ 789
Europe	101	97	240	293
Latin America	29	40	102	98
AMEA	65	63	200	204
Total Reportable Segments	492	440	1,513	1,384
Corporate	(36)	(26)	(171)	(207)
Consolidated	\$ 456	\$ 414	\$ 1,342	\$ 1,177

Supplemental product information is provided below for net sales to external customers:

(millions)	Quarter ended		Year-to-date period ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Snacks	\$ 2,069	\$ 2,040	\$ 6,153	\$ 6,114
Cereal	690	684	2,066	2,070
Frozen	276	281	828	838
Noodles and other	198	250	578	926
Consolidated	\$ 3,233	\$ 3,255	\$ 9,625	\$ 9,948

NOTE 13 SUPPLEMENTAL FINANCIAL STATEMENT DATA**Consolidated Balance Sheet**

(millions)	September 28, 2024		December 30, 2023	
	(unaudited)			
Trade receivables	\$	1,418	\$	1,246
Allowance for credit losses		(17)		(16)
Refundable income taxes		52		74
Other receivables		246		264
Accounts receivable, net	\$	1,699	\$	1,568
Raw materials and supplies	\$	327	\$	303
Finished goods and materials in process		892		940
Inventories	\$	1,219	\$	1,243
Intangible assets not subject to amortization	\$	1,684	\$	1,750
Intangible assets subject to amortization, net		115		180
Other intangibles, net	\$	1,799	\$	1,930

KELLANOVA
PART I—FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand Kellanova, our operations and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying notes thereto contained in Item 1 of this report. Our MD&A references consumption and net sales in discussing our sales trends for certain categories and brands. We record net sales upon delivery of shipments to our customers. Consumption and share data noted within is based on Nielsen x-AOC or other comparable source, for the applicable period. Consumption refers to consumer purchases of our products from our customers. Unless otherwise noted, consumption and shipment trends are materially consistent.

Consumers count on Kellanova for great-tasting, high-quality and nutritious foods. Currently, these foods include snacks, such as crackers, savory snacks, toaster pastries, cereal bars and bites; and convenience foods, such as, ready-to-eat cereals, frozen waffles, veggie foods and noodles. Kellanova products are manufactured and marketed globally.

Proposed merger

On August 13, 2024, the Company entered into the Merger Agreement, pursuant to which (and subject to the terms and conditions in the Merger Agreement) the Merger Sub will be merged with and into the Company, with the Company continuing as the surviving corporation. Each share of public common stock, par value \$0.25 per share, of the Company issued and outstanding immediately prior to the Effective Time (other than shares owned by (i) the Company or its subsidiaries or Parent or its subsidiaries (including Acquiror and its subsidiaries) or (ii) stockholders who have properly exercised and perfected appraisal rights under Delaware law) will be automatically cancelled and converted into the right to receive \$83.50 per share in cash, without interest.

Completion of the Merger is subject to customary closing conditions, including approval of the Company's shareowners and the receipt of required regulatory approvals. A special meeting of shareowners to vote on the Merger is scheduled to be held on November 1, 2024. Currently, the Company expects the Merger to close in the first half of 2025; however, the exact timing of the completion of the Merger, if at all, cannot be predicted with any certainty.

For further discussion about the Merger, see Note 1 Accounting Policies – Proposed Merger, our Current Report on Form 8-K filed with the SEC on August 14, 2024, and our definitive proxy statement on Schedule 14A filed with the SEC on September 26, 2024. See the section titled, "Risk Factors" included under Part II, Item 1A of this Report for more information regarding risks associated with the Merger.

Separation transaction

On October 2, 2023, the Company completed the spin-off of its North American cereal business resulting in two independent public companies, Kellanova and WK Kellogg Co.

In accordance with applicable accounting guidance, the results of WK Kellogg Co are presented as discontinued operations in the Kellanova Consolidated Statement of Income and, as such, have been excluded from both continuing operations and segment results for all periods presented. The recast operating profit includes certain costs that are reported in continuing operations but relate to items that will be reimbursed by the transition services agreement ("TSA") with WK Kellogg Co. We expect that the costs for such services will be fully reimbursed under the TSA for the applicable future periods. Following the end of the TSA period, we expect that such costs will no longer be incurred by Kellanova.

The consolidated statements of cash flows are presented on a consolidated basis for both continuing operations and discontinued operations.

Nigerian Naira

During the second quarter of 2023, the Nigerian government removed certain currency restrictions over the Nigerian Naira leading to a significant decline in the exchange rate of the Naira to the U.S. dollar on the official market in Nigeria. Exchange rates have declined further since the second quarter of 2023. As a result of the decline in the exchange rate, the U.S. dollar value of the assets, liabilities, expenses and revenues of our Nigerian business in our

consolidated financial statements has decreased significantly compared to prior periods. The consolidated assets of our Nigerian business represented approximately 3% of our consolidated assets as of September 28, 2024, compared to 5% as of December 30, 2023. Net sales of our Nigerian business were 5% of our consolidated net sales for the quarter ended September 28, 2024 but could become a smaller percentage of our overall sales if exchange rates decline further from current levels over the remainder of 2024.

In addition to our consolidated Nigerian business, the Company also has an investment in an unconsolidated entity, Tolaram Africa Foods PTE LTD, that holds an investment in a Nigerian food manufacturer. This investment is accounted for under the equity method of accounting and is evaluated for indicators of other than temporary impairment.

The country of Nigeria has continued to experience elevated inflation rates. While not considered highly inflationary in the current period, if elevated inflation rates persist, Nigeria may be considered a highly inflationary economy for US GAAP purposes in future periods. For financial statements of subsidiaries operating in highly inflationary economies, the U.S. dollar is required to be used as the functional currency. Highly inflationary accounting requires monetary assets and liabilities, such as cash, receivables and payables, to be remeasured into U.S. dollars at the current exchange rate at the end of each period with the impact of any changes in exchange rates being recorded in income. Our Nigerian subsidiaries had a net monetary liability balance of approximately \$70 million as of September 28, 2024. Non-monetary assets and liabilities, such as inventory, property, plant and equipment and intangible assets are carried forward at their historical dollar cost, which is calculated using the exchange rate at the date which hyperinflationary accounting is implemented.

Segments

We manage our operations through four operating segments that are based primarily on geographic location – North America which includes the U.S. businesses and Canada; Europe which consists principally of European countries; Latin America which consists of Central and South America and includes Mexico; and AMEA (Asia Middle East Africa) which consists of Africa, Middle East, Australia and other Asian and Pacific markets. These operating segments also represent our reportable segments.

Non-GAAP financial measures

This filing includes non-GAAP financial measures that we provide to management and investors that exclude certain items that we do not consider part of on-going operations. Items excluded from our non-GAAP financial measures are discussed in the "Significant items impacting comparability" section of this filing. Our management team consistently utilizes a combination of GAAP and non-GAAP financial measures to evaluate business results, to make decisions regarding the future direction of our business, and for resource allocation decisions, including incentive compensation. As a result, we believe the presentation of both GAAP and non-GAAP financial measures provides investors with increased transparency into financial measures used by our management team and improves investors' understanding of our underlying operating performance and in their analysis of ongoing operating trends. All historic non-GAAP financial measures have been reconciled with the most directly comparable GAAP financial measures.

Non-GAAP financial measures used for evaluation of performance include currency-neutral and organic net sales, adjusted and currency-neutral adjusted operating profit, adjusted and currency-neutral adjusted diluted earnings per share (EPS), currency-neutral adjusted gross profit, currency neutral adjusted gross margin, adjusted effective tax rate, net debt, and free cash flow. We determine currency-neutral results by dividing or multiplying, as appropriate, the current-period local currency operating results by the currency exchange rates used to translate our financial statements in the comparable prior-year period to determine what the current period U.S. dollar operating results would have been if the currency exchange rate had not changed from the comparable prior-year period. These non-GAAP financial measures may not be comparable to similar measures used by other companies.

- **Currency-neutral net sales and organic net sales:** We adjust the GAAP financial measure to exclude the impact of foreign currency, resulting in currency-neutral net sales. In addition, we exclude the impact of acquisitions, divestitures, and foreign currency, resulting in organic net sales. We excluded the items which we believe may obscure trends in our underlying net sales performance. By providing these non-GAAP net sales measures, management intends to provide investors with a meaningful, consistent comparison of net sales performance for the Company and each of our reportable segments for the periods presented. Management uses these non-GAAP measures to evaluate the effectiveness of initiatives behind net sales growth, pricing realization, and the impact of mix on our business results. These non-GAAP measures are also used to make decisions regarding the future direction of our business, and for resource allocation decisions.

- Adjusted: gross profit, gross margin, operating profit, operating margin, and diluted EPS from continuing operations: We adjust the GAAP financial measures to exclude the effect of restructuring programs, costs of the separation transaction, mark-to-market adjustments for pension plans (service cost, interest cost, expected return on plan assets, and other net periodic pension costs are not excluded), commodity contracts, certain equity investments and certain foreign currency contracts, a gain on interest rate swaps, and other costs impacting comparability resulting in adjusted. We excluded the items which we believe may obscure trends in our underlying profitability. By providing these non-GAAP profitability measures, management intends to provide investors with a meaningful, consistent comparison of the Company's profitability measures for the periods presented. Management uses these non-GAAP financial measures to evaluate the effectiveness of initiatives intended to improve profitability, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives within each of our segments.
- Currency-neutral adjusted: gross profit, gross margin, operating profit, operating margin, and diluted EPS from continuing operations: We adjust the GAAP financial measures to exclude the effect of restructuring programs, costs of the separation transaction, mark-to-market adjustments for pension plans (service cost, interest cost, expected return on plan assets, and other net periodic pension costs are not excluded), commodity contracts, certain equity investments and certain foreign currency contracts, other costs impacting comparability, and foreign currency, resulting in currency-neutral adjusted. We excluded the items which we believe may obscure trends in our underlying profitability. By providing these non-GAAP profitability measures, management intends to provide investors with a meaningful, consistent comparison of the Company's profitability measures for the periods presented. Management uses these non-GAAP financial measures to evaluate the effectiveness of initiatives intended to improve profitability, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives within each of our segments.
- Adjusted effective income tax rate: We adjust the GAAP financial measures to exclude the effect of restructuring programs, costs of the separation transaction, mark-to-market adjustments for pension plans (service cost, interest cost, expected return on plan assets, and other net periodic pension costs are not excluded), commodity contracts, certain equity investments and certain foreign currency contracts, a gain on interest rate swaps, and other costs impacting comparability. We excluded the items which we believe may obscure trends in our pre-tax income and the related tax effect of those items on our adjusted effective income tax rate, and other impacts to tax expense. By providing this non-GAAP measure, management intends to provide investors with a meaningful, consistent comparison of the Company's effective tax rate, excluding the pre-tax income and tax effect of the items noted above, for the periods presented. Management uses this non-GAAP measure to monitor the effectiveness of initiatives in place to optimize our global tax rate.
- Net debt: Defined as the sum of long-term debt, current maturities of long-term debt and notes payable, less cash and cash equivalents. With respect to net debt, cash and cash equivalents are subtracted from the GAAP measure, total debt liabilities, because they could be used to reduce the Company's debt obligations. Company management and investors use this non-GAAP measure to evaluate changes to the Company's capital structure and credit quality assessment.
- Free cash flow: Defined as net cash provided by operating activities reduced by expenditures for property additions. Free cash flow does not represent the residual cash flow available for discretionary expenditures. We use this non-GAAP financial measure of cash flow to focus management and investors on the amount of cash available for debt repayment, dividend distributions, acquisition opportunities, and share repurchases once all of the Company's business needs and obligations are met. Additionally, certain performance-based compensation includes a component of this non-GAAP measure.

These measures have not been calculated in accordance with GAAP and should not be viewed as a substitute for GAAP reporting measures.

Significant items impacting comparability

Mark-to-market

We recognize mark-to-market adjustments for pension and postretirement benefit plans, commodity contracts, and certain foreign currency contracts as incurred. Actuarial gains/losses for pension plans are recognized in the year they occur. Mark-to-market gains/losses for certain equity investments are recorded based on observable price changes. Changes between contract and market prices for commodity contracts and certain foreign currency

contracts result in gains/losses that are recognized in the quarter they occur. We recorded a pre-tax mark-to-market gain of \$60 million and \$82 million for the quarter and year-to-date period ended September 28, 2024, respectively. Included within the aforementioned was a pre-tax mark-to-market gain for a postretirement plan remeasurement of \$13 million for the year-to-date period ended September 28, 2024. Additionally, we recorded a pre-tax mark-to-market loss of \$64 million and a pre-tax mark-to-market gain of \$10 million for the quarter and year-to-date period ended September 30, 2023, respectively. Included within the aforementioned was a pre-tax mark-to-market gain for a postretirement plan remeasurement of \$24 million for the year-to-date period ended September 30, 2023.

Separation costs

The Company successfully completed the separation transaction on October 2, 2023. We incurred pre-tax charges related to the separation of \$10 million and \$29 million for the quarter and year-to-date period ended September 28, 2024, respectively. We recorded \$6 million and \$14 million for the quarter and year-to-date period ended September 30, 2023, respectively.

Network optimization

Costs related to reorganizations to increase the productivity and efficiency of the Company's supply chain. As a result, we incurred pre-tax charges, primarily related to severance and asset impairment, of \$12 million and \$121 million for the quarter and year-to-date period ended September 28, 2024, respectively.

Proposed merger costs

In August 2024, the Company entered into the Merger Agreement under which Mars has agreed to acquire Kellanova, subject to customary closing conditions, including approval of the Company's shareowners and the receipt of required regulatory approvals. In conjunction with the agreement, we incurred pre-tax charges, primarily related to legal and consulting costs, of \$22 million for the quarter and year-to-date period ended September 28, 2024.

Business and portfolio realignment

Costs related to reorganizations in support of our Deploy for Growth priorities and a reshaped portfolio; investments in enhancing capabilities prioritized by our Deploy for Growth strategy; and prospective divestitures and acquisitions. As a result, we recorded pre-tax charges, primarily related to reorganizations, of \$2 million and \$6 million for the quarter and year-to-date period ended September 28, 2024, respectively. Additionally, we recorded pre-tax charges of \$1 million for the year-to-date period ended September 30, 2023.

Domestic tax benefit

In September 2024, the Company entered into an agreement to sell a foreign subsidiary in Egypt. In conjunction with the agreement, we recognized a tax benefit of \$41 million for the quarter and year-to-date period ended September 28, 2024, related to the excess of tax basis over book on our investment in the subsidiary.

Loss related to divestiture

In July 2023, the Company completed the sale of the Russian business. As a result of completing the transaction, the Company recorded a non-cash loss on the transaction of approximately \$113 million, primarily related to the release of historical currency translation adjustments.

Foreign currency translation

We evaluate the operating results of our business on a currency-neutral basis. We determine currency-neutral operating results by dividing or multiplying, as appropriate, the current-period local currency operating results by the currency exchange rates used to translate our financial statements in the comparable prior-year period to determine what the current period U.S. dollar operating results would have been if the currency exchange rate had not changed from the comparable prior-year period.

Financial results

For the quarter ended September 28, 2024, our reported net sales were down 1% versus the prior year as unfavorable foreign currency more than offset increased price/mix and volume. Organic net sales increased 6% from the prior year excluding foreign currency and divestitures.

Third quarter reported operating profit increased 10% year on year on favorable mark-to-market impacts, continued improvement in gross profit margin, and reimbursement for transition services provided to WK Kellogg Co, partially offset by costs of the proposed merger. Currency-neutral adjusted operating profit increased 19%, after excluding the impact of mark-to-market, costs of the proposed merger, network optimization costs, separation costs, and foreign currency.

Reported diluted EPS of \$1.05 for the quarter increased 84% compared to the prior year quarter of \$0.57 due primarily to higher operating profit and a lower effective tax rate, partially offset by higher interest expense. Currency-neutral adjusted diluted EPS of \$0.92 for the quarter increased 19.5% from the prior year quarter after excluding mark-to-market, costs of the proposed merger, network optimization costs, separation costs, and foreign currency.

Reconciliation of certain non-GAAP Financial Measures

Consolidated results (dollars in millions, except per share data)	Quarter ended		Year-to-date period ended	
	September 28,	September 30,	September 28,	September 30,
	2024	2023	2024	2023
Reported net income	\$ 367	\$ 269	\$ 978	\$ 924
Mark-to-market (pre-tax)	60	64	82	(10)
Separation costs (pre-tax)	(10)	(6)	(29)	(14)
Network optimization (pre-tax)	(12)	—	(121)	—
Proposed merger costs (pre-tax)	(22)	—	(22)	—
Business and portfolio realignment (pre-tax)	(2)	—	(6)	(1)
Loss on divestiture (pre-tax)	—	(113)	—	(113)
Income tax impact applicable to adjustments, net*	(5)	(13)	20	14
Domestic tax benefit	41	—	41	—
Adjusted net income	\$ 317	\$ 337	\$ 1,013	\$ 1,048
Foreign currency impact	(3)	—	(19)	—
Currency-neutral adjusted net income	\$ 320	\$ 337	\$ 1,032	\$ 1,048
Reported diluted EPS from continuing operations	\$ 1.05	\$ 0.57	\$ 2.83	\$ 2.09
Mark-to-market (pre-tax)	0.17	0.19	0.24	(0.03)
Separation costs (pre-tax)	(0.03)	(0.02)	(0.08)	(0.04)
Network optimization (pre-tax)	(0.03)	—	(0.35)	—
Proposed merger costs (pre-tax)	(0.06)	—	(0.06)	—
Business and portfolio realignment (pre-tax)	(0.01)	—	(0.03)	—
Loss on divestiture (pre-tax)	—	(0.33)	—	(0.33)
Income tax impact applicable to adjustments, net*	(0.02)	(0.04)	0.06	0.04
Domestic tax benefit	0.12	—	0.12	—
Adjusted diluted EPS from continuing operations	\$ 0.91	\$ 0.77	\$ 2.93	\$ 2.45
Foreign currency impact	(0.01)	—	(0.06)	—
Currency-neutral adjusted diluted EPS from continuing operations	\$ 0.92	\$ 0.77	\$ 2.99	\$ 2.45
Currency-neutral adjusted diluted EPS growth	19.5 %		22.0 %	

Note: Tables may not foot due to rounding.

For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

*Represents the estimated income tax effect on the reconciling items, using weighted-average statutory tax rates, depending upon the applicable jurisdiction.

Net sales and operating profit

The following tables provide an analysis of net sales and operating profit performance for the third quarter of 2024 versus 2023:

Quarter ended September 28, 2024

(millions)	North America	Europe	Latin America	AMEA	Corporate	Kellanova Consolidated
Reported net sales	\$ 1,673	\$ 660	\$ 311	\$ 590	\$ (1)	\$ 3,233
Foreign currency impact	—	22	(32)	(209)	—	(219)
Organic net sales	\$ 1,673	\$ 638	\$ 343	\$ 799	\$ (1)	\$ 3,452

Quarter ended September 30, 2023

(millions)						
Reported net sales	\$ 1,654	\$ 616	\$ 329	\$ 657	\$ (1)	\$ 3,255
Divestiture	—	—	—	—	—	—
Organic net sales	\$ 1,654	\$ 616	\$ 329	\$ 657	\$ (1)	\$ 3,255

% change - 2024 vs. 2023:

Reported growth	1.1 %	7.2 %	(5.5) %	(10.2)%	n/m	(0.7) %
Foreign currency impact	(0.1)%	3.6 %	(9.6) %	(31.8)%	n/m	(6.8) %
Currency-neutral growth	1.2 %	3.6 %	4.1 %	21.6 %	n/m	6.1 %
Divestiture	— %	— %	— %	— %	n/m	— %
Organic growth	1.2 %	3.6 %	4.1 %	21.6 %	n/m	6.1 %
Volume (tonnage)	(0.5)%	(1.4)%	3.6 %	0.2 %	n/m	0.1 %
Pricing/mix	1.7 %	5.0 %	0.5 %	21.4 %	n/m	6.0 %

Note: Tables may not foot due to rounding.

For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

Quarter ended September 28, 2024

(millions)	North America	Europe	Latin America	AMEA	Corporate	Kellanova Consolidated
Reported operating profit	\$ 297	\$ 101	\$ 29	\$ 65	\$ (36)	\$ 456
Mark-to-market	—	—	(2)	—	62	60
Separation costs	(9)	—	—	—	(1)	(10)
Network optimization	(7)	(5)	—	—	—	(12)
Proposed merger costs	—	—	—	—	(22)	(22)
Business and portfolio realignment	—	—	—	(1)	(1)	(2)
Adjusted operating profit	\$ 312	\$ 106	\$ 31	\$ 66	\$ (74)	\$ 441
Foreign currency impact	—	4	(3)	(13)	—	(12)
Currency-neutral adjusted operating profit	\$ 312	\$ 102	\$ 34	\$ 79	\$ (74)	\$ 453

Quarter ended September 30, 2023

(millions)						
Reported operating profit	\$ 240	\$ 97	\$ 40	\$ 63	\$ (26)	\$ 414
Mark-to-market	—	—	3	—	37	40
Separation costs	(5)	—	(1)	—	—	(6)
Adjusted operating profit	\$ 245	\$ 97	\$ 38	\$ 63	\$ (63)	\$ 380

% change - 2024 vs. 2023:

Reported growth	23.6 %	3.8 %	(25.9) %	4.9 %	(39.1) %	10.3 %
Mark-to-market	— %	— %	(9.9) %	— %	15.9 %	4.3 %
Separation costs	(1.1) %	— %	1.8 %	— %	(2.1) %	(1.0) %
Network optimization	(2.7) %	(5.1) %	— %	— %	— %	(3.1) %
Proposed merger costs	— %	— %	— %	— %	(33.9) %	(5.6) %
Business and portfolio realignment	— %	— %	— %	(1.0) %	(1.1) %	(0.4) %
Adjusted growth	27.4 %	8.9 %	(17.8) %	5.9 %	(17.9) %	16.1 %
Foreign currency impact	— %	4.0 %	(7.6) %	(20.6) %	(0.6) %	(3.3) %
Currency-neutral adjusted growth	27.4 %	4.9 %	(10.2) %	26.5 %	(17.3) %	19.4 %

Note: Tables may not foot due to rounding.

For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

North America

Net sales for the third quarter increased 1% from the prior year, both on a reported and organic basis, as price/mix growth was partially offset by a slight decline in volume.

North America operating profit increased 24% reflecting improving gross profit margin and reimbursement for transition services provided to WK Kellogg Co. Currency-neutral adjusted operating profit increased 27%, after excluding the impact of network optimization costs, and separation costs.

Net sales % change - third quarter 2024 vs. 2023:

North America	Reported net sales	Foreign currency	Currency-neutral net sales	Divestiture	Organic net sales
Snacks	1.8 %	— %	1.8 %	— %	1.8 %
Frozen	(2.3) %	(0.1) %	(2.2) %	— %	(2.2) %

North America snacks net sales grew 1.8% for the quarter, with growth in price/mix led by momentum in *Pringles*, as well as growth in Canada and U.S. Away From Home.

North America frozen net sales were down 2.3%, reflecting category softness.

Europe

Reported net sales increased 7.2% in the third quarter resulting from the positive impact of revenue growth management actions and favorable foreign currency, partially offset by a decline in volume that moderated from recent quarters. Organic net sales increased 3.6% after excluding the impact of foreign currency.

Reported operating profit increased 3.8% year on year, reflecting higher net sales, improving gross profit margin, and favorable foreign currency, partially offset by costs of network optimization and increased brand building investment. Currency-neutral adjusted operating profit increased 4.9% after excluding the impact of network optimization costs and foreign currency.

Net sales % change - third quarter 2024 vs. 2023:

Europe	Reported net sales	Foreign currency	Currency-neutral net sales	Divestiture	Organic net sales
Snacks	10.0 %	3.5 %	6.5 %	— %	6.5 %
Cereal	3.6 %	3.4 %	0.2 %	— %	0.2 %

Snacks net sales increased on growth in both volume and price/mix, led by *Pringles* and aided by favorable foreign currency.

Cereal net sales increased due to favorable foreign currency and price/mix.

Latin America

Reported net sales decreased 5.5% year on year as significantly unfavorable foreign currency more than offset growth in both volume and price/mix. Organic net sales increased 4.1%, after excluding the impact of foreign currency.

Reported operating profit decreased 26% reflecting unfavorable foreign currency, unfavorable mark-to-market impacts, adverse mix, and higher costs. Currency-neutral adjusted operating profit decreased 10% after excluding the impact of mark-to-market, and foreign currency.

Net sales % change - third quarter 2024 vs. 2023:

Latin America	Reported net sales	Foreign currency	Currency-neutral net sales	Divestiture	Organic net sales
Snacks	(4.7) %	(9.3) %	4.6 %	— %	4.6 %
Cereal	(6.2) %	(9.9) %	3.7 %	— %	3.7 %

Snacks net sales decreased due to unfavorable foreign currency, offsetting growth in both volume and price/mix, with particular strength in Brazil's organic growth.

Cereal net sales decreased due to unfavorable foreign currency, offsetting growth in both volume and price/mix, with particular strength in Mexico's organic growth.

AMEA

Reported net sales decreased 10% year on year, due to significantly adverse foreign currency, principally related to the Nigerian Naira, which more than offset the impact of growth in both price/mix and volume. Organic net sales increased 22% on positive price/mix after excluding the impact of foreign currency.

Reported operating profit increased 5% year on year, due to the impact of improving gross margin partially offset by significantly adverse foreign currency and increased brand building investment. Currency-neutral adjusted operating profit increased 27%, after excluding the impact of foreign currency.

Net sales % change - third quarter 2024 vs. 2023:

AMEA	Reported net sales	Foreign currency	Currency-neutral net sales	Divestiture	Organic net sales
Snacks	(8.2) %	(3.4) %	(4.8) %	— %	(4.8) %
Cereal	(0.9) %	(2.3) %	1.4 %	— %	1.4 %
Noodles and other	(19.8) %	(78.7) %	58.9 %	— %	58.9 %

Snacks net sales decreased as unfavorable foreign currency and softness amongst conflict in the Middle East, more than offset broad based growth elsewhere in the region, led by *Pringles*.

Cereal net sales decreased due to unfavorable foreign currency, which more than offset price/mix led growth across most of the region, most notably Africa.

Noodles and other net sales decreased due to unfavorable foreign currency, which more than offset volume growth and price realization intended to cover currency devaluation in Nigeria.

Corporate

Reported operating profit decreased \$10 million versus the comparable prior year quarter due primarily to costs of the proposed merger . Currency-neutral adjusted operating profit decreased \$11 million from the prior year after excluding costs of the proposed merger and mark-to-market.

The following tables provide an analysis of net sales and operating profit performance for the year-to-date periods ended September 28, 2024 versus September 30, 2023:

Year-to-date period ended September 28, 2024

(millions)	North America	Europe	Latin America	AMEA	Corporate	Kellanova Consolidated
Reported net sales	\$ 5,019	\$ 1,898	\$ 958	\$ 1,754	\$ (4)	\$ 9,625
Foreign currency impact	(2)	24	(20)	(788)	—	(786)
Organic net sales	\$ 5,021	\$ 1,874	\$ 978	\$ 2,542	\$ (4)	\$ 10,411

Year-to-date period ended September 30, 2023

(millions)						
Reported net sales	\$ 4,985	\$ 1,888	\$ 938	\$ 2,139	\$ (2)	\$ 9,948
Divestiture	—	48	—	—	—	48
Organic net sales	\$ 4,985	\$ 1,840	\$ 938	\$ 2,139	\$ (2)	\$ 9,900

% change - 2024 vs. 2023:

Reported growth	0.7 %	0.5 %	2.2 %	(18.0)%	n/m	(3.2) %
Foreign currency impact	— %	1.3 %	(2.1) %	(36.8)%	n/m	(7.9) %
Currency-neutral growth	0.7 %	(0.8)%	4.3 %	18.8 %	n/m	4.7 %
Divestitures	— %	(2.6)%	— %	— %	n/m	(0.5) %
Organic growth	0.7 %	1.8 %	4.3 %	18.8 %	n/m	5.2 %
Volume (tonnage)	(1.2)%	(5.0)%	2.0 %	(3.8)%	n/m	(2.3) %
Pricing/mix	1.9 %	6.8 %	2.3 %	22.6 %	n/m	7.5 %

Note: Tables may not foot due to rounding.

For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

Year-to-date period ended September 28, 2024

(millions)	North America	Europe	Latin America	AMEA	Corporate	Kellanova Consolidated
Reported operating profit	\$ 971	\$ 240	\$ 102	\$ 200	\$ (171)	\$ 1,342
Mark-to-market	—	—	3	—	66	69
Separation costs	(24)	—	—	—	(5)	(29)
Network optimization	(47)	(74)	—	—	—	(121)
Proposed merger costs	—	—	—	—	(22)	(22)
Business and portfolio realignment	(4)	—	—	(1)	(1)	(6)
Adjusted operating profit	\$ 1,046	\$ 314	\$ 99	\$ 201	\$ (209)	\$ 1,451
Foreign currency impact	—	6	—	(47)	—	(41)
Currency-neutral adjusted operating profit	\$ 1,046	\$ 308	\$ 99	\$ 248	\$ (209)	\$ 1,492

Year-to-date period ended September 30, 2023

(millions)						
Reported operating profit	\$ 789	\$ 293	\$ 98	\$ 204	\$ (207)	\$ 1,177
Mark-to-market	—	—	(2)	—	(32)	(34)
Separation costs	(13)	—	(1)	—	—	(14)
Business and portfolio realignment	—	—	—	—	(1)	(1)
Adjusted operating profit	\$ 802	\$ 293	\$ 102	\$ 204	\$ (175)	\$ 1,226

% change - 2024 vs. 2023:

Reported growth	23.1 %	(18.3)%	3.6 %	(1.6)%	17.0 %	13.9 %
Mark-to-market	— %	— %	6.1 %	— %	51.9 %	8.8 %
Separation costs	(1.1)%	— %	1.4 %	— %	(2.8) %	(1.1) %
Network optimization	(5.9)%	(25.3)%	— %	— %	— %	(9.8) %
Proposed merger costs	— %	— %	— %	— %	(12.3) %	(1.8) %
Business and portfolio realignment	(0.4)%	(0.1)%	— %	(0.3)%	(0.2) %	(0.5) %
Adjusted growth	30.5 %	7.1 %	(3.9) %	(1.3)%	(19.6) %	18.3 %
Foreign currency impact	— %	1.8 %	(0.4) %	(23.0)%	0.2 %	(3.4) %
Currency-neutral adjusted growth	30.5 %	5.3 %	(3.5) %	21.7 %	(19.8) %	21.7 %

Note: Tables may not foot due to rounding.

For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

North America

Reported net sales for the year-to-date period increased 0.7% versus the prior year as price/mix growth resulting from prior year revenue growth management actions, more than offset a decrease in volume. Organic net sales increased 0.7% after excluding the impact of foreign currency.

North America operating profit increased 23%, reflecting improving gross profit margin and reimbursement for transition services provided to WK Kellogg Co, partially offset by higher one-time charges related to the separation and a network optimization project. Currency-neutral adjusted operating profit increased 31%, after excluding the impact of network optimization costs, separation costs, and business and portfolio realignment.

Net sales % change - third quarter year-to-date 2024 vs. 2023:

North America	Reported net sales	Foreign currency	Currency-neutral net sales	Divestiture	Organic net sales
Snacks	1.0 %	(0.1) %	1.1 %	— %	1.1 %
Frozen	(1.3) %	(0.1) %	(1.2) %	— %	(1.2) %

North America snacks net sales grew 1% for the period with growth in price/mix.

North America frozen net sales were down slightly due to category softness and lapping a strong comparable period.

Europe

Reported net sales increased 0.5%, reflecting the positive impact of revenue growth management actions over the past year to cover cost inflation, as well as favorable foreign currency, partially offset by a modest and sequentially moderating decline in volume and last year's divestiture of operations in Russia. Organic net sales increased 1.8% after excluding the impact of foreign currency and the divestiture.

Reported operating profit decreased 18% year on year, reflecting up-front charges related to a network optimization project, last year's divestiture of operations in Russia, and higher brand building investment, partially offset by positive impacts of higher net sales, increased productivity, and moderating cost inflation. Currency-neutral adjusted operating profit increased 5.3% after excluding the impact of network optimization and foreign currency.

Net sales % change - third quarter year-to-date 2024 vs. 2023:

Europe	Reported net sales	Foreign currency	Currency-neutral net sales	Divestiture	Organic net sales
Snacks	2.1 %	1.1 %	1.0 %	(2.7) %	3.7 %
Cereal	(1.5) %	1.4 %	(2.9) %	(2.4) %	(0.5) %

Snacks net sales increased on sustained *Pringles* momentum partially offset by the impact of the divestiture and unfavorable foreign currency .

Cereal net sales declined due to the divestiture and category softness.

Latin America

Reported net sales increased 2.2%, reflecting growth in both volume and price/mix, partially offset by unfavorable foreign currency. Organic net sales increased 4.3%, after excluding the impact of foreign currency.

Reported operating profit increased 3.6%, reflecting favorable mark-to-market impacts and higher net sales, partially offset by adverse mix and higher costs. Currency-neutral adjusted operating profit decreased 3.5% after excluding the impact of mark-to-market and foreign currency.

Net sales % change - third quarter year-to-date 2024 vs. 2023:

Latin America	Reported net sales	Foreign currency	Currency-neutral net sales	Divestiture	Organic net sales
Snacks	(0.7) %	(3.3) %	2.6 %	— %	2.6 %
Cereal	4.1 %	(1.4) %	5.5 %	— %	5.5 %

Snacks net sales decreased due to unfavorable foreign currency and lower volume, partially offset by growth in price/mix.

Cereal net sales increased on sustained volume growth and share gains in Mexico and Brazil.

AMEA

Reported net sales decreased 18% year on year, due to significantly adverse foreign currency, principally related to the Nigerian Naira, which more than offset the impact of higher price/mix. Organic net sales increased 19%.

Reported operating profit decreased 1.6% year on year, due to significantly adverse foreign currency and higher brand building investment, which more than offset an improving gross profit margin. Currency-neutral adjusted operating profit increased 22%, after excluding the impact of foreign currency.

Net sales % change - third quarter year-to-date 2024 vs. 2023:

AMEA	Reported net sales	Foreign currency	Currency-neutral net sales	Divestiture	Organic net sales
Snacks	(2.7) %	(5.7) %	3.0 %	— %	3.0 %
Cereal	(4.5) %	(5.8) %	1.3 %	— %	1.3 %
Noodles and other	(36.7) %	(77.4) %	40.7 %	— %	40.7 %

Snacks net sales decreased as unfavorable foreign currency more than offset organic growth across most of the region, led by *Pringles*.

Cereal net sales decreased due primarily to unfavorable foreign currency and lower volume. Organic net sales increased on price/mix growth.

Noodles and other net sales decreased due to unfavorable foreign currency, which more than offset organic growth led by price realization intended to cover currency devaluation in Nigeria.

Corporate

Reported operating profit increased \$36 million versus the comparable prior year period due primarily to favorable mark-to-market impacts . Currency-neutral adjusted operating profit decreased \$34 million from the prior year after excluding the impact of mark-to-market.

Margin performance

Our currency-neutral adjusted gross profit and gross profit margin performance for the quarter ended September 28, 2024 and September 30, 2023 are reconciled to the directly comparable GAAP measures as follows:

Quarter ended	September 28, 2024		September 30, 2023		GM change vs. prior
(dollars in millions)	Gross Profit (a)	Gross Margin (b)	Gross Profit (a)	Gross Margin (b)	year (pts.)
Reported	\$ 1,176	36.4 %	\$ 1,110	34.1 %	2.3
Mark-to-market	61	1.9 %	39	1.2 %	0.7
Separation costs	(6)	(0.2) %	—	— %	(0.2)
Network optimization	(12)	(0.3) %	—	— %	(0.3)
Adjusted	1,133	35.0 %	1,071	32.9 %	2.1
Foreign currency impact	(36)	1.1 %	—	— %	1.1
Currency-neutral adjusted	\$ 1,169	33.9 %	\$ 1,071	32.9 %	1.0

Note: Tables may not foot due to rounding.

For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

(a) Gross profit is equal to net sales less cost of goods sold.

(b) Gross profit as a percentage of net sales.

Reported gross margin for the quarter increased 230 basis points versus the prior year due primarily to favorable mark-to-market, reimbursement for transition services provided to WK Kellogg Co, last year's revenue growth management actions, improved supply environment, a resumed higher level of productivity, and the impact of select currency devaluations. Currency-neutral adjusted gross margin increased 100 basis points compared to the third quarter of 2023 after eliminating the impact of mark-to-market, network optimization costs, separation costs, and foreign currency.

Our currency-neutral adjusted gross profit and gross profit margin performance for the year-to-date periods ended September 28, 2024 and September 30, 2023 are reconciled to the directly comparable GAAP measures as follows:

Year-to-date period ended	September 28, 2024		September 30, 2023		GM change vs. prior
(dollars in millions)	Gross Profit (a)	Gross Margin (b)	Gross Profit (a)	Gross Margin (b)	year (pts.)
Reported	\$ 3,367	35.0 %	\$ 3,188	32.0 %	3.0
Mark-to-market	58	0.6 %	(30)	(0.3) %	0.9
Separation costs	(9)	(0.1) %	—	— %	(0.1)
Network optimization	(121)	(1.2) %	—	— %	(1.2)
Adjusted	3,439	35.7 %	3,218	32.3 %	3.4
Foreign currency impact	(130)	1.4 %	—	— %	1.4
Currency-neutral adjusted	\$ 3,569	34.3 %	\$ 3,218	32.3 %	2.0

Note: Tables may not foot due to rounding.

For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

(a) Gross profit is equal to net sales less cost of goods sold.

(b) Gross profit as a percentage of net sales.

Reported gross margin for the year-to-date period increased 300 basis points versus the prior year due primarily to favorable mark-to-market, reimbursement for transition services provided to WK Kellogg Co, last year's revenue growth management actions, improved supply environment, a resumed higher level of productivity, and impact from select currency devaluations, partially offset by network optimization costs. Currency-neutral adjusted gross margin increased 200 basis points compared to prior year after eliminating the impact of mark-to-market, network optimization, separation costs and foreign currency.

Restructuring Programs

We view our restructuring programs as part of our operating principles to provide greater visibility in achieving our long-term profit growth and margin targets. Initiatives undertaken are generally expected to recover cash implementation costs within a 1 to 5-year period subsequent to completion. Completion (or as each major stage is completed in the case of multi-year programs) is when the project begins to deliver cash savings and/or reduced depreciation.

In the first quarter of 2024, the Company announced a reconfiguration of the North America frozen supply chain network, designed to drive increased productivity. The project is expected to be substantially completed by late 2024, with cost savings beginning to contribute to gross margin improvements in the second half of 2024 and reaching full-run rate in 2025. The overall project is expected to result in cumulative pretax charges of approximately \$ 50 million, which include employee-related costs of \$ 10 million, other cash costs of \$ 10 million, and non-cash costs, primarily consisting of asset impairment, accelerated depreciation, and asset disposals of \$ 30 million. Charges incurred related to this restructuring program were \$ 7 million and \$ 47 million during the quarter and year-to-date period ended September 28, 2024, respectively. These charges primarily related to severance costs and asset impairment, and were recorded in COGS.

In the first quarter of 2024, the Company proposed a reconfiguration of the European cereal supply chain network and completed collective bargaining obligations and consultation with impacted employees during the quarter ended June 29, 2024. The project, designed to drive efficiencies, is expected to be substantially completed by late 2026, with resulting efficiencies expected to begin contributing to gross margin improvements in late 2026. The overall project is expected to result in cumulative pretax charges of approximately \$ 120 million, which include employee-related costs of \$ 50 million, other cash costs of \$ 30 million, and non-cash costs, primarily consisting of asset impairment, accelerated depreciation, and asset disposals of \$ 40 million. Charges incurred related to this restructuring program were \$5 million and \$ 74 million during the quarter and year-to-date period ended September 28, 2024, respectively. These charges primarily related to severance costs and asset impairment and were recorded in COGS.

All other restructuring projects were immaterial during the periods presented.

Foreign currency translation

The reporting currency for our financial statements is the U.S. dollar. Certain of our assets, liabilities, expenses and revenues are denominated in currencies other than the U.S. dollar, primarily in the euro, British pound, Australian dollar, Canadian dollar, Mexican peso, Brazilian Real, Nigerian Naira, Polish zloty, and Egyptian pound. To prepare our consolidated financial statements, we must translate those assets, liabilities, expenses and revenues into U.S. dollars at the applicable exchange rates. As a result, increases and decreases in the value of the U.S. dollar against these other currencies will affect the amount of these items in our consolidated financial statements, even if their value has not changed in their original currency. This could have significant impact on our results if such increase or decrease in the value of the U.S. dollar is substantial.

Interest expense

For the quarters ended September 28, 2024 and September 30, 2023, interest expense was \$ 75 million and \$ 75 million, respectively. For the year-to-date periods ended September 28, 2024 and September 30, 2023, interest expense was \$241 million and \$218 million, respectively. The increase from the prior year-to-date period is due primarily to higher interest rates on commercial paper and floating rate debt versus the prior year.

Income Taxes

Our reported effective tax rate for the quarters ended September 28, 2024 and September 30, 2023 was 9% and 28%, respectively.

Our adjusted effective tax rate for the quarters ended September 28, 2024 and September 30, 2023 was 18% and 23%, respectively.

The decrease in the consolidated effective tax rate from the prior year quarter and year-to-date period is due to the recognition of a \$41 million domestic tax benefit during the third quarter of 2024 for the excess of tax basis over book on the Company's investment in a subsidiary. In addition, during the quarter ended September 30, 2023, the effective tax rate increased due to zero tax benefit recognized on the \$113 million loss incurred on the divestiture of the Russia business. See additional disclosure within *Note 5 Divestitures*.

Fluctuations in foreign currency exchange rates could impact the expected effective income tax rate as it is dependent upon U.S. dollar earnings of foreign subsidiaries doing business in various countries with differing statutory rates. Additionally, the rate could be impacted by tax legislation and if pending uncertain tax matters, including tax positions that could be affected by planning initiatives, are resolved more or less favorably than we currently expect.

Consolidated results (dollars in millions)	Quarter ended		Year-to-date period ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Reported income taxes	\$ 34	\$ 78	\$ 213	\$ 216
Mark-to-market	15	16	21	(2)
Separation costs	(2)	(3)	(6)	(14)
Network Optimization	(3)	—	(29)	—
Proposed merger costs	(5)	—	(5)	—
Business and portfolio realignment	—	—	(1)	3
Loss on divestiture	—	—	—	—
Domestic tax benefit	(41)	—	(41)	—
Adjusted income taxes	\$ 70	\$ 65	\$ 274	\$ 229
Reported effective income tax rate	8.6 %	28.2 %	17.8 %	23.0 %
Mark-to-market	3.0 %	(0.9) %	0.6 %	— %
Separation costs	(0.1) %	(0.7) %	— %	(1.1) %
Network optimization	(0.2) %	— %	(0.3) %	—
Proposed merger costs	(0.3) %	— %	— %	— %
Business and portfolio realignment	0.2 %	— %	— %	0.4 %
Loss on divestiture	— %	10.2 %	— %	2.5 %
Domestic tax benefit	(12.1) %	— %	(3.7) %	— %
Adjusted effective income tax rate	18.1 %	19.6 %	21.2 %	21.2 %

Note: Tables may not foot due to rounding.

For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

Liquidity and capital resources

We anticipate current cash and marketable security balances, operating cash flows, together with our credit facilities and other financing sources including commercial paper, credit and bond markets, will be adequate to meet our operating, investing and financing needs. We currently have \$2.5 billion of ongoing unused revolving credit agreements, including \$1.5 billion effective through 2026 and \$1.0 billion effective through December 2024, as well as continued access to the commercial paper markets. We are currently in compliance with all debt covenants and do not have material uncertainty about our ability to maintain compliance in future periods.

Our principal source of liquidity is operating cash flows supplemented by borrowings for major acquisitions and other significant transactions. Our cash-generating capability is one of our fundamental strengths and provides us with substantial financial flexibility in meeting operating and investing needs. Our liquidity and operating cash flows may also be impacted by the timing and closing of the Merger, including as a result of the payment of any

termination fee if the Merger Agreement is terminated by the Company under certain circumstances permitted thereby.

We have historically reported negative working capital primarily as the result of our focus to improve core working capital by reducing our levels of trade receivables and inventory while optimizing the timing of payment of our trade payables. The impacts of the extended customer terms program and the monetization programs on core working capital are largely offsetting.

We periodically monitor our supplier payment terms to assess whether our terms are competitive and in line with local market terms. To the extent that such assessment indicates that our supplier payment terms are not aligned with local market terms, we may seek to adjust our terms, including extending or shortening our payment due dates as appropriate. Supplier payment term modifications did not have a material impact on our cash flows during 2023, and are not expected to have a material impact in 2024.

We have a substantial amount of indebtedness which results in current maturities of long-term debt and notes payable which can have a significant impact on working capital as a result of the timing of these required payments. These factors, coupled with the use of our ongoing cash flows from operations to service our debt obligations, pay dividends, fund acquisition opportunities, and repurchase our common stock, reduce our working capital amounts. We had negative working capital of \$1.1 billion and \$1.7 billion as of September 28, 2024 and December 30, 2023, respectively.

The following table reflects net debt amounts:

(millions, unaudited)	September 28, 2024		December 30, 2023	
Notes payable	\$	124	\$	121
Current maturities of long-term debt		678		663
Long-term debt		5,051		5,089
Total debt liabilities	\$	5,853	\$	5,873
Less:				
Cash and cash equivalents		(569)		(274)
Net debt	\$	5,284	\$	5,599

The following table sets forth a summary of our cash flows:

(millions)	Year-to-date period ended	
	September 28, 2024	September 30, 2023
Net cash provided by (used in):		
Operating activities	1,293 \$	1,400
Investing activities	(589)	(472)
Financing activities	(417)	(120)
Effect of exchange rates on cash and cash equivalents	8	(8)
Net increase (decrease) in cash and cash equivalents	\$ 295	\$ 800

Operating activities

The principal source of our operating cash flow is net earnings, meaning cash receipts from the sale of our products, net of costs to manufacture, distribute, and market our products.

Net cash provided by our operating activities for the year-to-date period ended September 28, 2024, totaled \$1,293 million compared to \$1,400 million in the prior year period. The decrease is due primarily to the impact of the spin-off of WK Kellogg Co after the third quarter of last year partially offset by the distribution from the Company's postretirement benefit plan of \$175 million during the first quarter of 2024. During the first quarter of 2024, the Company amended the U.S. retiree health and welfare plan to create a sub-trust to permit the payment of certain benefits for active union employees using a portion of the plan surplus.

We measure free cash flow as net cash provided by operating activities reduced by expenditures for property additions. We use this non-GAAP financial measure of cash flow to focus management and investors on the amount

of cash available for debt repayment, dividend distributions, acquisition opportunities, and share repurchases. Our free cash flow metric is reconciled to the most comparable GAAP measure, as follows:

(millions)	Quarter ended	
	September 28, 2024	September 30, 2023
Net cash provided by operating activities	\$ 1,293	\$ 1,400
Additions to properties	(440)	(506)
Free cash flow	\$ 853	\$ 894

Our non-GAAP measure for free cash flow decreased to \$853 million in the year-to-date period ended September 28, 2024, from \$894 million in the prior year. The decrease is due primarily to the impact of the spin-off of WK Kellogg Co after the third quarter of last year partially offset by the distribution from the Company's postretirement benefit plan of \$175 million during the first quarter of 2024 and by lower capital expenditures.

Investing activities

Our net cash used in investing activities totaled \$589 million for the year-to-date period ended September 28, 2024 compared to \$472 million in the comparable prior year period due primarily to the purchase of marketable securities in conjunction with the distribution from the postretirement healthcare plan partially offset by lower capital expenditures.

Financing activities

Our net cash used in financing activities for the year-to-date ended September 28, 2024 totaled \$417 million compared to cash used of \$120 million during the comparable prior year quarter. The year-over-year variance was driven by the \$500 million term loan borrowing and \$164 million draw on the revolving credit facility by WK Kellogg Co in anticipation of the separation transaction on October 2, 2023, partially offset by a \$149 million increase in proceeds from stock option exercise activity in the current period.

During the second quarter of 2024, Kellanova issued \$300 million of thirty-year 5.75% Notes due 2054, resulting in net proceeds after discount and underwriting commissions of \$296 million. Additionally, during the second quarter of 2024, Kellanova issued €300 million of ten-year 3.75% Notes due 2034, resulting in net proceeds after discount and underwriting commissions of €297 million. The proceeds from these notes were used for general corporate purposes, including the payment of offering related fees and expenses, repayment of a portion of the €600 million 1.00% Notes when they matured on May 17, 2024.

During the first quarter of 2023, the Company issued \$400 million of ten-year 5.25% Notes due 2033, resulting in net proceeds after discount and underwriting commissions of \$396 million. The proceeds from these notes were used for general corporate purposes, including the payment of offering related fees and expenses, repayment of the \$210 million 2.75% Notes when they matured on March 1, 2023.

In December 2022, the Board of Directors approved an authorization to repurchase up to \$1.5 billion of the Company's common stock through December 2025. This authorization is intended to allow the Company to repurchase shares for general corporate purposes and to offset issuances for employee benefit programs. As of September 28, 2024, \$1.3 billion remains available under the authorization.

The Company did not repurchase shares during the year-to-date period ended September 28, 2024. The Company repurchased approximately 1 million shares for \$60 million during the year-to-date period ended September 30, 2023.

We paid cash dividends of \$580 million during the year-to-date period ended September 28, 2024, compared to \$610 million during the comparable prior year period. The decrease was due to the spin-off of WK Kellogg Co after the third quarter of last year. In October 2024, the Board of Directors declared a dividend of \$.57 per common share, payable on December 13, 2024 to shareholders of record at the close of business on December 2, 2024.

We continue to maintain both a Five-Year and a 364-Day Credit Agreement, which had no outstanding borrowings as of September 28, 2024, and contain customary covenants and warranties, including specified restrictions on indebtedness, liens and a specified interest expense coverage ratio. If an event of default occurs, then, to the extent permitted, the administrative agents may terminate the commitments under the credit facilities, accelerate

any outstanding loans under the agreements, and demand the deposit of cash collateral equal to the lender's letter of credit exposure plus interest.

Our Notes contain customary covenants that limit the ability of the Company and its restricted subsidiaries (as defined) to incur certain liens or enter into certain sale and lease-back transactions and also contain a change of control provision. There are no significant restrictions on the payment of dividends. We were in compliance with all covenants as of September 28, 2024.

The Notes do not contain acceleration of maturity clauses that are dependent on credit ratings. A change in our credit ratings could limit our access to the U.S. short-term debt market and/or increase the cost of refinancing long-term debt in the future. However, even under these circumstances, we would continue to have access to our 364-Day Credit Facility, which expires in December 2024, as well as our Five-Year Credit Agreement, which expires in December 2026. This source of liquidity is unused and available on an unsecured basis, although we do not currently plan to use it.

Monetization and Supplier Finance Programs

We have a program in which customers could extend their payment terms in exchange for the elimination of early payment discounts (Extended Terms Program). In order to mitigate the net working capital impact of the Extended Terms Program for discrete customers, we entered into agreements to sell, on a revolving basis, certain trade accounts receivable balances to third party financial institutions (Monetization Programs). Transfers under the Monetization Programs are accounted for as sales of receivables resulting in the receivables being de-recognized from our Consolidated Balance Sheet. The Monetization Programs provide for the continuing sale of certain receivables on a revolving basis until terminated by either party; however the maximum funding from receivables that may be sold at any time is currently approximately \$975 million, but may be increased or decreased as customers move in or out of the Extended Terms Program and as additional financial institutions move in or out of the Monetization Programs. Accounts receivable sold of \$784 million and \$697 million remained outstanding under this arrangement as of September 28, 2024 and December 30, 2023, respectively.

The Monetization Programs are designed to directly offset the impact the Extended Terms Program would have on the days-sales-outstanding (DSO) metric that is critical to the effective management of the Company's accounts receivable balance and overall working capital. Current DSO levels within North America are consistent with DSO levels prior to the execution of the Extended Term Program and Monetization Programs.

Refer to Note 3 within Notes to Consolidated Financial Statements for further information related to the sale of accounts receivable.

We periodically monitor our supplier payment terms to assess whether our terms are competitive and in line with local market terms. To the extent that such assessment indicates that our supplier payment terms are not aligned with local market terms, we may seek to adjust our terms, including extending or shortening our payment due dates as appropriate, however, we do not expect supplier payment term modifications to have a material impact on our cash flows during 2024.

The Company establishes competitive market-based terms with our suppliers, regardless of whether they participate in supplier finance programs, which generally range from 0 to 150 days dependent on their respective industry and geography. We have agreements with third parties (Supplier Finance Programs) to provide accounts payable tracking systems which facilitate participating suppliers' ability to monitor and, if elected, sell our payment obligations to designated third-party financial institutions. Participating suppliers may, at their sole discretion, make offers to sell one or more of our payment obligations prior to their scheduled due dates at a discounted price to participating financial institutions. We have no economic interest in the sale of these suppliers' receivables and no direct financial relationship with the financial institutions concerning these services. Our obligations to our suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to sell amounts under the arrangements. However, our right to offset balances due from suppliers against payment obligations is restricted by the agreements for those payment obligations that have been sold by suppliers.

Refer to Note 1 within Notes to Consolidated Financial Statements for further information related to accounts payable.

If financial institutions were to terminate their participation in the Monetization Programs and we are not able to modify related customer payment terms, working capital could be negatively impacted. Additionally, working capital could be negatively impacted if we shorten our supplier payment terms as a result of supplier negotiations. For

suppliers participating in the Supplier Finance Programs, financial institutions may terminate their participation or we could experience a downgrade in our credit rating that could result in higher costs to suppliers. If working capital is negatively impacted as a result of these events and we were unable to secure alternative programs, we may have to utilize our various financing arrangements for short-term liquidity or increase our long-term borrowings.

Critical accounting estimates

Goodwill and other intangible assets

We review our operating segment and reporting unit structure annually or as significant changes in the organization occur and assess goodwill impairment risk throughout the year by performing a qualitative review of entity-specific, industry, market and general economic factors affecting our reporting units with goodwill. Similarly, we assess indefinite-life intangible assets impairment risk throughout the year by performing a qualitative review and assessing events and circumstances that could affect the fair value or carrying value of these intangible assets. No interim triggering events requiring further impairment assessments of goodwill or indefinite-life intangibles have been noted during 2024. Annually during the fourth quarter, in conjunction with our annual budgeting process, we perform qualitative or quantitative testing, depending on factors such as prior-year test results, current year developments, current risk evaluations and other practical considerations. Refer to our Critical Accounting Estimates in our 2023 Form 10-K for further details on the methodologies used for evaluating goodwill and intangible assets.

The annual testing for goodwill and intangible asset impairment is currently underway and will be reported on in the 2024 Form 10-K. Fair value determinations used in the annual testing require considerable judgment and are sensitive to changes in underlying assumptions, estimates, and market factors. Estimating the fair value of individual reporting units or indefinite-lived intangible assets requires making assumptions and estimates regarding the Company's future plans, as well as industry, economic, and regulatory conditions. If current expectations of future growth rates and margins are not met, if market factors outside of the Company's control, such as market comparables, rising discount rates, income tax rates, foreign currency exchange rate volatility, or inflation, change, or if management's expectations or plans otherwise change, then one or more of our reporting units or indefinite-lived assets might become impaired in the future.

Forward-looking statements

This Report contains "forward-looking statements" with projections and expectations concerning, among other things, the Company's restructuring programs; the timing, completion and other effects of the Merger; the integration of acquired businesses; our strategy, financial principles, and plans; initiatives, improvements and growth; sales, margins, advertising, promotion, merchandising, brand building, operating profit, and earnings per share; innovation; investments; capital expenditures; asset write-offs and expenditures and costs related to productivity or efficiency initiatives; the impact of accounting changes and significant accounting estimates; our ability to meet interest and debt principal repayment obligations; minimum contractual obligations; future common stock repurchases or debt reduction; effective income tax rate; cash flow and core working capital improvements; interest expense; commodity and energy prices; ESG performance; and employee benefit plan costs and funding. Forward-looking statements include predictions of future results or activities and may contain the words "expect," "believe," "will," "can," "anticipate," "estimate," "project," "should," or words or phrases of similar meaning. For example, forward-looking statements are found in this Item 1 and in several sections of Management's Discussion and Analysis. Our actual results or activities may differ materially from these predictions.

Our future results could be affected by a variety of other factors, including the risk that the Merger may not be completed at all or the occurrence of any event, change, or other circumstances that could give rise to the termination of the Merger Agreement, including circumstances requiring a party to pay the other party a termination fee pursuant to the Merger Agreement; the risk that the conditions to closing of the Merger may not be satisfied or waived; the risk that a governmental or regulatory approval that may be required for the Merger is not obtained or is obtained subject to conditions that are not anticipated; potential litigation relating to, or other unexpected costs resulting from, the Merger; legislative, regulatory, and economic developments; risks that the proposed Merger disrupts the Company's current plans and operations; the risk that certain restrictions during the pendency of the Merger may impact the Company's ability to pursue certain business opportunities or strategic transactions; the diversion of management's time on transaction-related issues; continued availability of capital and financing and rating agency actions; the risk that any announcements relating to the Merger could have adverse effects on the market price of the Company's common stock, credit ratings or operating results; the impact of macroeconomic conditions; business disruptions; consumers' and other stakeholders' perceptions of our brands; the ability to implement restructurings as planned, whether the expected amount of costs associated with restructurings will differ

from forecasts, whether the Company will be able to realize the anticipated benefits from restructurings in the amounts and times expected; the ability to realize the anticipated benefits and synergies from business acquisitions in the amounts and at the times expected; the impact of competitive conditions; the ability to realize the intended benefits of the separation of WK Kellogg Co (the "separation"); the possibility of disruption from the separation, including changes to existing business relationships, disputes, litigation or unanticipated costs; uncertainty of the expected financial performance of the Company following completion of the separation; the effectiveness of pricing, advertising, and promotional programs; the success of innovation, renovation and new product introductions; the success of our Better Days and sustainability programs; the recoverability of the carrying value of goodwill and other intangibles; the success of productivity improvements and business transitions; commodity and energy prices, transportation costs, labor costs, disruptions or inefficiencies in supply chain; the availability of and interest rates on short-term and long-term financing; actual market performance of benefit plan trust investments; the levels of spending on systems initiatives, properties, business opportunities; integration of acquired businesses; other general and administrative costs; changes in consumer behavior and preferences; the effect of U.S. and foreign economic conditions on items such as interest rates; statutory tax rates; currency conversion and availability; legal and regulatory factors including changes in food safety, advertising and labeling laws and regulations, the ultimate impact of product recalls; business disruption or other losses from war, terrorist acts or political unrest; and the risks and uncertainties described in Item 1A below. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to publicly update them.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our Company is exposed to certain market risks, which exist as a part of our ongoing business operations. We use derivative financial and commodity instruments, where appropriate, to manage these risks. Refer to Note 11 within Notes to Consolidated Financial Statements for further information on our derivative financial and commodity instruments.

Refer to disclosures contained within Item 7A of our 2023 Annual Report on Form 10-K. Other than changes noted here, there have been no material changes in the Company's market risk as of September 28, 2024.

Volatile market conditions arising from geopolitical events may result in significant changes in foreign exchange rates, and in particular a weakening of foreign currencies relative to the U.S. dollar may negatively affect the translation of foreign currency denominated earnings to U.S. dollars. Additionally the Company operates in certain emerging markets that may be subject to hyperinflationary economic conditions. Primary currency exposures include the U.S. dollar versus the euro, British pound, Australian dollar, Canadian dollar, Mexican peso, Brazilian real, Nigerian naira, Polish zloty and Egyptian pound, and in the case of inter-subsidary transactions, the British pound versus the euro.

During the second quarter of 2023, the Nigerian government removed certain currency restrictions over the Nigerian naira leading to a significant decline in the exchange rate of the naira to the U.S. dollar on the official market in Nigeria. Exchange rates have declined further since the second quarter of 2023. As a result of this decline in the exchange rate, the U.S. dollar value of the assets, liabilities, expenses and revenues of our Nigerian business in our consolidated financial statements has decreased significantly compared to prior periods. The consolidated assets of our Nigerian business represented approximately 3% of our consolidated assets as of September 28, 2024, compared to 5% as of December 30, 2023. Net sales of our Nigerian business were 5% of our consolidated net sales for the year-to-date period ended September 28, 2024, but could become a smaller percentage of our overall sales if exchange rates decline further from current levels over the remainder of 2024.

In addition to our consolidated Nigerian business, the Company also has an investment in an unconsolidated entity, Tolaram Africa Foods PTE LTD (TAF), that holds an investment in a Nigerian food manufacturer. This investment is accounted for under the equity method of accounting and is evaluated for indicators of other than temporary impairment.

The country of Nigeria has continued to experience elevated inflation rates. While not considered highly inflationary in the current period, if elevated inflation rates persist, Nigeria may be considered a highly inflationary economy for US GAAP purposes in future periods. For financial statements of subsidiaries operating in highly inflationary economies, the U.S. dollar is required to be used as the functional currency. Highly inflationary accounting requires monetary assets and liabilities, such as cash, receivables and payables, to be remeasured into U.S. dollars at the current exchange rate at the end of each period with the impact of any changes in exchange rates being recorded in income. Our Nigerian subsidiaries had a net monetary liability balance of approximately \$70 million as of September 28, 2024. Non-monetary assets and liabilities, such as inventory, property, plant and equipment and

intangible assets are carried forward at their historical dollar cost, which is calculated using the exchange rate at the date which hyperinflationary accounting is implemented.

During the year-to-date period ended September 28, 2024, we settled certain U.S. Dollar forward starting interest rate swaps with notional amounts totaling approximately \$300 million, resulting in a realized gain of approximately \$11 million. These forward starting interest rate swaps were accounted for as cash flow hedges and the related gain was recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the fixed rate U.S. Dollar debt.

During the year-to-date period ended September 28, 2024, we settled certain euro forward starting interest rate swaps with notional amounts totaling approximately €250 million, resulting in a realized loss of approximately €5 million. These forward starting interest rate swaps were accounted for as cash flow hedges and the related gain was recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the fixed rate Euro debt.

During the year-to-date period ended September 28, 2024, interest rate swaps with notional amounts totaling €600 million that were previously designated as fair value hedges for certain Euro debt matured.

We have interest rate contracts with notional amounts totaling \$1.1 billion representing a net settlement obligation of \$34 million as of September 28, 2024. We had interest rate contracts with notional amounts totaling \$2.3 billion representing a net settlement obligation of \$93 million as of December 30, 2023.

During year-to-date period ended September 28, 2024, we settled cross currency swaps with notional amounts totaling approximately €700 million, resulting in a net realized loss of approximately \$7 million. These cross currency swaps were accounted for as net investment hedges and the related loss was recorded in accumulated other comprehensive income. During the year-to-date period ended September 28, 2024, we also entered into cross currency swaps with notional amounts totaling approximately €1.1 billion, as hedges against foreign currency volatility associated with our net investment in our wholly-owned foreign subsidiaries. These swaps were designated as net investment hedges. We have cross currency swaps with notional amounts totaling \$2.2 billion outstanding as of September 28, 2024 representing a net settlement obligation of \$34 million. The total notional amount of cross currency swaps outstanding as of December 30, 2023 was \$1.7 billion representing a net settlement obligation of \$16 million.

Our Company is exposed to price fluctuations primarily as a result of anticipated purchases of raw and packaging materials, fuel, and energy. Primary exposures include corn, wheat, potato flakes, soybean oil, sugar, cocoa, cartonboard, natural gas, and diesel fuel. We have historically used the combination of long-term contracts with suppliers, and exchange-traded futures and option contracts to reduce price fluctuations in a desired percentage of forecasted raw material purchases over a duration of generally less than 18 months.

Geopolitical instability, including wars and conflicts (including conflicts in Ukraine and the Middle East), actual and potential shifts in U.S. and foreign, trade, economic and other policies as well as other global events, have resulted in certain impacts to the global economy, including market disruptions, supply chain challenges, and inflationary pressures. During the year-to-date period ended September 28, 2024, we have experienced moderating supply chain cost inflation, including procurement and manufacturing costs, and last year's supply chain challenges have eased. For input costs specifically, we expect only slight inflation for the full year, which we intend to offset with productivity initiatives and, in certain markets with greater inflation, such as Nigeria, revenue growth management actions. We continue to mitigate the dollar impact of this input cost inflation through the execution of productivity initiatives and revenue growth management actions. We continue to expect input cost inflation to be flat during 2024.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer as appropriate, to allow timely decisions regarding required disclosure under Rules 13a-15(e) and 15d-15(e). Disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, rather than absolute, assurance of achieving the desired control objectives.

As of September 28, 2024, we carried out an evaluation under the supervision and with the participation of our chief executive officer and our chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures.

Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

During the quarter ended September 28, 2024, we implemented an enterprise resource planning (ERP) system at one of our business units in our AMEA reportable segment. Consequently, the control environment for this business unit has been modified to incorporate the controls contained within the new ERP system. Except for the foregoing, no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the quarter ended September 28, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Kellanova (formerly known as Kellogg Company)

PART II — OTHER INFORMATION

Item 1A. Risk Factors

Except as set forth below, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended December 30, 2023. The risk factors disclosed under those Reports in addition to the other information set forth in this Report, could materially affect our business, financial condition, or results. Additional risks and uncertainties not currently known to us or that we deem to be immaterial could also materially adversely affect our business, financial condition, or results.

We may not complete the proposed Merger within the time frame we anticipate or at all, which could have an adverse effect on our business, financial results and/or operations.

On August 13, 2024, the Company entered into the Merger Agreement with Acquiror, Merger Sub and, solely for the limited purposes set forth therein, Mars, pursuant to which Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Acquiror. Completion of the Merger is subject to a number of closing conditions, including obtaining approval of our shareowners at the special meeting of our shareowners to be held on November 1, 2024, and the receipt of required regulatory approvals. The failure to satisfy these closing conditions could jeopardize or delay the consummation of the Merger. The parties to the Merger Agreement may not receive the necessary approvals for the transaction or receive them within the expected timeframe. In addition, the Merger may fail to close for other reasons.

Each party's obligation to consummate the Merger is also subject to the accuracy of the representations and warranties of the other party (subject to certain materiality qualifications) and the performance in all material respects of the other party's covenants under the Merger Agreement, including, with respect to us, covenants regarding operation of our business prior to closing. In addition, the Merger Agreement may be terminated under certain specified circumstances. Certain conditions to the completion of the pending Merger are not within our or Mars' control, and we cannot predict when or if these conditions will be satisfied (or waived, as applicable). As a result, we cannot assure you that the Merger will be completed, or that, if completed, it will be exactly on the terms set forth in the Merger Agreement or within the expected time frame. Refer to Note 1 Accounting Policies – Proposed Merger to our Consolidated Financial Statements located in Item 1 of Part 1 of this Report, for further information.

If the Merger is not completed within the expected time frame or at all, we may be subject to a number of material risks. The price of our common stock may decline to the extent that current market prices reflect a market assumption that the Merger will be completed. We could be required to pay Acquiror a termination fee if the Merger Agreement is terminated under specific circumstances described in the Merger Agreement. The failure to complete the Merger may result in negative publicity and negatively affect our relationship with our shareowners, employees, customers and suppliers. We may also be required to devote significant time and resources to litigation related to any failure to complete the Merger or related to any enforcement proceeding commenced against us to perform our obligations under the Merger Agreement.

In addition to any other remedy that may be available to any of the parties, including monetary damages, each of Kellanova, Acquiror and Merger Sub is generally entitled to an injunction or injunctions to prevent breaches of the Merger Agreement and to enforce specifically the terms and provisions of the Merger Agreement. We cannot assure you that a remedy will be available to us in the event of such a breach or that the damages we incur in connection with such breach will not exceed the amount of the reverse termination fee.

Uncertainties associated with the Merger could adversely affect our business, results of operations and financial condition.

The announcement and pendency of the Merger, as well as any delays in the expected timeframe, could cause disruption in our business and create uncertainties, which could have an adverse effect on our business, results of operations and financial condition, regardless of whether the Merger is completed. These risks and uncertainties include, but are not limited to:

- the possibility that our relationship with suppliers, customers and employees could be adversely affected, including if our suppliers, customers or others attempt to negotiate changes in existing business relationships, consider entering into business relationships with parties other than us, delay or defer decisions concerning their business with us, or terminate their existing business relationships with us during the pendency of the Merger;

- uncertainties caused by any negative sentiment in the marketplace with respect to the Merger, which could adversely impact investor confidence in the Company;
- a diversion of a significant amount of management time and resources toward the completion of the Merger;
- a distraction of our current employees as a result of the Merger, which could result in a decline in their productivity or cause distractions in the workplace;
- being subject to certain restrictions on the conduct of our business;
- possibly foregoing certain business opportunities that we might otherwise pursue absent the pending Merger;
- difficulties in attracting and retaining key employees due to uncertainties related to the Merger;
- impact of costs related to completion of the Merger, including any costs related to obtaining regulatory approvals; and
- other developments beyond our control, including, but not limited to, changes in domestic or global economic conditions that may affect the timing or success of the Merger.

The adverse effects of the pendency of the Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement.

Completion of the Merger is conditioned on, among other things, the receipt of certain regulatory approvals, which may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that cannot be met, and if these approvals are not received or waived (as applicable), the Merger will not be completed.

Various consents, clearances, approvals, authorizations and declarations of non-objection, or expiration of waiting periods (or extensions thereof), from certain regulatory and governmental authorities in the U.S., the European Union and certain other jurisdictions are conditions to completing the Merger.

In deciding whether to grant the required regulatory approvals, the relevant governmental authorities will consider, among other things, the effect of the proposed transaction with Mars on competition and national security or other national or other public interests within their relevant jurisdictions. Regulatory and governmental authorities may impose conditions on their respective approvals, in which case lengthy negotiations may ensue among such regulatory or governmental authorities, Mars and us. Such conditions, any such negotiations and the process of obtaining such regulatory approvals, consents or clearances could have the effect of delaying or preventing the consummation of the Merger.

Subject to the terms of the Merger Agreement, we have agreed to use our reasonable best efforts to promptly take all actions and to do, or cause to be done, all things necessary, proper or advisable pursuant to the Merger Agreement or applicable laws to obtain all required regulatory approvals. There can be no assurance that all required approvals will be obtained, and, if all required approvals are obtained (or waived, if applicable), we can provide no assurance as to the terms, conditions and timing of such approvals or that the pending Merger will be completed in a timely manner or at all. Even if regulatory approvals are obtained, it is possible conditions will be imposed that could result in a material delay in, or the abandonment of, the pending Merger or otherwise have an adverse effect on us.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities, including, among other things, restrictions on our ability to acquire other businesses and assets, dispose of our assets, make investments, enter into certain contracts, repurchase or issue securities, pay dividends (subject to limited exceptions, including payment of regular quarterly cash dividends), make capital expenditures, take certain actions relating to intellectual property, amend our organizational documents and incur indebtedness. These restrictions could prevent us from pursuing strategic business opportunities, taking actions with respect to our business that we may consider advantageous and responding effectively and/or timely to competitive pressures and industry developments, and may as a result materially adversely affect our business, results of operations and financial condition.

Failure to complete the Merger could adversely affect our business and the market price of our shares of common stock.

The closing of the Merger may not occur on the expected timeline or at all. The Merger Agreement contains certain termination rights for us and Acquiror, including (i) by either the Company or Acquiror if the Merger is not consummated on or before August 13, 2025 (which date may be automatically extended in certain circumstances pursuant to the terms of the Merger Agreement), (ii) if the other party breaches or fails to perform any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform would result in a failure of a condition precedent to consummation of the Merger and cannot be

cured or, if capable of being cured, has not been cured within a specified timeframe or (iii) if any order or law has been entered adopted or become effective that temporarily or permanently prohibits, enjoins or makes illegal the consummation of the Merger. If the Merger Agreement is terminated and the Merger is not consummated, the price of our common stock may decline, we may experience negative reactions from the financial markets, including negative stock price impacts or we may experience negative reactions from our business partners and you may not recover your investment or receive a price for your shares similar to what has been offered pursuant to the Merger.

In certain instances, the Merger Agreement requires us to pay a termination fee to Acquiror, which could affect the decisions of a third party considering making an alternative acquisition proposal.

Under the terms of the Merger Agreement, we may be required to pay Acquiror a termination fee of \$800 million under specified conditions. This payment could affect the structure, pricing and terms proposed by a third party seeking to acquire or merge with us and could discourage a third party from making a competing acquisition proposal, including a proposal that would be more favorable to our shareowners than the Merger.

If the Company is required to pay this termination fee, such fee, together with costs incurred to execute the Merger Agreement and pursue the Merger, could have a material adverse effect on the Company's financial condition and results of operations.

The Merger Agreement contains provisions that limit our ability to pursue alternatives to the Merger.

Under the Merger Agreement, we are restricted from soliciting, initiating, knowingly encouraging or knowingly facilitating any inquiries regarding, or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, a Company Takeover Proposal (as defined in the Merger Agreement). These provisions could discourage a third party that may have an interest in acquiring all or a significant part of our business from considering or proposing an acquisition, even if such third party were prepared to pay consideration with a higher value than the value of the consideration provided for in the Merger Agreement.

We have incurred, and will continue to incur, direct and indirect costs as a result of the Merger.

We have incurred, and will continue to incur, significant costs and expenses, including fees for professional services and other transaction costs, in connection with the Merger. We must pay substantially all of these costs and expenses whether or not the Merger is completed. There are a number of factors beyond our control that could affect the total amount or the timing of these costs and expenses.

We and our directors may be subject to litigation challenging the Merger, and an unfavorable judgment or ruling in any such lawsuits could prevent or delay the consummation of the Merger and/or result in substantial costs.

In connection with the Merger, two complaints have been filed as individual actions in the Supreme Court of the State of New York, County of New York and are captioned Dan Smith v. Kellanova, et. al., Index No. 655390/2024 (filed October 11, 2024) (the "Smith Complaint") and Steve Taylor v. Kellanova, et. al., Index No. 655412/2024 (filed October 11, 2024) (the "Taylor Complaint" and, together with the Smith Complaint, the "New York Complaints"). One complaint has been filed as an individual action in the Circuit Court of Cook County, Illinois, County Department, Chancery Division and is captioned Dana L. Crosby v. Stephanie Burns, et. al., Case No. 2024CH09367 (filed October 9, 2024) (the "Crosby Complaint", and, together with the New York Complaints, the "Merger Actions").

The Merger Actions generally allege that the Definitive Proxy Statement misrepresents and/or omits certain purportedly material information relating to the Company's financial projections, the analyses performed by the financial advisors and certain conflict-related information, which the Merger Actions allege are critical to evaluating the Merger. The Crosby Complaint alleges that the Company and its directors breached their duty of disclosure under Delaware law. The Crosby Complaint also asserts a breach of fiduciary duties claim against the members of the Company's board of directors (collectively, the "Director Defendants") under Delaware law related to the adequacy of the Merger process and the agreed-upon sale price. The New York Complaints assert claims of negligent misrepresentation and concealment against the Company and all Director Defendants in violation of New York common law and negligence against the Company and all Director Defendants in violation of New York common law, both with respect to the alleged misrepresentations and/or omissions in the Definitive Proxy Statement. The Merger Actions seek, among other things, an injunction enjoining the consummation of the Merger unless and until certain additional information is disclosed, or its rescinding or actual and punitive damages, and fees and expenses, including reasonable attorneys' and experts' fees and expenses, and other relief the court may deem just and proper.

The plaintiff who filed the Crosby Complaint moved to dismiss her claims with prejudice on October 22, 2024, following and in connection with additional disclosures the Company made in its Current Report on Form 8-K filed with the SEC on October 21, 2024.

Additionally, the Company has received demand letters from purported shareowners of the Company seeking additional disclosures in the preliminary proxy statement and definitive proxy statement that the Company filed with the SEC on September 11, 2024 and September 26, 2024, respectively (collectively, the "Demand Letters").

The Company believes the claims asserted in the Merger Actions and Demand Letters are without merit but cannot predict the outcome of any such claims. Additional lawsuits and demand letters arising out of the Merger may also be filed or received in the future. The outcome of any such demands and complaints and any litigation ensuing from such demands and complaints cannot be assured, including the amount of fees and costs associated with defending these claims or any other liabilities that may be incurred in connection therewith. Whether or not any plaintiff's claim is successful, this type of litigation can result in significant costs and divert our attention and resources from the Merger and ongoing business activities, which could adversely affect our operations. In addition, if dismissals are not obtained or a settlement is not reached, these lawsuits could prevent or delay completion of the Merger.

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

In December 2022, the Board of Directors approved an authorization to repurchase up to \$1.5 billion of the Company's common stock through December 2025. This authorization is intended to allow the Company to repurchase shares for general corporate purposes and to offset issuances for employee benefit programs.

The following table provides information with respect to purchases of common shares under programs authorized by our Board of Directors during the quarter ended September 28, 2024.

(c) Issuer Purchases of Equity Securities

(millions, except per share data)

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) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Month #1:				
6/30/2024 - 7/27/2024	—	\$ —	—	\$ 1,330
Month #2:				
7/28/2024 - 8/24/2024	—	\$ —	—	\$ 1,330
Month #3:				
8/25/2024 - 9/28/2024	—	\$ —	—	\$ 1,330
Total	—		—	

Item 5. Other Information

None .

Item 6. Exhibits

(a) Exhibits:

2.1	Agreement and Plan of Merger, dated as of August 13, 2024, by and among Kellanova, Acquiror 10VB8, LLC and Merger Sub 10VB8, LLC and, solely for the limited purpose specified therein, Mars, Incorporated*
10.1	Amended and Restated Kellanova Severance Benefit Plan dated October 1, 2024**
10.2	Amendment to the Kellanova 2002 Employee Stock Purchase Plan dated July 31, 2024**
99.1	Voting Agreement, dated as of August 13, 2024, by and among W.K. Kellogg Foundation Trust and Acquiror 10VB8, LLC†
99.2	Voting Agreement, dated as of August 13, 2024, by and among the Zachary Gund Entities and Acquiror 10VB8, LLC
99.3	Voting Agreement, dated as of August 13, 2024, by and among the Gund Trusts and Acquiror 10VB8, LLC†
31.1	Rule 13a-14(e)/15d-14(a) Certification from Steven A. Cahillane
31.2	Rule 13a-14(e)/15d-14(a) Certification from Amit Banati
32.1	Section 1350 Certification from Steven A. Cahillane
32.2	Section 1350 Certification from Amit Banati
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules and exhibits upon request by the SEC.

**A management contract or compensatory plan required to be filed with this Report.

† Certain exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted exhibits upon request by the SEC.

KELLANOVA

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.

KELLANOVA

/s/ Amit Banati

Amit Banati

Principal Financial Officer;

Vice Chairman and Chief Financial Officer

/s/ Kurt Forche

Kurt Forche

Principal Accounting Officer;

Vice President and Corporate Controller

Date: October 31, 2024

Kellanova

EXHIBIT INDEX

Exhibit No.	Description	Electronic (E) Paper (P) Incorp. By Ref. (IBRF)
2.1	Agreement and Plan of Merger, dated as of August 13, 2024, by and among Kellanova, Acquiror 10VB8, LLC and Merger Sub 10VB8, LLC and, solely for the limited purpose specified therein, Mars, Incorporated*	IBRF
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**A management contract or compensatory plan required to be filed with this Report.

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AMENDED AND RESTATED KELLANOVA SEVERANCE BENEFIT PLAN

INTRODUCTION

Kellanova (or, the “Company”) established the Kellanova Severance Benefit Plan (the “Plan”) to ease the financial burden on eligible terminated Employees as a result of sudden job loss. The Plan is designed to apply in situations where:

- (a) Kellanova or any of its Affiliates (as defined below) terminates the employment of an eligible Employee due to:
 - 1. A reduction in the work force;
 - 2. The relocation of a Company facility or component within a Company facility;
 - 3. The closing or sale of a Company facility;
 - 4. Lack of work;
 - 5. Elimination of the Employee’s position; or
 - 6. Any other reason approved in the sole discretion of the Kellanova ERISA Administrative Committee (the “Committee”); or
- (b) An eligible Employee resigns for Good Reason (as defined herein) or refuses to accept an offer of alternative employment (whether made by the Company or a buyer in a sale or divestiture by the Company) that would trigger a right for the Employee to resign for Good Reason. A termination for one of the events described in (a) and (b) above is referred to herein as an “Eligible Termination.”

For purposes of clarity and to avoid confusion, the spin-off of the Company’s North American cereal business to WK Kellogg Co (sometimes referred to as “WKKC”) is not an Eligible Termination, including individuals who transfer from Kellanova to WKKC after the date of the spin-off.

This document sets forth the terms of the Plan that originally became effective as of August 1, 2024, as further amended and restated as of October 1, 2024 (the “Amendment Effective Date”), and, except as provided herein, supersedes and replaces all prior severance, workforce reduction or similar policies or programs that may have been applicable to eligible Employees of Kellanova or any of its Affiliates in effect before that date. Notwithstanding the foregoing, the terms of the Plan in effect before the Amendment Effective Date shall continue to apply for Employees who were informed by the Company of their termination of employment and related benefits under the Plan in effect on or before the day immediately preceding the Amendment Effective Date.

For purposes of the Plan, (a) “Affiliates” means any subsidiary of which Kellanova owns, directly or indirectly, at least 80% of the voting equity; provided, however, that the Committee may, from time to time in its sole discretion, exclude certain Affiliates from participation in the Plan. WKKC and its directly owned subsidiaries are specifically excluded from the Plan; and (b) “Company” means Kellanova together with its Affiliates that participate in the Plan.

The Plan is intended to constitute an “employee welfare benefit plan” as that term is defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

It shall be administered and interpreted in all respects consistent with this intent. This document constitutes the summary plan description and plan document for the Plan.

PARTICIPATION IN THE PLAN

Eligible Employees

Each regular non-union U.S. Employee (including non-union production Employees) who works on a "full-time" or "part-time" basis for Kellanova or any of its Affiliates that participate in the Plan (an "Employee," and the entity which employs an Employee is the Employee's "Employer") may be eligible for severance benefits under the Plan if the Employee satisfies all of the conditions set forth in the Plan.

For purposes of Plan eligibility, "full-time basis" means the Employee is actively employed by the Company and is classified as "full-time" based on the Employer's definition of full-time. In circumstances where a full-time Employee's normal work schedule has been reduced to accommodate the Employee's bona fide health condition or disability, the Employee will be considered to be employed on a "full-time basis" for purposes of Plan eligibility.

For purposes of Plan eligibility, "part-time basis" means the Employee is actively employed by the Company to work on a part-time basis (minimum 20 hours per week) and not on a temporary or summer-only basis (e.g., co-op students, on-call special projects).

Each Employee who works on a full-time or part-time basis must be specifically designated as such by the Employee's Employer to be eligible for severance benefits under the Plan. Only common-law Employees who are paid from the regular payroll of the Company are eligible for benefits from the Plan.

An Employee on an approved leave of absence at the time of a Company-initiated action that would otherwise result in the Eligible Termination of his or her employment will be considered for severance benefits under the Plan at the conclusion of the approved leave. At such time, the individual must meet all of the necessary prerequisites to return to active employment under the terms of the approved leave and must also satisfy the eligibility requirements of the Plan in order to be eligible to receive severance benefits.

Excluded Employees

The following individuals are specifically excluded from eligibility under the Plan:

1. Employees whose terms and conditions of employment are governed by a collective bargaining agreement;
2. Individuals who, as of the date of their employment termination, are receiving benefits under a Company-sponsored long term disability program or disability retirement benefits under any Company-sponsored retirement plan;
3. Temporary employees who have not been designated by the Company as regular full-time or part-time Employees;

4. Any individuals who have signed an agreement, or otherwise agreed, to provide services to the Company as an independent contractor;
5. Leased employees compensated through a leasing entity;
6. Any individual who has contractually waived, directly or indirectly, his or her rights to receive benefits under the Plan;
7. Any Employees who are on probationary status;
8. Any Employee of WKKC or any of its directly owned subsidiaries;
9. Any Employee who is designated as a Part-Time Merchandiser; and
10. Any Employee who is designated as a Perimeter Display Specialist.

Termination of Participation

Except as specifically provided elsewhere in this document, an Employee's eligibility for severance benefits under the Plan will cease on the date the Employee terminates employment with the Company.

Conditions for Severance Benefits

Subject to the provisions set forth above, an eligible Employee may receive severance benefits if he or she meets all of the following conditions:

1. The eligible Employee's employment with the Company ends in an Eligible Termination. Notwithstanding anything to the contrary in this Plan, an Eligible Termination will not exist if the eligible Employee is terminated for any of the reasons listed under the "Employees Not Eligible to Receive Severance Benefits" section of this document;
2. The Employee properly executes and submits to the Company a severance agreement which includes a form of release of claims (a "Severance Agreement and Release of Claims") which is presented to him or her by the Company, within the time period specified, and does not thereafter revoke the Severance Agreement and Release of Claims. For all Employees at Level 6 and above and for Employees below Level 6 who have access to Company confidential information, including but not limited to, trade secrets, customer information, or other confidential or proprietary information, the Severance Agreement and Release of Claims shall include a covenant not to compete that contains a time limit, geographic limitations, and limitations on the activities in which the Employee can engage, as determined by the Company commensurate with the Employee's job duties and responsibilities during the 12-month period preceding the Employee's last day of active employment and considering, among other factors, the Employee's access to Company confidential information, including but not limited to, trade secrets, customer information and other confidential or proprietary information. The Severance Agreement and Release of Claims shall also contain covenants not to solicit

the Company's employees or customers or disparage the Company and other covenants and representations as determined by the Company in its sole discretion;

3. The Employee remains an active Employee of the Company until the ultimate date established by the Company as the Employee's termination of employment, unless the termination is due to a resignation by the eligible Employee for Good Reason;
4. As requested by the Company, the Employee assists with the transition of his or her job duties and responsibilities to one or more individuals (which assistance may include the participation in telephonic or in-person conferences from time to time, after the Employee's termination of employment);
5. The Employee complies with all policies and procedures of the Company (including policies related to the protection of confidential information and the return of Company property) through the date of the Employee's termination of employment with the Company, including through the payment date of any severance benefit; and
6. The Employee assigns to the Company any patent applications filed during the Employee's employment with the Company on a form acceptable to the Company.

Severance payments under the Plan are extra compensation to eligible Employees, not compensation that the Company is required to pay outside of the Plan. Therefore, a severance payment will be provided as consideration for the Employee's execution of and compliance with the Severance Agreement and Release of Claims and any other agreement with the Company, and for the Employee's cooperation in the Company's transition efforts as described in item 4 above.

Employees Not Eligible to Receive Severance Benefits

The following individuals are not eligible to receive severance benefits under the Plan:

1. An Employee who refuses to accept an offer of alternative employment from the Company that would not trigger a right for the Employee to resign for Good Reason;
2. An Employee who accepts any offer of alternative employment with the Company (including a corporate relocation assignment) that does not trigger a right for the Employee to resign for Good Reason;
3. An Employee involved in the following activities: theft of Company property, workplace violence or intentional falsification of Company records;
4. An Employee whose employment is terminated for "cause," as determined in the sole discretion of the Committee. For purposes of the Plan, "cause" means the Employee's employment with the Company is terminated because of (a) the Employee's willful engagement in conduct relating to the Employee's employment with the Company for which either criminal or civil penalties may be sought; (b) the Employee's deliberate disregard of any Company policy, including the Company's insider trading policy, or the Company's code of conduct; (c) the Employee's acceptance of employment with or

service as a consultant or advisor to an entity or person that is in competition with or acting against the interests of the Company; (d) the Employee's disclosure or misuse of confidential information or material concerning the Company; (e) the Employee's willful engagement in gross misconduct pursuant to which the Company has suffered a loss; or (f) the Employee's willful and continued refusal to substantially perform the Employee's then current duties at the Company in any material respect.

5. Unless otherwise provided in an agreement relating to the Employee's termination from the Company, in the case of a sale or divestiture by the Company (including, but not limited to, the sale or divestiture of a Company facility or business), an Employee who is offered employment by the buyer that does not trigger a right for the Employee to resign for Good Reason;
6. An Employee who voluntarily terminates employment without Good Reason or retires;
7. An individual who enters into a consultative arrangement with the Company which provides for compensation during the consulting period;
8. An Employee who is a Senior Executive who incurs an involuntary termination of employment in connection with a change in control of Kellanova or any Affiliate, as determined by the Committee; and
9. An Employee deemed ineligible for any other reason in the Committee's sole discretion.

For purposes of the Plan, Good Reason means the occurrence of one or more of the following events without an eligible Employee's consent, unless such event is fully corrected by the Company within 30 days following the Company's receipt of written notification from the Employee of the occurrence of any of the following events (which notice must be provided to the Company within 30 days following the applicable event) and provided that the Employee actually terminates his or her employment with the Company after the Company's failure to fully correct such occurrence after the Company's aforementioned 30-day cure period: (i) a reduction in the Employee's base salary or hourly wage rate; or (ii) a mandatory relocation of the geographic location of the Employee's principal place of employment by more than 50 miles that is implemented by the Company. In addition, an offer of employment with WKKC or any of its Affiliates in connection with the spin-off of Kellanova's North American cereal business to WKKC, whether before or after the spin-off, will not constitute Good Reason.

HOW THE PLAN WORKS

Nature of Severance Payments

An eligible Employee will be entitled to receive a lump-sum severance payment in accordance with the then-current payroll practice in the same manner (such as by direct deposit) as he or she had previously received base pay or base salary. The severance payment will be made as of the first payroll period following the expiration of the revocation period (or as soon as administratively feasible thereafter) for the Employee's executed Severance Agreement and Release of Claims (or as soon as administratively feasible thereafter); in the event that the period for execution of the Severance Agreement and Release of Claims spans two calendar years,

payment of the severance payment will be made in the second calendar year. The severance payment will not be considered "compensation" or otherwise included for benefit calculation purposes under any retirement plan of the Company.

Forfeiture/Clawback/Return of Benefits

If the Company determines that an Employee or former Employee has breached any term contained in the Employee's Severance Agreement and Release of Claims or in any other agreement with the Company, the Employee shall forfeit any then-unpaid portion of the Employee's severance benefits hereunder and will be required to repay to the Company any severance benefits previously paid to such Employee or former Employee. Such amount to be repaid shall be immediately due and payable without notice and the Employee or former Employee shall be liable for all expenses, including costs and attorney fees, incurred by the Company in connection with recovery of amounts due to the Company as a result of such breach. The Company may offset the amount of such severance benefits to be repaid from sums otherwise due to the Employee (such as any non-qualified retirement plan payments).

AMOUNT OF SEVERANCE PAY

The total lump-sum payment amount of an eligible Employee's severance payment will be based on the Employee's current pay grade and weeks of pay determined by years of Service as of the Employee's termination of employment, as set forth below, but reduced by the number of weeks of severance pay the Employee previously received under any prior version of the Plan (or any other similar plan maintained by the Company or any Affiliate), if any:

1. **Level 1 - 3:** One Week of Pay for each year of Service (subject to a minimum of six weeks and a maximum of 26 weeks).¹
2. **Level 4 - 5:** 1.5 Weeks of Pay for each year of Service (subject to a minimum of 16 weeks and a maximum of 39 weeks).
3. **Level 6+:** two Weeks of Pay for each year of Service (subject to a minimum of 26 weeks and a maximum of 52 weeks).
4. **Senior Executives and Chief Executive Officer:** Two years (104 Weeks) of Pay, provided that the actual Plan benefit of the Chief Executive Officer and each Senior Executive including, but not limited to, the amount of severance pay, and the terms and conditions for receipt of the benefit is subject to the review and approval of the Compensation and Talent Management Committee of the Company's Board of Directors.

An eligible Employee may receive severance benefits in addition to those described in this document only with the written approval of the Company's Chief Human Resources Officer and the Company's Chief Legal Officer.

¹ Level 1-3 includes all non-union hourly employees who have not otherwise been specifically designated a level.

Offsets

Nothing in this Plan shall be construed to provide separation pay or benefits that are duplicative of any separation pay, including the payment of salary-based guaranteed compensation, or benefits provided to a Participant pursuant to any Other Severance Arrangement. If an eligible Employee transferred to the U.S. from a foreign Affiliate, the severance payment provided under the Plan shall be reduced (but not below the minimum benefit for the Employee's pay grade at the time of the Employee's termination of employment) by the amount of any severance or separation pay and benefits and/or salary-based guaranteed compensation payments the Employee previously received under the terms of any Other Severance Arrangement as a result of the Employee's transfer to the U.S. In addition, the severance payment provided under the Plan shall be reduced (but not below zero) by the amount of any severance or separation pay and benefits and/or salary-based guaranteed compensation payments provided for as of the Employee's termination of employment under the terms of any Other Severance Arrangement.

Definitions

For purposes of calculating the severance pay set forth above, the following definitions will apply:

Week of Pay

A Week of Pay for exempt and nonexempt Employees is defined as follows:

1. Exempt Employees:

Current bi-weekly base salary (or average of prior 26 bi-weekly equivalents for commissioned Employees or commission plus base) x 26 (pay periods per year) divided by 52 (weeks).

Base salary shall include employee contributions to a Company-sponsored 401(k) plan and nonqualified plans, and contributions to a health savings account or a health care or dependent care spending account under any Company-sponsored flexible benefit plan.

2. Nonexempt Employees:

The current hourly base rate (or the equivalent hourly rate in the case of salaried Employees) multiplied by the normally scheduled number of work hours per week or 40 hours, whichever is less.

If a nonexempt Employee is paid at more than one hourly rate, the "current hourly base rate" is determined by calculating a weighted average of all hourly rates on which the Employee's earnings were based for the 30-day period immediately preceding the effective date of the termination.

Service

Service is all years and months of service credited to the Employee from the Employee's most recent hire date and while employed on a full-time or part-time basis, by the Company or any of its Affiliates that participate in the Plan, as those terms are defined in the "Eligible Employees" section.

Senior Executive

A Senior Executive is an Employee who is a direct report to Chief Executive Officer or an Employee who has been expressly designated in writing as a Senior Executive for purposes of the Plan by the Compensation & Talent Management Committee.

Other Severance Arrangement

An Other Severance Arrangement is (i) any written employment, severance, consulting or similar agreement (including an offer letter) to which the applicable Participant and the Company are party (other than the Plan); (ii) any other severance plan, policy or arrangement in which the Participant participates, including any change in control policy that covers the Participant; (iii) any statutory severance scheme applicable to the Participant, including, without limitation, the Worker Adjustment and Retraining Notification Act of 1988; and (iv) any similar state or local statute to the extent not preempted by ERISA. For clarity, the Company's qualified and non-qualified retirement plans are not considered Severance Arrangements for purposes of this paragraph and amounts payable under this Plan shall not be reduced as a result of amounts payable under such qualified and non-qualified retirement plans.

VACATION PAY, ACCRUED BONUS AND STOCK OPTIONS

No additional vacation days or PTO will accrue after the Employee's severance date. The Employee will be entitled to receive any accrued but unused vacation/PTO pay as of the Employee's severance date per the vacation/PTO policy. Vacation pay/PTO cannot be used to extend an Employee's employment beyond the ultimate date established by the Company as the date of the Employee's termination of employment.

An Employee may be eligible, at the Company's sole discretion, to receive an AIP bonus for the year in which the Employee's severance date occurs, prorated for the number of calendar days in the year before the date of Employee's termination of employment. No bonus accrual is possible after an Employee's termination of employment. Any bonus paid to an Employee who has received a severance payment under the Plan will be calculated according to the terms of the AIP. Any bonus awarded to the Employee will be paid in the month of March following the year in which termination of employment occurred.

The treatment of any eligible Employee's stock options, restricted stock awards, restricted stock unit awards, performance stock unit awards will be governed by the terms and conditions of those awards as provided by the applicable plan documents.

Employees who have received severance payments under this Plan are not considered eligible for new awards with respect to stock options, restricted stock awards, restricted stock unit awards, or performance stock unit awards.

BENEFITS

Health Insurance

An Employee who has received a severance payment will no longer be eligible for medical, dental, prescription drug and vision coverage, effective as of the date of termination of employment. Such Employees and their eligible dependents, can continue their coverage in these benefits under the federal law known as "COBRA." The Employee and any eligible dependents will only be required to pay the monthly premium or contribution rate for the coverage applicable to "active" Employees during the number of weeks immediately following the Employee's termination of employment that corresponds to weeks of pay used for determining the amount of the Employee's severance payment (not to exceed 18 months). No employer contribution to a health savings account will be made for an Employee following the Employee's termination of employment. Employees will be eligible for Employee Assistance Program ("EAP") services during the number of weeks immediately following the Employee's termination of employment that corresponds with the weeks of pay used for determining the amount of the Employee's severance payment (not to exceed 18 months), to the extent those services are provided by the Employer and otherwise in accordance with the terms of the relevant EAP plan.

Life Insurance and Voluntary Programs

Employee may be eligible to continue basic and supplemental life insurance benefits following his or her termination of employment by purchasing an individual conversion policy, subject to the terms of the applicable policy. Employees should contact the insurance carrier for information regarding individual conversion policies.

Disability Benefits

Coverage under the Company's disability programs ends as of the Employee's termination of employment. However, if an eligible Employee incurred a disability, as defined under the short-term disability program that applies to the Employee, before the Employee's termination of employment and qualifies for benefits under that short-term disability program, the Employee may receive benefits pursuant to the terms of that program.

In addition, if an eligible Employee incurred a disability, as defined under the long-term disability program that applies to the Employee, before the Employee's termination of employment and later qualifies for benefits under that long-term disability program, the former Employee may receive benefits pursuant to the terms of that program as long as the former Employee remains disabled under the terms of that program.

Financial Planning Services

Employer-provided financial planning services will end as of the Employee's termination of employment; however, if the Employee was eligible for those services prior termination of employment, tax preparation benefits will extend throughout the calendar year in which the termination of employment occurred.

Tuition Reimbursement

Under the Kellanova tuition reimbursement program, an Employee will be eligible for reimbursement for eligible courses that started prior to the Employee's termination of employment up to the maximum allowed under the program and otherwise in accordance with the terms of the program.

Other Benefits

Unless otherwise provided in this document or with the written approval of the Company's Chief Human Resources Officer and Chief Legal Officer, all other coverage in policies, programs, plans and perquisites will end as of the Employee's termination of employment.

ACTIVE PLACEMENT ASSISTANCE

Active placement assistance will be provided to an eligible Employee. The duration of such assistance is based upon the Employee's then-current pay grade, as of the date of the Employee's termination of employment, as set forth below:

1. **Level 1 - 2:** one month of active placement assistance.²
2. **Level 3:** three months of active placement assistance.
3. **Level 4 - 5:** six months of active placement assistance.
4. **Level 6+:** nine months of active placement assistance.
5. **Senior Executives and Chief Executive Officer:** 12 months of active placement assistance.

² Level 1-2 includes all non-union hourly employees who have not otherwise been specifically designated a level.

SEVERANCE BENEFITS CONTINGENT UPON UNREVOKED SEVERANCE AGREEMENT AND RELEASE OF CLAIMS

Before the payment of severance, an eligible Employee will be given the Severance Agreement and Release of Claims that is described in the section above called "Conditions for Severance Benefits." The Employee will be informed of the deadline for signing and returning the Severance Agreement and Release of Claims to the Company and of any applicable revocation period.

The entitlement to any severance payment under this Plan is contingent upon the Employee's submission of an executed and unrevoked Severance Agreement and Release of Claims. Therefore, if an Employee fails to submit a signed Severance Agreement and Release of Claims to the Company, or submits a signed Severance Agreement and Release of Claims but later revokes it within the revocation period, no severance payment will be paid to the Employee.

Other Obligations

Any obligations or duties of an eligible Employee pursuant to any other agreement with the Company will be governed solely by the terms of that agreement and will not be affected by the terms of the Plan.

GENERAL PROVISIONS

Integration, Offsets and Taxes

All amounts owed by the Employee to the Company under any program or policy, including but not limited to, bridge loan repayments, personal charges on Company-provided credit cards, vacation overpayments, short-term disability overpayments, amounts due under relocation and tax equalization policies, or any other debts, may, at the Company's sole discretion, be deducted from the severance payment in satisfaction of the amount the Employee owes the Company under such policies, subject to the limitations of any state wage deduction statute.

Severance pay is subject to federal and state taxes and local taxes if required, at the applicable rate.

Payment of Benefits in Case of Incompetency

If an Employee entitled to severance pay becomes physically or mentally incapable of receiving or acknowledging payment of such benefit, the Committee, upon receipt of satisfactory evidence of such legal incapacity may, in its sole discretion, cause such severance payment to be paid to some other person, persons, or institution on behalf of the Employee.

Payment of Benefits in Case of Death

In the event that an eligible Employee dies after signing a Severance Agreement and Release of Claims which has not been revoked by the Employee prior to death, but before receipt of the severance payment to which he or she was entitled under the Plan, a lump-sum payment of the severance pay will be distributed to the estate of the Employee. If, however, an otherwise eligible Employee dies prior to signing a Severance

Agreement and Release of Claims, no severance pay will be paid to the estate of the Employee or to anyone else.

Assignment of Benefits

Any assignment of all or part of an eligible Employee's severance pay is void under the terms of the Plan. For example, creditors cannot claim an Employee's severance pay to satisfy such his or her debts. In addition, an Employee cannot give, sell, assign, pledge or otherwise transfer his or her severance pay to someone else or use it as collateral for a loan.

Governing Law

Except to the extent superseded by ERISA, the laws of the State of Michigan, other than its laws regarding choice of law, will be controlling in all matters relating to the Plan.

PLAN COSTS

Kellanova and its Affiliates pay the cost of providing benefits under the Plan out of their general assets. There is no cost to the Plan participants.

PLAN AMENDMENT AND TERMINATION

Kellanova reserves the right to amend or terminate the Plan at any time, by written resolution of its Board of Directors or by both the Chief Legal Officer and the Chief Human Resources Officer of Kellanova, each of which has been delegated this authority in the Benefit Plan Transactions Resolution of the Board of Directors dated April 29, 2005.

The Plan may be amended in any way, including, but not limited to, changing the amount of severance benefits that an Employee may receive, even if the amendment reduces, in whole or in part, or terminates an amount of severance benefits, or excludes one or more classes of individuals from coverage under the Plan. Except as expressly authorized by the Plan or the Committee, in any action causing the termination of any severance benefits or the entire Plan, no further severance benefits will be provided other than for terminations occurring before the date of such action. Notice of a Plan amendment or termination may, but need not, be given unless required by law.

At any given time, amendments to the Plan may have been adopted by Kellanova that have not yet been reflected in this written document. In addition, from time to time the Committee may evidence the exercise of discretion on Plan matters in the form of written "Administrative Rulings." Copies of any such ruling will also be sent to you if you send a written request for them addressed to the Committee. The Committee may assess a reasonable charge to provide any requested copies.

HOW THE PLAN IS ADMINISTERED

Committee

The Plan is administered by the Kellanova ERISA Administrative Committee (Committee). In its role as Plan Administrator, the Committee must administer the Plan in a uniform and non-discriminatory manner, and in accordance with its terms. The Committee will have full power to administer the Plan in all of its

details. From time to time as it deems necessary or advisable for effective Plan administration, the Committee may appoint a sub-committee or individuals to act as its representatives in matters affecting the Plan. The Committee's powers will include, but will not be limited to, the following authority, in addition to all other powers provided by the Plan:

1. To make, enforce, amend or rescind such rules and regulations as the Committee deems necessary or proper for the efficient administration of the Plan;
2. To interpret the Plan, with the Committee's interpretations thereof to be final and conclusive on all persons claiming benefits under the Plan;

3. To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided under the Plan;
4. To authorize the payment of benefits; and
5. To appoint such agents, counsel, accountants, consultants, and actuaries as may be required to assist in administering the Plan.

The Company's Chief Human Resources Officer and the Company's Chief Legal Officer may together, in their sole discretion, grant exceptions to the Plan. For avoidance of doubt, in the event such an exception is granted, the Company may require changes to any other Company benefit or Employee obligation, including but not limited to withholding from an Employee, any other Company retirement benefit (e.g., retiree healthcare), or extending non-compete or non-solicitation obligations.

Claims

Claims for benefits under the Plan must be submitted in writing to the **EPIC** Service Center or the Committee within 60 days of the effective date of the claimant's last day worked (or, if later, the date on which the claim arose). The Committee will provide written notice to any claimant within 60 days of the date a claim is filed if such claim for benefits hereunder has been denied. The Committee's 60-day determination period may be extended under certain circumstances. Any notice of adverse benefit determination under the Plan will state the specific reason(s) for determination; reference specific Plan provision(s) on which the determination is based; describe additional material or information necessary to complete the claim and why such information is necessary, describe Plan procedures and time limits for appealing the determination, and the claimant's right to obtain information about those procedures and the right to sue in federal court; and disclose any internal rule, guidelines, protocol or similar criterion relied on in making the adverse determination (or state that such information will be provided free of charge upon request).

If a claim is denied in whole or in part, the claimant may request a review of the claim by the Committee by filing with or mailing to the Committee a written request within 60 days after the claim has been denied. A claimant will have the opportunity to submit written comments, documents, or other information in support of his or her appeal. A claimant will have access to all relevant documents as defined by applicable U.S. Department of Labor regulations. The review of an adverse benefit determination will take into account all new information, whether or not presented and available at the initial determination. No deference will be afforded to the initial determination.

The claimant will receive a fair review of the claim by the Committee and be advised in writing of the disposition of the claim within 60 days after the request for review. Under special circumstances, a 60-day extension may be requested by the Committee, in which case the claimant will be notified in writing. If an extension is necessary due to the claimant's failure to submit the information necessary to decide the appeal, the notice of extension will specifically describe the required information, and the claimant will be afforded at least 60 days from receipt of the notice to provide the specified information. If the claimant delivers the requested information within the time frame specified, the 60-day extension of the appeal period will begin.

after the claimant has provided such information. If the claimant fails to provide the requested information within the time frame specified, the Committee may decide the claimant's appeal without that information.

Limitation on Legal Actions

No person may bring any legal or equitable action to recover benefits under the Plan, prior to a final determination under the claims review procedures, or after the expiration of one year from the date of the final determination.

No person may bring any legal or equitable action to recover benefits under the Plan except in federal district court in the Western District of Michigan.

Severability

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provisions of the Plan and will be construed and enforced as if such provision had not been included herein.

No Right to Employment

Nothing in the Plan will be construed as giving any person the right to be retained in the employment of Kellanova or any of its Affiliates.

Compliance With Certain Tax Laws

Payments and benefits under this Plan are intended to be exempt from or comply with the Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "Section 409A"); accordingly, to the maximum extent permitted, this Plan will be interpreted to be exempt from or in compliance therewith. Specifically, whether an eligible Employee has a "termination of employment" for purposes of any provision of this Plan providing for the payment of any amounts or benefits upon or following a termination of employment is determined by reference to whether the eligible Employee has had a "separation from service" under Section 409A. For purposes of Section 409A, an eligible Employee's right to receive any installment payments pursuant to this Plan is treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Plan specifies a payment period with reference to a number of days, the actual date of payment within the specified period is within the sole discretion of the Company. To the extent that reimbursements or other in-kind benefits under this Plan constitute "nonqualified deferred compensation" for purposes of Section 409A, (a) all expenses or other reimbursements hereunder will be made on or before the last day of the taxable year following the taxable year in which such expenses were incurred by the Employee, (b) any right to reimbursement or in-kind benefits will not be subject to liquidation or exchange for another benefit, and (c) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year will in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

STATEMENT OF ERISA RIGHTS

As a participant in the Plan, Employees are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

1. Examine, without charge, at the Committee's office and at other specified locations, such as work sites, all documents governing the Plan and a copy of the latest annual report (Form 5500 Series) filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration, and
2. Obtain, up on written request to the Committee, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Committee may make a reasonable charge for the copies.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of the Plan participants. No one, including the Company or any other person, may fire an Employee or otherwise discriminate against an Employee in any way to prevent an Employee from obtaining a benefit or exercising the Employee's rights under ERISA.

If an Employee's claim for a benefit is denied or ignored, in whole or in part, the Employee has a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps an Employee can take to enforce the above rights. For instance, if an Employee requests a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, the Employee may file suit in a Federal court. In such a case, the court may require the Committee to provide the materials and pay the Employee up to \$110 a day until the Employee receives the materials, unless the materials were not sent because of reasons beyond the control of the Committee. If an Employee has a claim for benefits that is denied or ignored, in whole or in part, the Employee may file suit in a state or federal court.

If an Employee is discriminated against for asserting his rights, the Employee may seek assistance from the

U.S. Department of Labor or may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If the Employee is successful, the court may order the person he has sued to pay these costs and fees. If the Employee loses, the court may order the Employee to pay these costs and fees; for example, if it finds the claim is frivolous.

If an Employee has any questions about the Plan, he should contact the Committee. If an Employee has any questions about this statement or about his rights under ERISA, he should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in his telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefit Security Administration,

U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. Employees may also obtain certain publications about their rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefit Security Administration.

IMPORTANT INFORMATION ABOUT YOUR SEVERANCE PLAN

Name of Plan Kellanova Severance Benefit Plan

Type of Plan The Plan is a welfare benefit plan providing specified severance benefits.

Employer Identification No. 38-3020060

Plan Number 701

Plan Sponsor Kellanova

Plan Administrator ERISA Administrative Committee Attn: GBS KNA Benefits
5300 Patterson Ave, SE, Suite 200 Grand Rapids, MI 49512
Phone 1-877-694-7554

Agent for Service of Legal Process Service of legal process may be served upon the Committee.

Plan Records The fiscal records of the Plan are kept on a plan year basis, January 1 – December 31.

AMENDED AND RESTATED KELLANOVA SEVERANCE BENEFIT PLAN

This Plan is hereby amended and restated as set forth in the attached document. This restatement is effective October 1, 2024.

By: /s/ Todd Haigh
Todd Haigh
Chief Legal Officer
Date: 9/30/2024

By: /s/ Melissa Howell
Melissa Howell
Chief Human Resources Officer
Date: 9/30/2024

**ACTION BY AUTHORIZED OFFICER UNDER THE AMENDED AND RESTATED
KELLANOVA 2002 EMPLOYEE STOCK PURCHASE PLAN**

WHEREAS, Kellanova, a Delaware corporation (the "Company"), maintains the Amended and Restated Kellanova 2002 Employee Stock Purchase Plan (as it may be amended from time to time, the "Plan"), and any capitalized terms used but not otherwise defined herein shall have the meaning assigned to such terms in the Plan;

WHEREAS, the Committee previously amended the Plan, effective as of April 27, 2023, to permit the Chief Executive Officer of the Company, the Chief Human Resources Officer of the Company, or any other person as may be designated by the Chief Executive Officer of the Company (each, an "Authorized Officer") to, at any time, or from time to time, amend or modify the Plan, subject to the limitations set forth in the Plan; and

WHEREAS, the Chief Human Resources Officer of the Company (the "CHRO"), in the CHRO's capacity as an Authorized Officer under the Plan, desires to amend the Plan pursuant to the terms and conditions set forth in this amendment (this "Amendment").

NOW, THEREFORE, the CHRO, in the CHRO's capacity as an Authorized Officer under the Plan, hereby amends the Plan, as follows:

1. Section 5 of the Plan is hereby deleted in its entirety and replaced with the following, effective retroactively as of January 1, 2024:

"Payroll Deductions; 423 Component Limitation on Purchase of Stock An Eligible Employee may participate in the 423 Component of the Plan only through payroll deductions. After-tax payroll deductions shall be made from the Compensation paid to each Participant for each Purchase Period in such whole percentage from 1% to 10%, as the Participant shall authorize in his or her election form. Notwithstanding any provisions to the contrary in the Plan, in the case of the Non-423 Component, the Plan Administrator may allow Eligible Employees to participate in the Plan via cash, check or other means instead of payroll deductions if payroll deductions are not permitted under Applicable Law. Notwithstanding the foregoing or any provisions to the contrary in the Plan, an Eligible Employee may be granted rights under the 423 Component of the Plan only if such rights, together with any other rights granted to such Eligible Employee under any "employee stock purchase plans" of the Company or any of its parents or subsidiaries, as specified by Section 423(b)(8) of the Code, do not permit such Eligible Employee's rights to purchase stock of the Company or any of its parents or subsidiaries to accrue at a rate that exceeds \$25,000 of the Fair Market Value of such stock (determined as of the applicable Offering Date) for each calendar year in which such rights are outstanding at any time. For the avoidance of doubt, the foregoing limitation shall (a) only apply to Eligible Employees who participate in the 423 Component of the Plan, (b) not apply to any Eligible Employees who participate in the Non-423 Component of the Plan, and (c) be applied in accordance with Section 423(b)(8) of the Code."

2. This Amendment is to be read and construed with the Plan as constituting one and the same agreement. Except as specifically modified herein, the Plan shall continue in full force and effect in accordance with all of the terms and conditions thereof.
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IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer as of the date indicated below.

KELLANOVA:

By: /s/ Melissa Howell

Melissa Howell

Chief Human Resources Officer

Date: 7/31/2024

[Signature Page to this Amendment to the Amended and Restated Kellanova 2002 Employee Stock Purchase Plan]

CERTIFICATION

I, Steven A. Cahillane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kellanova;

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(s) 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(s) 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.

/s/ Steven A. Cahillane

Chairman and Chief Executive Officer

Date: October 31, 2024

CERTIFICATION

I, Amit Banati, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kellanova;

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(s) 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(s) 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.

/s/ Amit Banati

Vice Chairman and Chief Financial Officer

Date: October 31, 2024

SECTION 1350 CERTIFICATION

I, Steven A. Cahillane, hereby certify, on the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- (1) the Quarterly Report on Form 10-Q of Kellanova for the quarter ended September 28, 2024 (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 Kellanova.

/s/ Steven A. Cahillane

Name: Steven A. Cahillane

Title: Chairman and Chief Executive Officer

A signed copy of this original statement required by Section 906 has been provided to Kellanova and will be retained by Kellanova and furnished to the Securities and Exchange Commission or its staff on request.

Date: October 31, 2024

SECTION 1350 CERTIFICATION

I, Amit Banati, hereby certify, on the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- (1) the Quarterly Report on Form 10-Q of Kellanova for the quarter ended September 28, 2024 (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 Kellanova.

/s/ Amit Banati

Name: Amit Banati

Title: Vice Chairman and Chief Financial Officer

A signed copy of this original statement required by Section 906 has been provided to Kellanova and will be retained by Kellanova and furnished to the Securities and Exchange Commission or its staff on request.

Date: October 31, 2024