Risk Factors Comparison 2024-02-27 to 2023-02-28 Form: 10-K

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Our business, financial condition and results of operations are subject to various risks and uncertainties, including those described below and elsewhere in this Annual Report on Form 10- K. This section discusses factors that, individually or in the aggregate, we think could cause our actual results to differ materially from our expected and historical results. ~~Risk factors are organized in categories where they primarily apply, but other categories may also apply.~~ Our business, financial condition or results of operations could be materially adversely affected by any of these risks. ~~We~~ **This information should be read in conjunction with Management' s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related** ~~note~~ **notes contained in this report. The following discussion of risks is not all inclusive, but is designed to highlight what we believe are** ~~these~~ -- **the most significant** factors **to consider when evaluating our business** ~~for investors as permitted by the Private Securities Litigation Reform Act of 1995~~ . Business and Macroeconomic Risk Our success depends to a significant extent upon general economic conditions, including disposable income levels and changes in consumer discretionary spending. Our business is exposed to reductions in consumer discretionary spending because our target customers operate in the food- away- from- home industry. Consumer discretionary spending may be affected by many factors outside of our control, including general economic conditions, inflation, disposable income levels ~~and~~ **,** consumer confidence levels **, heightened volatility in the financial markets, and uncertain political environment and supply chain disruptions** . In uncertain economic environments, consumers may choose to spend discretionary dollars less frequently **,** which could result in a decline in consumers' food- away- from- home purchases, particularly in more expensive restaurants, and, consequently, adversely impact the businesses of our customers by, among other things, reducing the frequency with which our customers' customers choose to dine out or the amount they spend on meals while dining out. If our customers' sales decrease, our profitability could decline as we spread fixed costs across lower sales volume. Also, similar economic conditions could lead to consumers purchasing less from our direct- to- consumer platforms. Moreover, if a prolonged downturn or uncertain outlook in the economy were to occur, consumers might ultimately make long- lasting changes to their discretionary spending behavior, including dining out less frequently on a permanent basis or purchasing less on our direct- to- consumer platforms. Accordingly, ~~adverse changes to consumer preferences or consumer discretionary spending, each of which could be affected by many~~ - **any such effects** ~~different factors which are out of our control,~~ could harm our business, financial condition or results of operations. Our continued success will depend in part upon our ability to anticipate, identify and respond to changing economic and other conditions and the impact that those conditions may have on discretionary consumer spending . A significant portion of our future......, financial condition or results of operations . Our business is a low- margin business **,** and our profit margins may be sensitive to inflationary and deflationary pressures. We operate within a segment of the foodservice distribution industry, which is an industry characterized by a high volume of sales with relatively low profit margins. Although our profit margins are typically higher than more traditional broadline foodservice distributors, they are still relatively low compared to other industries' profit margins. Volatile food costs may have a direct impact upon our profitability. Prolonged periods of product cost inflation may have a negative impact on our profit margins and results of operations to the extent we are unable to pass on all or a portion of such product cost increases to our customers. In addition, product cost inflation may negatively impact consumer discretionary spending decisions within our customers' establishments, which could adversely impact our sales. Conversely, our profit levels may be negatively impacted during periods of product cost deflation even though our gross profit as a percentage of sales may remain relatively constant. However, some of our products, particularly certain of our center- of- the- plate protein items, are priced on a " cost plus " markup, which helps mitigate the negative impact of deflation. If our product mix changes, we may face increased risks of margin compression, as we may be unable to achieve the same level of profit margins as we are able to capture on our traditional specialty products. Our inability to effectively price our specialty food products, produce or center- of- the- plate products, to quickly respond to inflationary and deflationary cost pressures and to reduce our expenses could have a material adverse impact on our business, financial condition or results of operations. We have significant competition from a variety of sources, and we may not be able to compete successfully. The foodservice distribution industry is highly fragmented and competitive, **with national, multi- regional, regional** and **local distributors and specialty competitors. Regional and local companies may align themselves with other smaller distributors through group purchasing organizations, with the goal of enhancing their geographic reach, private label offerings, overall purchasing power, cost efficiencies, and ability to meet customer distribution requirements. These distributors may also rely on local presence as a source of competitive advantage, and they may have a lower cost to serve and other competitive advantages due to geographic proximity. Additionally, adjacent competition, such as other cash- and- carry operations, commercial wholesale outlets, warehouse clubs and grocery stores, continue to serve the commercial foodservice market. We also experience competition from online direct food wholesalers and other retailers. We generally do not have exclusive distribution agreements with our customers, and they may switch to other distributors that offer lower prices** ~~our~~ - **or differentiated products or customer service. The cost of switching distributors is very low, as are the barriers to entry into the U. S. foodservice distribution industry. Such changes may occur particularly during periods of economic uncertainty or significant inflation. Moreover, some of our customers, including a majority of our hotel customers, purchase their products from us through such group purchasing organizations. If group purchasing organizations are able to add a significant number of our customers as members, we may be forced to lower the prices we charge these customers in order to retain the business, which would negatively**

affect our business, financial condition or results of operations. Additionally, if we were unable or unwilling to lower the prices we charge for our products to a level that was satisfactory to the group purchasing organization, we may lose the business of those of our customers that are members of these organizations, which could have a material adverse impact on our business, financial condition or results of operations. Our future success will be largely dependent upon our ability to profitably meet our customers' needs for certain gourmet foods and ingredients, varying drop sizes, high service levels and timely delivery. We compete with numerous smaller distributors on a local level, as well as with a limited number of larger, traditional broadline foodservice distributors. We cannot assure investors that our current or potential competitors will not provide specialty food products and ingredients, produce, center- of- the- plate protein items or services that are comparable or superior to those provided by us at prices that are lower than the prices we charge or adapt more quickly than we do to evolving culinary trends or changing market requirements. ~~It is also possible that alliances among competitors may develop and rapidly acquire significant market share.~~ Accordingly, we cannot assure investors that we will be able to compete effectively against current and future competitors, and increased competition may result in price reductions, reduced gross margins and loss of market share, any of which snowfall in key agricultural states such as California,impacting the price of water and the corresponding prices of food products grown in states affected by such weather.Additionally,the route- to- market for some of the products we sell,such as baking chocolate,depends upon the stability of political climates and a stable labor force in developing nations,such as the Ivory Coast.In such countries,political and social unrest may cause the prices for these products to rise to levels beyond those that our customers are willing to pay,if the product is available at all.If we are unable to obtain these products,our customers may seek a different supplier for these or other products which could negatively impact our business, could have a material adverse effect on our business, financial condition or results of operations. Our customers are generally not obligated to continue purchasing products from us. Most of our customers buy from us pursuant to individual purchase orders, as we generally do not enter into long- term agreements with our customers for the purchase of our products. Because our customers are generally not obligated to continue purchasing products from us, we cannot assure investors that the volume and / or number of our customers' purchase orders will remain constant or increase or that we will be able to maintain or add to our existing customer base. Significant decreases in the volume and / or number of our customers' purchase orders or our inability to retain or grow our current customer base may have a material adverse effect on our business, financial condition or results of operations. ~~Damage~~ **We have experienced losses due** to ~~our reputation or~~ **our** ~~lack of acceptance of~~ **inability to collect accounts receivable in the past and could experience increases in such losses in the future if our customers are unable to pay their debts to us in a timely manner** ~~our~~ - **or at all. Certain** ~~specialty food products, center-~~ of ~~- the- plate products~~ **our customers have experienced bankruptcy, insolvency** and / or **an inability to pay their debts to us as** ~~the~~ **they** ~~brands we carry~~ **come due. If our customers suffer significant financial difficulties or bankruptcies, they may be unable to pay their debts to us** in ~~existing and new markets~~ **a timely manner or at all. It is possible that our customers may contest their obligations to pay us under bankruptcy laws or otherwise. Even if our customers do not contest their obligations to pay us, if our customers are unable to pay their debts to us in a timely manner, it** could ~~materially and~~ adversely impact our **ability to collect accounts receivable and may require that we take larger provisions for bad debt expense. Moreover, we may have to negotiate significant discounts and / or extended financing terms with these customers in such a situation in an attempt to secure payment for outstanding debts. Accordingly, if we are unable to collect upon our accounts receivable as they come due in an efficient and timely manner, our** business, financial condition or results of operations ~~unable to collect upon our accounts receivable as they come due in an efficient and timely manner,our business,financial condition or results of operations~~ may be materially and adversely affected.During periods of economic weakness,small to medium- sized businesses,like many of our independent restaurant and fine dining establishment customers,may be impacted more severely and more quickly than larger businesses.Consequently,the ability of such businesses to repay their obligations to us may deteriorate,and in some cases this deterioration may occur quickly,which could adversely impact our business,financial condition or results **of operations.Adverse publicity about us,lack of confidence in our products or services and other risks could negatively affect our reputation and our business** . We believe that we have built a strong reputation for the breadth and depth of our product portfolio and the brands we carry and that we must protect and grow their value to be successful in the future. Any incident that erodes consumer confidence in or affinity for our specialty food, produce or center- of- the- plate products or brands, whether or not justified, could significantly reduce their respective values and damage our business. If our customers perceive or experience a reduction in the quality or selection of our products and brands or our customer service, or in any way believe that we failed to deliver a consistently positive experience, our business, financial condition or results of operations may be affected in a materially adverse manner **. We may need to recall our products if they become adulterated. If patrons of our restaurant customers become ill from food- borne illnesses, our customers could be forced to temporarily close restaurant locations and our sales would be correspondingly decreased** . A specialty foods distribution business such as ours can be adversely affected by negative publicity or news reports, whether or not accurate, regarding food quality issues, public health concerns, illness, safety, injury or government or industry findings concerning our products or others across the food distribution industry. **In addition, a widespread health epidemic (such as the Pandemic) or food- borne illness, whether or not related to the use of our products, as well as terrorist events may cause consumers to avoid public gathering places, like restaurants, or otherwise change their eating behaviors.** Although we have taken steps to mitigate food quality, public health and other foodservice- related risks, these types of health concerns or negative publicity cannot be completely eliminated or mitigated and may harm our results of operations and damage the reputation of, or result in a lack of acceptance of, our products or the brands we carry . In addition, our ability to......, financial condition or results of operations . New information or attitudes regarding diet and health or adverse opinions about the health effects of the products we distribute could result in changes in consumer eating habits, which could have a material adverse effect on our business, financial condition or results of operations. Consumer eating habits may impact our business as a result of changes in attitudes regarding diet and health or new information regarding the health effects of consuming the products we distribute. If consumer eating habits change significantly, we may be required to modify or discontinue sales of certain items in our product portfolio, and we may experience higher costs associated with the implementation of those changes. Additionally, changes in consumer eating habits may result in the enactment of laws and regulations that impact the ingredients and nutritional content of our products or require us to disclose the nutritional content of products. Compliance with these laws and regulations, as well as others regarding the ingredients and nutritional content of our products, may be costly and time consuming. We cannot assure investors that we will be able to effectively respond to changes in consumer health perceptions or resulting new laws or regulations or to adapt our product offerings to trends in eating habits. Our business operations and future development could be significantly disrupted if we lose key members of our management team. The success of our business significantly depends upon the continued contributions of our founders and key employees, both individually and as a group. Our future performance will substantially depend upon our ability to motivate and retain our founders Christopher Pappas, our chairman, president and chief executive officer, and John Pappas, our vice chairman, as well as certain other senior key employees. The loss of the services of either of our founders or any of our key employees, including key employees of the businesses we have acquired, could have a material adverse effect on our business, financial condition or results of operations. We have no reason to believe that we will lose the services of these individuals in the foreseeable future; however, we currently have no effective replacement for these individuals due to their experience, reputation in the foodservice distribution industry and special role in our operations. Our insurance policies **and** ~~may not provide adequate levels of coverage against all~~ claims **expenses** ~~, and fluctuating insurance requirements and costs~~ could ~~negatively impact~~ **significantly reduce** our profitability ~~. In addition, if we fail to establish proper reserves and adequately estimate future expenses, the costs associated with our self- insured group medical, workers' compensation liability and auto liability plans may adversely affect our business, financial condition or results of operations~~ . We believe that our insurance coverage is customary for businesses of our size and type ~~. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure. These losses, should they occur, could have a material and adverse effect on our business, financial condition or results of operations~~ . In addition, the cost of workers' compensation insurance, auto liability insurance, general liability insurance and directors' and officers' liability insurance fluctuates based upon our historical trends, market conditions and availability. Because our operations principally are centered in large, metropolitan areas, our insurance costs are higher than if our operations and facilities were based in more rural markets. Additionally, health insurance costs in general have risen significantly over the past few years. These increases, as well as federal legislation requiring employers to provide specified levels of health insurance to all employees, could have a negative impact upon our business, financial condition or results of operations, and we cannot assure investors that we will be able to successfully offset the effect of such increases with plan modifications and cost control measures, additional operating efficiencies or the pass- through of such increased costs to our customers. We maintain a self- insured group medical program. The program contains individual stop loss thresholds of $ 300 ~~thousand~~ **, 000** per incident and aggregate stop loss thresholds based upon the average number of employees enrolled in the program throughout the year. The amount in excess of the self- insured levels is fully insured by third party insurers. We record a liability for medical claims during the period in which they occur, as well as an estimate of incurred but not reported claims. Management determines the adequacy of these accruals based on a monthly evaluation of our historical claims experience and medical cost trends. Projections of future loss expenses are inherently uncertain because of the random nature of insurance claims occurrences and could be significantly affected if future occurrences and claims differ from these assumptions and historical trends. If we suffer a substantial loss that is not covered by our self- insurance reserves, the loss and attendant expenses could harm our business and operating results. We are self- insured for workers' compensation and automobile liability to deductibles or self- insured retentions of $ 500 ~~thousand~~ **, 000** per occurrence. The amounts in excess of our deductibles are fully insured by third party insurers. Liabilities associated with this program are estimated in part by considering historical claims experience and cost trends. Projections of future loss expenses are inherently uncertain because of the random nature of insurance claims occurrences and could be significantly affected if future occurrences and claims differ from these assumptions and historical trends. ~~Supply Chain and Labor Risk Conditions beyond~~ **Although we believe our aggregate insurance limits should be sufficient to cover reasonably expected claims costs, it is possible that the amount of one** ~~our~~ **or** ~~control~~ **more claims** could **exceed** ~~materially affect the cost and / or~~ **our** ~~availability of~~ **aggregate coverage limits. Insurance carriers have raised premiums for many businesses in our industry, including** ~~our~~ **ours** ~~specialty food products~~ , ~~produce~~ **and** ~~or~~ **our insurance** ~~center- of- the- plate products~~ and ~~/ or interrupt our distribution network~~ **claims expense could continue to increase in the future** . Our profitability and operating margins are dependent upon...... meet our customers' expectations may result **results** ~~in significant cost increases. Additionally, weather, governmental regulation, water shortages, availability and seasonality may affect our food costs or cause a disruption in the quantity~~ of **operations** ~~our supply. For example, weather patterns in recent years have resulted in lower than normal or, conversely, higher than normal levels of rainfall~~ and snowfall in key agricultural states such as...... which could negatively impact our business, financial condition ~~or results of operations. We do not currently use financial instruments to hedge our risk exposure to market fluctuations in the price of food products. Similarly, our suppliers may also be affected by higher costs to source or produce and transport food products, as well as by other related expenses that they pass through to their customers, which could result in higher costs for the specialty food products or center- of- the- plate products they supply to us. Our inability to anticipate and react to changing food costs through our sourcing and purchasing practices in the future could therefore negatively impact our business, financial condition or results of operations. We may also be subject to material supply chain interruptions based upon conditions outside of our control. These interruptions could include work slowdowns, work interruptions, strikes or other adverse employment actions taken by employees of ours or our suppliers, short- term weather conditions or more prolonged climate change, crop conditions, product recalls, water shortages, transportation interruptions within our distribution channels, unavailability of fuel or increases in fuel costs, competitive demands and natural disasters or other catastrophic events, such as~~

~~food- borne illnesses, pandemics or bioterrorism. The efficiency and effectiveness of our distribution network is dependent upon our suppliers' ability to consistently deliver the specialty food products, produce, meat, poultry and seafood we need in the quantities and at the times and prices we request. Accordingly, if we are unable to obtain the specialty food products, produce, meat, poultry or seafood that comprise a significant percentage of our product portfolio in a timely manner and in the quantities and at the prices we request as a result of any of the foregoing factors or otherwise, we may be unable to fulfill our obligations to customers who may, as a result of any such failure, resort to other distributors for their food product needs or change the types of products they buy from us to products that are less profitable for us. Our distribution of center- of- the- plate products, like meat, poultry and seafood involves exposure to price volatility experienced by those products. With our distribution of center- of- the- plate products like meat, poultry and seafood, we are susceptible to increases in the prices of those products, and we cannot assure investors in our common stock that all or part of any increased costs experienced by us from time to time can be passed along to consumers of our products, in a timely manner or at all. Conversely, rapid downward pricing for these products, including as a result of export restrictions on U. S. beef products or lower demand internationally for U. S. beef products, may result in us lowering our prices to our customers even though our inventory on hand is at a higher cost. The supply and market price of our center- of the plate products are typically more volatile than most of our core specialty products and are dependent upon a variety of factors over which we have no control, including the relative cost of feed and energy, weather, livestock diseases, government regulation and the availability of beef, chicken and seafood. The prices of our meat and poultry products are largely dependent on the production of feed ingredients, which is affected primarily by the global level of supply inventories and demand for feed ingredients, the agricultural policies of the U. S. and foreign governments and weather patterns throughout the world. In particular, weather patterns often change agricultural conditions in an unpredictable manner. A significant change in weather patterns could affect supplies of feed ingredients, as well as the industry' s ability to obtain feed ingredients or deliver products. More recently, feed prices have been impacted by increased demand both domestically for ethanol and globally for protein production. Additionally, our center- of- the- plate category is subject to risks relating to animal health and diseases. An outbreak of diseases affecting livestock (such as foot- and- mouth disease or bovine spongiform encephalopathy, commonly referred to as mad cow disease) could result in restrictions on sales of products, restrictions on purchases of livestock from suppliers or widespread destruction of livestock. Outbreaks of diseases, or the perception by the public that an outbreak has occurred, or other concerns regarding diseases, can lead to inadequate supply, cancellation of orders by customers and adverse publicity, any of which can have a significant negative impact on consumer demand and, as a result, on our business, financial condition or results of operations. In addition, meat, poultry and seafood products that we distribute~~ could be ~~subject to recall because they are,~~ **materially and adversely affected if (1) total claims costs significantly exceed** ~~or~~ **our coverage limits** ~~are alleged to be~~ , **(2) we experience** ~~contaminated, spoiled or inappropriately labeled. Our meat, poultry and seafood products may be subject to contamination by disease- producing organisms, or pathogens, such as Listeria monocytogenes, Salmonella and generic E. coli. These pathogens are generally found in the environment, and, as~~ a ~~result~~ **claim in excess of our coverage limits** , ~~there~~ **(3) our insurance carriers fail to pay on our insurance claims, (4) we experience a claim for which coverage** is ~~a risk that they, as a result of food processing, could be present in the meat, poultry and seafood products that we distribute. These pathogens can also be introduced as a result of improper handling in our facilities or at the consumer level. These risks may be controlled, although~~ not ~~eliminated~~ **provided** , ~~by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling before we receive the product or once the product has been shipped to our~~ - **or (5)** ~~customers. Illness and death may result if the pathogens are not eliminated before these products are sold to customers. We are also susceptible to increases in the prices of our seafood products. The prices of our seafood products are largely dependent on the continuous supply of fresh seafood, which in turn could be affected by~~ a large number of ~~factors, including, but not limited~~ **claims cause our cost under our deductibles** to **differ** ~~, environmental factors, the availability of seafood stock, weather conditions, water contamination, the policies and regulations of the governments of the relevant territories where such fishing is carried out, the ability of the fishing companies and fishermen that supply us to continue their operations and pressure~~ from **historic averages** ~~environmental or animal rights groups~~ . **Impairment charges** ~~The major raw material~~ for **goodwill** ~~our~~ **or long- lived assets could** ~~seafood products is fresh seafood, and any shortage in supply or upsurge in demand of fresh seafood may lead to an increase in prices, which may~~ adversely affect our ~~profitability~~ **financial condition and results of operations. We monitor the recoverability of our long- lived assets** , ~~including~~ **such** as **buildings, equipment** ~~a result of increased production costs~~ and ~~lower profit margins~~ **leased assets, and evaluate their carrying value for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable** . ~~Our operations~~ **The testing of long- lived assets and goodwill for impairment requires us to make estimates that** are subject to ~~extensive regulation~~ **significant assumptions** and **to apply judgment to** ~~oversight by the USDA, the FDA, and other federal, state~~ **estimate** ~~, local~~ **economic factors** and ~~foreign authorities regarding~~ **the profitability of future operations. Changes in** ~~the~~ **these** ~~processing~~ **estimates** , **or changes** ~~packaging, storage, safety, distribution, advertising and labeling of its products. Recently, food safety practices and procedures~~ in **actual performance compared** ~~the meat processing industry have been subject to more intense scrutiny and oversight by the USDA. Failure to comply~~ with ~~existing or new laws and regulations could~~ **these estimates, may affect the fair value of long- lived assets, which may** result in ~~administrative penalties and~~ - **an impairment** ~~injunctive relief, civil remedies, fines, interruption of operations, recalls of products or seizures of properties, potential criminal sanctions and personal injury or other damage claims. These remedies, changes~~ - **charge** ~~in the applicable laws and regulations or discovery of currently unknown conditions could increase costs, limit business operations and reduce profitability~~ . ~~Group purchasing organizations may~~ **We cannot accurately predict the amount or timing of any impairment. Should the value of long- lived assets** become **impaired** ~~more active in our industry and increase their efforts to add our customers as members of these organizations. Some of our customers~~ , ~~including a majority of~~ our ~~hotel customers, purchase their products from us through group purchasing organizations. These organizations have increased their efforts to aggregate the~~

~~purchasing power of smaller, independent restaurants in an effort to lower the prices paid by these customers on their foodservice orders, and we have experienced some pricing pressure from these purchasers. If these group purchasing organizations are able to add a significant number of our customers as members, we may be forced to lower the prices we charge these customers in order to retain the business, which would negatively affect our business,~~ financial condition ~~or~~ **and** results of operations ~~. Additionally, if we were unable or unwilling to lower the prices we charge for our products to a level that was satisfactory to the group purchasing organization, we~~ may **be** ~~lose the business of those of our customers that are members of these organizations, which could have a material adverse~~ **adversely** ~~impact~~ **affected. For more information** on ~~our business~~ **the goodwill assessment** , **see " Management' s Discussion and Financial Condition and Results of Operations — Critical Accounting Estimates — Valuation of Goodwill and Intangible Assets " and Note 8, Goodwill and Other Intangible Assets, to our consolidated** financial **statements** ~~condition or results of operations. Fuel cost volatility may have a material adverse effect on our business, financial condition or results of operations. Fuel cost volatility may have a negative impact on our business, financial condition or results of operations. The cost of diesel fuel can increase the price we pay for products as well as the costs we incur to distribute products to our customers. These factors, in turn, may negatively impact our net sales, margins, operating expenses and operating results. Although we have been able to pass along a portion of increased fuel costs to our customers in the past, we cannot assure investors that we can do so again. If fuel costs increase in the future, we may experience difficulties in passing all or a portion of these costs along to our customers, which could have a material adverse effect on our business, financial condition or results of operations. Increases in our labor costs, including as a result of labor shortages, the unionization of some of our associates, the price or unavailability of insurance and changes in government regulation could slow our growth or harm our business. We are subject to a wide range of labor costs. Because our labor costs (particularly those in our center- of- the- plate category) are, as a percentage of revenues, higher than other industries, we may be significantly harmed by labor cost increases. Our operations are dependent upon our experienced and sophisticated sales professionals, warehouse personnel and drivers, and, in our center- of- the plate facilities, on the experienced butchers we employ. Qualified individuals have historically been in short supply and an inability to attract and retain them may limit our ability to expand our operations in existing markets, as well as our ability to penetrate new markets. We cannot assure investors that we will be able to attract and retain qualified individuals in the future. Additionally, the cost of attracting and retaining qualified individuals may be higher than we currently anticipate, and as a result, our profitability could decline. We are subject to the risk of employment- related litigation, which we believe increased as a result of our large workforce in California and New York, at both the state and federal levels, including claims styled as class action lawsuits, which are more costly to defend. Also, some employment- related claims in the area of wage and hour disputes are not insurable risks. Despite our efforts to control costs while still providing competitive healthcare benefits to our staff members, significant increases in healthcare costs continue to occur, and we can provide no assurance that our cost containment efforts in this area will be effective. Moreover, we are continuing to assess the impact of federal healthcare legislation on our healthcare benefit costs, and significant increases in such costs could adversely impact our operating results. We cannot assure investors that we will be able to pass through the costs of such legislation in a manner that will not adversely impact our operating results. In addition, many of our delivery and warehouse personnel are hourly workers subject to various minimum wage requirements. Mandated increases in minimum wage levels have recently been and continue to be proposed and implemented at both federal and state government levels. Minimum wage increases may increase our labor costs. We are also subject to the regulations of the U. S. Citizenship and Immigration Services and U. S. Customs and Immigration Enforcement. Our failure to comply with federal and state labor laws and regulations, or our employees' failure to meet federal citizenship or residency requirements, could result in a disruption in our work force, sanctions or fines against us as well as adverse publicity and additional cost. As of December 30, 2022, we had 4, 124 full- time employees, 181 of whom (approximately 4 %) are represented by unions and are operating under collective bargaining agreements which expire at various times between fiscal 2024 and 2025. We have in the past been the focus of union negotiating efforts, and it is likely that we will be the focus of similar efforts in the future. As we increase our employee base and broaden our distribution operations to new geographic markets, including as a result of acquisitions, our increased visibility could result in increased or expanded union- organizing efforts or we may acquire businesses with unionized workforces. Three labor unions have been certified to represent bargaining units at our New York, Chicago and Maryland facilities, and we have entered into a collective bargaining agreement with our union employees in New York, Chicago and Maryland. Although we have not experienced a work stoppage to date, if we are unable to successfully negotiate union contracts, or renewals of existing contracts, if additional employees were to unionize or if we acquire additional businesses with unionized employees, we could be subject to work stoppages and increases in labor costs, either of which could have a material adverse effect on our business, financial condition or results of operations~~ . Geographic and Global Risk Significant public health epidemics or pandemics ~~,~~ ~~including COVID- 19,~~ may adversely affect our business, results of operations and financial condition. A public health epidemic or pandemic **, such as the Pandemic,** can significantly impact our business or those of our ~~core~~ **Core** ~~customers~~ **Customers** or suppliers, particularly if located in geographies in which we have significant operations. Such events could significantly impact the food- away- from- home industry and other industries that are sensitive to changes in consumer discretionary spending habits. In addition, our operations could be disrupted if we were required to quarantine employees that work at our various distribution centers and processing facilities. For instance, the outbreak of the COVID- 19 pandemic had an adverse impact on numerous aspects of our business, financial condition and results of operations including, but not limited to, our growth, product costs, supply chain disruptions, labor shortages, logistics constraints, customer demand for our products and industry demand generally, consumer spending, our liquidity, the price of our securities and trading markets with respect thereto, our ability to access capital markets, and the global economy and financial markets generally. The Pandemic may also have exacerbated many of the other risks described in this section or may have the potential to do so in the future. The extent to which ~~the~~ **any public health epidemic or** ~~Pandemic~~ **pandemic may** ~~impacts~~ - **impact** our financial condition or results of operations is uncertain and will depend on future developments including new information that may emerge on the severity or transmissibility of the disease, new variants, government responses, trends in infection rates, development and distribution of effective medical treatments and vaccines, and future consumer spending behavior, among others. Because our foodservice distribution operations are concentrated in certain culinary markets, we are susceptible to economic and other developments, or events, including adverse weather conditions, in these areas. Our financial condition and results of operations are highly dependent upon the local economies of the culinary markets in which we distribute our products. In recent years, certain of these markets have been more resilient to economic downturns than others. Moreover, sales in our New York market, which we define as our operations spanning from New York to Atlantic City, accounted for approximately ~~18~~ **16** . ~~8~~ **6** % of our net sales for fiscal year ~~2022~~ **2023** . We are therefore particularly exposed to downturns in this regional economy. We also have significant operations in the San Francisco Bay ~~area~~ **Area** , Los Angeles, California, New England and Middle East. Deterioration in the economic conditions of our key markets generally, or in the local economy of the New York metropolitan area, San Francisco Bay or Los Angeles, California, New England and Middle East areas, specifically, could affect our business, financial condition or results of operations in a materially adverse manner. In addition, given our geographic concentrations, and recent international expansion, other regional occurrences such as adverse weather conditions, terrorist attacks and other catastrophic events could have a material adverse effect on our business, financial condition or results of operations. Adverse weather conditions can significantly impact the business of our customers and our ability to profitably and efficiently conduct our operations and, in severe cases, could result in our trucks being unable to make deliveries or cause the temporary closure or the destruction of one or more of our distribution centers. Our operations and / or distribution centers which are located in (i) New York City, New England, Ohio, Washington D. C., Chicago and Canada are particularly susceptible to significant amounts of snowfall and ice, (ii) Miami and Orlando are particularly susceptible to hurricanes and flooding, and (iii) Los Angeles and San Francisco are particularly susceptible to earthquakes, mudslides and wildfires, among other locally occurring adverse weather conditions. In addition, our restaurant customers, many of which are independently owned with operations limited to one or two markets, may be less able to withstand the impact on their business from adverse weather conditions than national chain restaurants because they are unable to spread the risks of such events across numerous locations. In some cases, these customers may not be able to re- open their restaurants, and consequently make payment to us for products previously provided, if the weather event or other catastrophic event is severe, particularly if they lacked sufficient insurance or their insurance claims are not processed quickly. Due to their prominence as, among other characteristics, densely- populated major metropolitan cities and as international hubs for intermodal transportation, a majority of our markets are **potential** ~~known as~~ targets for terrorist activity and **are susceptible to** other catastrophic events and could be subject to transportation disruption. Our markets outside the United States may also be impacted by political protests or instability. **Moreover, our business, including our global supply chain, may be affected by geopolitical issues, such as the Russian invasion of Ukraine and related sanctions as well as the ongoing conflict in Israel, which have resulted in increased global tensions and contributed to rising input costs. Sustained or worsening global economic conditions and geopolitical issues may disrupt or increase our cost of doing business and otherwise disrupt and delay our supply chain operations.** If our or our customers' operations are significantly disrupted or if any one or more of our distribution centers is temporarily closed or destroyed for any of the foregoing reasons, our business, financial condition or results of operations may be materially adversely affected . In anticipation of any such adverse...... affect our financial condition and operating results . Information Technology, Intellectual Property and Data Risk Information technology system failures, cybersecurity incidents or other disruptions to our use of technology and networks could interrupt our operations and adversely affect our business. We rely upon information technology solutions including enterprise networks and software to process, transmit and store data related to virtually all our business processes and activities. Our business involves the storage and transmission of many types of sensitive or confidential information, including customers' and suppliers' personal information, private information about employees, and financial and strategic information about us and our operations. We leverage a suite of integrated hardware and software that relies on the availability of private and public networks to facilitate collaboration among all stakeholders. Likewise, we use mobile networks, web social media and other online applications to conduct business with suppliers and customers. Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external cybersecurity breaches, viruses, worms and other disruptive problems. We are continuously improving our information technology solutions, resulting in a larger technological presence and corresponding increase in exposure to cybersecurity risk. **We and our third- party suppliers may experience cybersecurity incidents of varying degrees from time- to- time, such as ransomware and phishing attacks, as well as distributed denial of service attacks and the theft of data. Cyber threats are constantly evolving, are becoming more sophisticated and are being made by groups and individuals with a wide range of expertise and motives, and this increases the difficulty of detecting and successfully defending against them.** Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations, due to theft, destruction, loss, **corruption,** misappropriation, or **unauthorized** release of **sensitive and / or** confidential information or intellectual property **(including personal information in violation of one or more privacy laws)** , or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, **disruption to our systems, loss of revenue,** negative publicity, **reputational and** brand damage, violation of privacy laws, loss of customers, potential liability, **(including litigation or other legal actions against us or the imposition by governmental authorities of penalties, fines, fees or liabilities, which, in turn, could cause us to incur significantly increased cybersecurity protection and** remediation costs **)** , and competitive disadvantage, which in turn could adversely affect our business and results of operations. **In addition, if our suppliers or customers experience such a breach or unauthorized disclosure or system failure, their businesses could be disrupted or otherwise negatively affected. This may result in a disruption in our supply chain or reduced customer orders, which would adversely affect**

our business operations. We have also outsourced several information technology support services and administrative functions to third- party service providers, including cloud- based service providers, and may outsource other functions in the future to achieve cost savings and efficiencies. If these service providers do not perform effectively due to breach or system failure, we may not be able to achieve the expected benefits and our business may be disrupted. Further, as we pursue our strategy to grow through acquisitions and to pursue new initiatives that improve our operations and cost structure, we are also expanding and improving our information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. Failure to adequately assess and identify cybersecurity risks associated with acquisitions and new initiatives could increase our vulnerability to such risks. While we have implemented cybersecurity solutions, conducted employee awareness campaigns, employed both internal resources and external consultants to conduct auditing and testing for weaknesses in our systems, controls, firewalls and encryption and intend to maintain and upgrade our security technology and operational procedures to prevent such damage, breaches **, attacks,** or other disruptive problems, ~~we cannot assure investors that these security measures will either~~ **such efforts may be unsuccessful which in turn could. Additionally, information technology systems** continue **to evolve and, in order to remain competitive, we must implement new technologies in a timely and efficient manner. Our failure to implement timely and /** or ~~be successful~~ **successfully new technologies may adversely affect our business and competitiveness and, consequently, our results of operations** . Our investments in information technology may not produce the benefits that we anticipate. In an attempt to reduce our operating expenses, increase our operational efficiencies, boost our operating margins and more closely track the movement of our inventory in our center- of- the- plate category, we have aggressively invested in the development and implementation of new information technology. We may not be able to implement these technological changes in the time frame we have planned, and any delays in implementation could negatively impact our business, financial condition or results of operations. In addition, the costs to make these changes may exceed our estimates and will likely exceed any benefits that we realize during the early stages of implementation. Even if we are able to implement the changes as planned, and within our cost estimates, we may not be able achieve the expected efficiencies, cost savings and operational enhancements from these investments which could have an adverse effect on our business, financial condition or results of operations. **Our failure to comply with data privacy regulations could adversely affect our business. There are new and emerging data privacy laws, as well as frequent updates and changes to existing data privacy laws, in most jurisdictions in which we operate. Given the complexity of these laws and the often- onerous requirements they place on businesses regarding the collection, storage, handling, use, disclosure, transfer, and security of personal data, it is important for us to understand their impact and respond accordingly. Failure to comply with data privacy laws can result in substantial fines or penalties, legal liability and / or reputational damage. The California Consumer Privacy Act of 2018 (the " CCPA "), which went into effect on January 1, 2020, imposes additional obligations on companies regarding the handling of personal information and provides certain individual privacy rights to persons whose information is collected. For example, the California Privacy Rights Act (the " CPRA "), which was approved by California voters as a ballot initiative in November 2020, modifies the CCPA significantly, further enhancing and extending an individual' s rights over their personal data and the obligations placed on companies that handle this data. The resulting new regulations became effective on January 1, 2023. Most notably, employee and business data were brought into scope, which raises the compliance requirements for us significantly, in terms of internal controls, processes and governance requirements. Furthermore, since 2020, several other U. S. states have enacted (and additional U. S. states are considering enacting) stringent consumer privacy laws, which may impose varying standards and requirements on our data collection, use and processing activities. Continued state by state introduction of privacy laws can be expected to lead to significantly greater complexity in our compliance requirements globally, which could result in complaints from data subjects and / or action from regulators. If we do not provide sufficient resources to ensure we are able to respond, adapt and implement the necessary requirements to respond to the various forthcoming changes, which could include federal data privacy requirements in the U. S., while continuing to maintain our compliance with global data privacy laws, this could adversely impact our reputation and we could face exposure to fines levied by regulators, which could have a significant financial impact on our business.** We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brands and adversely affect our business. Our ability to implement our business plan successfully depends in part upon our ability to further build brand recognition, including for our proprietary products, using our trademarks, service marks and other proprietary intellectual property, including our names and logos. We have registered or applied to register a number of our trademarks. We cannot assure investors that our trademark applications will be approved. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our goods and services, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. If our efforts to register, maintain and protect our intellectual property are inadequate, or if any third party misappropriates, dilutes or infringes upon our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on our business, financial condition or results of operations and might prevent our brands from achieving or maintaining market acceptance. We may also face the risk of claims that we have infringed third parties' intellectual property rights. If third parties claim that we have infringed or are infringing upon their intellectual property rights, our operating profits could be affected in a materially adverse manner. Any claims of intellectual property infringement, even those without merit, could be expensive and time consuming to defend, require us to rebrand our services, if feasible, divert management' s attention and resources or require us to enter into royalty or licensing agreements in order to obtain the right to use a third party' s intellectual property. Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us could result in our being required to pay significant damages, enter into costly license or royalty agreements, or stop the sale of certain products or services, any of which could have a negative impact on our business, financial condition or results of operations and could harm our future prospects. Legal and Regulatory Risk Product liability claims could have a material adverse effect on our business, financial condition or results of operations. Like any other distributor of food products, we face an inherent risk of exposure to product liability claims if the products we sell cause injury or illness. We may be subject to liability, which could be substantial, because of actual or alleged contamination in products sold by us, including products sold by companies before we acquired them. We have, and the companies we have acquired have had, liability insurance with respect to product liability claims. This insurance may not continue to be available at a reasonable cost or at all, and it may not be adequate to cover product liability claims against us or against any of the companies we have acquired. We generally seek contractual indemnification from manufacturers or suppliers of the product, but any such indemnification is limited, as a practical matter, to the creditworthiness of the indemnifying party. If we or any of our acquired companies do not have adequate insurance or contractual indemnification available, product liability claims and costs associated with product recalls, including a loss of business, could have a material adverse effect on our business, financial condition or results of operations. **If the products we distribute are alleged to cause injury or illness or fail to comply with governmental regulations, we may need to recall our products. Meat, poultry and seafood products that we distribute may be subject to product recalls, including voluntary recalls or withdrawals, if they are alleged to cause injury or illness (including food- borne illness such as E. coli, bovine spongiform, encephalopathy, hepatitis A, trichinosis, listeria, or salmonella) or if they are alleged to have been mislabeled, misbranded, or adulterated or to otherwise be in violation of governmental regulations. These pathogens are generally found in the environment and can be introduced as a result of improper handling in our facilities or at the consumer level. These risks may be controlled, although not eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling before we receive the product or once the product has been shipped to our customers. Outbreaks of diseases, or the perception by the public that an outbreak has occurred, or other concerns regarding diseases, can lead to inadequate supply, cancellation of orders by customers and adverse publicity, any of which can have a significant negative impact on consumer demand and, as a result, on our business, financial condition or results of operations. We may also voluntarily recall or withdraw products that we consider not to meet our quality standards, whether for taste, appearance, or otherwise, in order to protect our brand and reputation. If there is any future product withdrawal that results in substantial and unexpected expenditures, destruction of product inventory, damage to our reputation, or lost sales because of the unavailability of the product** We are subject to significant governmental regulation, and failure to comply could subject us to enforcement actions, recalls or other penalties, which could have a material adverse effect on our business, financial condition or results of operations. Our business is highly regulated at the federal, state and local levels, and our specialty food products, meat, poultry and seafood products and distribution operations require various licenses, permits and approvals. For example: • the products we distribute in the United States are subject to regulation and inspection by the FDA and the USDA, the products we distribute in the Middle East are subject to regulation and inspection by the Abu Dhabi Food Control Authority, Ministry of Health, and Centre for Food Safety and Quality, and the products we distribute in Canada are subject to regulation by Health Canada and the Canadian Food Inspection Agency; • our warehouse, distribution facilities, repackaging activities and other operations also are subject to regulation and inspection, as applicable, by the FDA, the USDA, Health Canada, the Canadian Food Inspection Agency, Abu Dhabi Food Control Authority, Ministry of Health, Centre for Food Safety and Quality, and state, and provincial health authorities; and • our U. S., Canadian, and Middle Eastern trucking operations are subject to regulation by, as applicable, the U. S. Department of Transportation, the U. S. Federal Highway Administration, Transport Canada, the Surface Transportation Board, Dubai Road and Transport Authority, Abu Dhabi Transport Authority, Ministry of Transport, and provincial transportation authorities. The failure to comply with applicable **legal and** regulatory requirements could result in **investigations, litigation or other legal proceedings, administrative,** civil or criminal fines or penalties, **mandatory or voluntary** product recalls, **cease and desist orders against operations that are in non compliance,** closure of facilities or operations, the loss **, modification** or revocation of any existing licenses, permits or approvals or the failure to obtain additional licenses, permits or approvals in new jurisdictions where we intend to do business ~~, any of which could have a material adverse effect on our business, financial condition or results of operations~~ . Our suppliers are also subject to similar regulatory requirements and oversight. **As a result of our global operations, we are required to comply with laws and regulations governing ethical, anti- bribery and similar business practices.** In **our foreign operations** ~~addition, as a distributor and repackager of specialty food products and meat, poultry and seafood products~~ , we are subject to ~~increasing governmental scrutiny~~ **the risk that one or more** of our employees,contractors or agents could engage in business practices prohibited by U.S.laws and regulations that are applicable to us,such as the Foreign Corrupt Practices Act,including those based in or from countries where practices that violate U.S.laws and regulations or the laws and regulations of other countries may be customary,or will engage in business practices that are prohibited by the Company' s policies or circumvent its compliance programs.Any of these violations could adversely affect our business,financial condition and operating results.Further,foreign currency exchange rates and fluctuations may have ~~and~~ - **an** ~~public awareness~~ **effect on our future costs or on future cash flows from our foreign operations and could adversely affect our financial condition and operating results. Climate change, or the legal, regulatory or market measures being implemented to address climate change, may have an adverse impact on our business. The effects of climate change may create financial and operational risks to our business, both directly and indirectly. There is an increased focus around the world by regulatory and legislative bodies at all levels towards policies relating to climate change and the impact of global warming, including the regulation of greenhouse gas (" GHG ") emissions, energy usage and sustainability efforts. Increased compliance costs and expenses due to the impacts of climate change on our business, as well as additional legal or regulatory requirements** regarding ~~food safety and~~ **climate change or designed to reduce or mitigate** the **effects** ~~manufacture, sale, packaging, storage and marketing~~ of **carbon dioxide** ~~natural, organic~~ and other ~~food products~~ **GHG**

emissions on the environment, may cause disruptions in, or an increase in the costs associated with, the running of our business, particularly with regard to our distribution and supply chain operations. Moreover, compliance with any such legal or regulatory requirements may require that we implement changes to our business operations and strategy, which would require us to devote substantial time and attention to these matters and cause us to incur additional costs. The effects of climate change, and legal or regulatory initiatives to address climate change, could have a long- term adverse impact on our business and results of operations. For example, on October 7, 2023, California Governor Gavin Newsom signed into law SB 261 (" SB 261 "), Greenhouse Gases: Climate- Related Financial Risk, and SB 253, the Climate Corporate Data Accountability Act, which significantly expand climate- related disclosure requirements for companies doing business in California. As a company with operations in California, we may fall under the jurisdiction of these new laws. Commencing on January 1, 2026, and biennially thereafter, SB 261 mandates that we publicly disclose our climate- related financial risks, including disclosing strategies we have adopted to mitigate and adapt to these risks. Non- compliance with the requirements of SB 261 could expose us to a fine of up to $ 50, 000 per reporting year, and we may also be required to pay an annual filing fee. Additionally, California recently enacted Assembly Bill 1305 (" AB 1305 "). AB 1305, which became effective January 1, 2024, creates new annual disclosure requirements regarding substantiation of certain climate- related statements, and may increase our compliance costs . Compliance with these ~~laws~~ **climate- related disclosure rules will require additional time and attention of management and financial resources. We must develop robust systems, processes, and controls for assessing and reporting our climate- related financial risks, as well as ensuring transparency and accuracy in our disclosures. Furthermore, if our competitors' climate change or sustainability performance is perceived to be better than ours, potential or current investors** may ~~impose~~ **elect to invest with our competitors instead. In addition, in the event that we communicate certain initiatives or goals regarding greenhouse gas emission reductions, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of investors, customers, employees and other stakeholders or our initiatives are not executed as planned, our business, financial condition or results of operations could be adversely affected. Adverse judgments or settlements resulting from legal proceedings in which we may be involved in the ordinary course of our business could reduce our profits or limit our ability to operate our business. In the ordinary course of our business, we may become involved in various legal proceedings. The outcome of these proceedings cannot be predicted. If any of these proceedings were to be determined adversely to us or** a **settlement involving a payment of** ~~significant burden upon our operations. If we were to distribute foods that are or are perceived to be contaminated, or otherwise not in compliance with applicable laws, any resulting product recalls could have~~ a material **sum of money were to occur, it could materially and** ~~adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ **our profits or ability to operate** our business **. Additionally** , ~~financial condition~~ **we could become the subject of future claims by third parties, including** ~~or~~ **our** ~~results of operations. We cannot assure~~ **employees ; suppliers, customers, and other counterparties ; our** investors ~~in~~ **;** ~~our~~ - **or regulators.** ~~common stock that these actions will not adversely impact us or~~ **For example** ~~others in our industry further~~ , ~~including suppliers of the products~~ we ~~sell, many of whom~~ are ~~small~~ **subject to the risk of employment** - **related litigation, which we believe** ~~scale producers who may be unable or unwilling to bear the expected increases~~ **increased** ~~in costs of compliance and~~ as a result **of** ~~cease operations or~~ **our** ~~seek to pass along~~ **large workforce in California and New York, at both** ~~these~~ -- **the state and federal levels, including claims styled as class action lawsuits, which are more costly to defend. Also, some employment- related claims in the area of wage and hour disputes are not insurable risks. Any significant adverse judgments or settlements could reduce our profits and could limit our ability to operate our business. Further, we may incur** costs **related** to **claims** ~~us. Additionally, concern over climate change, including the impact of global warming, has led to significant U. S. and international legislative and regulatory efforts to limit greenhouse gas emissions. Increased regulation regarding greenhouse gas emissions, especially diesel engine emissions, could impose substantial costs upon us. These costs include an increase in the cost of the fuel and other energy we purchase and capital costs associated with updating or~~ **for** ~~replacing our vehicles prematurely. Until the timing~~ **which we have appropriate third- party indemnity** , **but** ~~scope and extent of~~ such **third parties** ~~regulation becomes known, we cannot predict its effect on our business, financial condition or results of operations. It is reasonably possible, however, that such regulation could impose material costs on us that we~~ may **fail** ~~be unable~~ to **fulfill their contractual obligations** ~~pass on to our customers~~ . **Changes in applicable** ~~Federal~~ **federal** , state, provincial and local tax ~~rules~~ **laws and regulations** in the United States, Canada and the Middle East **, and the resolution of tax disputes,** may adversely impact our business, financial condition or results of operations. We are subject to federal, state, provincial and local tax ~~rules~~ **laws and regulations** in the United States, Canada and Middle East **and changes in tax laws or regulations or tax rulings may have an adverse impact on our effective tax rate. The U. S. and many state and local jurisdictions where we do business from time to time enact changes in relevant tax, accounting and other laws, regulations and interpretations. Given the unpredictability of possible changes to U. S. federal and state and local tax laws and regulations, it is very difficult to predict their cumulative effect on our results of operations and cash flows, but new and changed laws and regulations could adversely impact our results of operations** . Although we believe that our tax estimates are reasonable, if the Internal Revenue Service (" IRS ") or any other taxing authority disagrees with the positions we have taken on our tax returns, we could face additional tax liability, including interest and penalties. If material, payment of such additional amounts upon final adjudication of any disputes could have a material impact on our business, financial condition or results of operations. Many jurisdictions and intergovernmental organizations have been discussing or are in the process of implementing proposals that may change various aspects of the existing framework under which our tax obligations are determined in future periods. For example, the Organization for Economic Co- operation and Development (the " OECD "), an international association comprised of 38 countries, including the United States, has issued proposals that change long- standing tax principles including on a global minimum tax initiative. On December 12, 2022 **,** the European Union member states agreed to implement the OECD' s Base Erosion and Profit Shifting (" BEPS ") 2. 0 Pillar Two global corporate minimum tax rate of 15 % on companies with revenues of at least € 750 million, which would go into effect in 2024 ~~. In December 2022, South Korea enacted new global minimum tax rules to align with the OECD' s BEPS 2. 0 Pillar Two. Other countries, including the United Kingdom, Switzerland, Canada, and Australia are also actively considering changes to their tax laws to adopt certain parts of the OECD' s proposals~~ . The Company will continue to monitor regulatory developments to assess potential impacts to the Company. Complying with new tax rules, laws or regulations could impact our business, financial condition or results of operations, and increases to federal, provincial or state statutory tax rates and other changes in tax laws, rules or regulations may increase our effective tax rate. Any increase in our effective tax rate could have a material impact on our business, financial condition or results of operations. We estimate our ability to recover deferred tax assets within the jurisdiction from which they arise. A valuation allowance is recognized if, based on the available positive and negative evidence, it is more likely than not that some or all of a deferred tax asset is not recoverable. This evaluation considers several factors, including recent results of operations, future taxable income, scheduled reversal of deferred tax liabilities, and tax planning strategies. Our financial condition and results of operations could be adversely impacted if our valuation allowances increase due to an unfavorable change in our estimate of the recoverability of our deferred tax assets or changes in laws or regulations that limit our ability to recover them. ~~Financial Risk~~ Our substantial indebtedness may limit our ability to invest in the ongoing needs of our business. As of December ~~30~~ **29** , ~~2022~~ **2023** , we had approximately $ ~~686~~ **735** . ~~0~~ **3** million of total indebtedness, consisting of $ ~~299~~ **276** . 3 million of loans outstanding on our senior secured term loan facility (" Term Loan "), $ ~~333~~ **327** . 2 million of convertible debt, $ **100** ~~11. 3 million of finance leases, and other revolving credit facilities of $ 2. 2 million. We had $ 40~~ . 0 million **of** borrowings outstanding under our asset- based loan facility (" ABL ") **and $ 31. 9 million of finance leases and other financing obligations** . See Note 9 " Debt Obligations " to our consolidated financial statements for a full description of our debt instruments. Our indebtedness could have important consequences for us and our investors. For example **,** our indebtedness: • requires us to utilize a substantial portion of our cash flows from operations to make payments on our indebtedness, reducing the availability of our cash flows to fund working capital, capital expenditures, development activity and other general corporate purposes; • increases our vulnerability to adverse general economic or industry conditions; • limits our flexibility in planning for, or reacting to, changes in our business or the industries in which we operate; • makes us more vulnerable to increases in interest rates, as borrowings under our Term Loan and ABL (together the " Credit Facilities ") are at variable rates; • in the case of our convertible debt, could result in the issuance of additional shares of our common stock that would result in the dilution of our then- existing stockholders; • limits our ability to obtain additional financing in the future for working capital or other purposes, including to finance acquisitions; and • places us at a competitive disadvantage compared to our competitors with less indebtedness. If our earnings are insufficient to fund our operations, including our acquisition growth strategy, we will need to raise additional capital or issue additional debt, including longer- term, fixed- rate debt, to pay our indebtedness as it comes due or as our availability under our ABL is exhausted. If we are unable to obtain funds necessary to make required payments or if we fail to comply with the various requirements of our Credit Facilities and convertible debt agreements, we would be in default, which would permit the holders of our indebtedness to accelerate the maturity of the indebtedness and could cause defaults under any indebtedness we may incur in the future. Any default under our indebtedness requiring the repayment of outstanding borrowings would have a material adverse effect on our business, financial condition and results of operations. If we are unable to refinance or repay our indebtedness as it becomes due, we may become insolvent and be unable to continue operations. Although the agreements governing the Credit Facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prevent us from incurring obligations that do not constitute indebtedness. The agreements governing the Credit Facilities require us to maintain fixed charge coverage ratios and leverage ratios. Our ability to comply with these ratios in the future may be affected by events beyond our control, and our inability to comply with the required financial ratios could result in a default under the Credit Facilities. In the event of events of default, the lenders under the Credit Facilities could elect to terminate lending commitments and declare all borrowings outstanding, together with accrued and unpaid interest and other fees, to be immediately due and payable. See " Management' s Discussion and Financial Condition and Results of Operations — Liquidity and Capital Resources. " Our ability to raise capital in the future may be limited. Our business and operations may consume resources, including availability under our ABL, faster than we currently anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt, including longer- term, fixed- rate debt, or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements or grow our business through acquisitions, or otherwise. If we issue new debt securities, the debt holders may have rights senior to those of our common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities or convertible debt, existing stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend upon market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest. We may be unable to obtain debt or other financing, including financing necessary to execute on our acquisition strategy, on favorable terms or at all. There are inherent risks in our ability to borrow debt capital. Lenders, including those participating in the Credit Facilities, may become insolvent or tighten their lending standards, which could make it more difficult for us to borrow under our ABL, refinance our existing indebtedness or obtain other financing on favorable terms or at all. Our access to funds under the Credit Facilities is dependent upon the ability of our lenders to meet their funding commitments. Our financial condition and results of operations would be adversely affected in a material manner if we were unable to draw funds under the ABL because of a lender default or if we had to obtain other cost- effective financing. Longer term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business can be arranged. Such measures could include deferring capital expenditures (including our entry into new markets, including through acquisitions) and reducing or eliminating other discretionary uses of cash. Risks Relating to Ownership of our Common Stock ~~The price of our common stock may be volatile and our stockholders could lose all or part of their investment. Volatility in the market price of our common stock may prevent our stockholders from being able to sell their shares at or above the price the stockholders paid for their shares. The market price of our common stock could fluctuate significantly for various reasons, which include the following: • our quarterly or annual earnings or those of other companies in our industry; • changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to our business; • the public' s reaction to our press releases, our other public announcements and our filings with the SEC; • changes in accounting standards, policies, guidance, interpretations or principles; • additions or departures of our senior management personnel; • sales of common stock by our directors and executive officers; • adverse market reaction to any indebtedness we may incur or securities we may issue in the future; • actions by stockholders; • the level and quality of research analyst coverage for our common stock, changes in financial estimates or investment recommendations by securities analysts following our business or failure to meet such estimates; • the financial disclosure we may provide to the public, any changes in such disclosure or our failure to meet projections included in our public disclosure; • various market factors or perceived market factors, including rumors, whether or not correct, involving us, our customers, our distributors or suppliers or our competitors; • introductions of new products or new pricing policies by us or by our competitors; • acquisitions or strategic alliances by us or our competitors; • short sales, hedging and other derivative transactions in our common stock; • the operating and stock price performance of other companies that investors may deem comparable to us; and • other events or factors, including changes in general conditions in the United States and global economies or financial markets (including those resulting from acts of God, war, incidents of terrorism, global pandemics or responses to such events).~~ Concentration of ownership among our existing executive officers, directors and their affiliates may prevent new investors from influencing significant corporate decisions. As of February ~~13~~ **12** , ~~2023~~ **2024** , our executive officers, directors and their affiliates beneficially owned, in the aggregate, approximately ~~11~~ **12** . ~~9~~ **6** % of our outstanding shares of common stock. In particular, Christopher Pappas, our president and chief executive officer, and John Pappas, our vice chairman **and chief operating officer** , beneficially owned approximately 10. ~~0~~ **8** % of our outstanding shares of common stock as of February ~~13~~ **12** , ~~2023~~ **2024** . As a result of their significant individual ownership levels, these stockholders will be able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders. ~~If securities analysts or industry analysts downgrade our stock, publish negative research or reports or do not publish reports about our business, our stock price and trading volume could decline. The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us, our business and our industry. If one or more analysts adversely change their recommendation regarding our stock or our competitors' stock, our stock price may likely decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. We do not intend to pay dividends for the foreseeable future and our stock may not appreciate in value. We currently intend to retain our future earnings, if any, to finance the operation and growth of our business and do not expect to pay any cash dividends in the foreseeable future. As a result, the success of an investment in shares of our common stock will depend upon any future appreciation in its value. There is no guarantee that shares of our common stock will appreciate in value or that the price at which our stockholders have purchased their shares will be able to be maintained. Our issuance of preferred stock or debt securities could adversely affect holders of our common stock and discourage a takeover. Our board of directors is authorized to issue up to 5 million shares of preferred stock without any action on the part of our stockholders. Our board of directors also has the power, without stockholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation or winding up and other terms. In the event that we issue preferred stock in the future that has preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected. In addition, the ability of our board of directors to issue shares of preferred stock without any action on the part of our stockholders may impede a takeover of us and prevent a transaction favorable to our stockholders. Additionally, in the future, we may need to raise additional funds or pay all, or a portion, of the acquisition price for a business we acquire through the issuance of new debt, including longer- term, fixed- rate debt. If we issue new debt securities, the debt holders may have rights senior to those of our common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Some provisions of our charter documents and Delaware law may have anti- takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management. Provisions in our certificate of incorporation and bylaws as well as provisions of the Delaware General Corporation Law could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions include: • authorizing the issuance of " blank~~

~~check " preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval; • prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders; • eliminating the ability of stockholders to call a special meeting of stockholders; and • establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings.~~