

Risk Factors Comparison 2025-02-25 to 2024-02-27 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. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. 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 notes contained in this report. The following discussion of risks is not all inclusive, but is designed to highlight what we believe are the most significant factors to consider when evaluating our business.

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, 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, any such effects 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. 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.

Changes in our credit profile may affect our relationship with our suppliers, which could have a material adverse effect on our liquidity. Changes in our credit profile may affect the way our suppliers view our ability to make payments and may induce them to shorten the payment terms of their invoices if they perceive our indebtedness to be high. Given the large dollar amounts and volume of our purchases from suppliers, a change in payment terms may have a material adverse effect on our liquidity and our ability to make payments to our suppliers and, consequently, may have a material adverse effect on us. 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 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. 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 could have a material adverse effect on our business, financial condition or results of operations. We rely on third-party suppliers, and our business may be affected by interruption of supplies or increases in product costs. We obtain a significant portion of our specialty food products, produce and center-of-the-plate products from local, regional, national and international third-party suppliers. Our profitability and operating margins are dependent upon, among other things, our ability to anticipate and react to any interruptions in our distribution network and changes to food costs and availability. We generally do not enter into long-term contracts with our suppliers, whereby they would be committed to provide products to us for any appreciable duration of time. Although our purchasing volume can provide leverage when dealing with suppliers, particularly smaller suppliers for whom we may be their largest customer, suppliers may not provide or may be unable to provide the specialty food products, produce or center-of-the-plate products we need in the quantities and at the times and prices we request. Failure to identify an alternate source of supply for these items or comparable products that meet our customers' expectations may result in significant cost increases. Moreover, 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.

The United States government and foreign governments may also take actions that may impact the purchase and production of goods, including imposing tariffs or other regulations on certain goods shipped, that may increase costs for goods transported globally. 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. Because we do not control the actual production of most of the products we sell, we are also subject to material supply chain interruptions, delays caused by interruption in production, and increases in product costs, including those resulting from product recalls or a need to find alternate materials or suppliers, based on conditions outside our control. These conditions include labor shortages, work slowdowns, work interruptions, strikes or other adverse employment actions by employees of ours or our suppliers, government shutdowns, weather conditions or more prolonged climate change, crop conditions, product recalls, product or raw material scarcity, water shortages, transportation interruptions within our distribution channels, unavailability of fuel or increases in fuel costs, competitive demands, contamination with mold, bacteria or other contaminants, pandemics (such as the Pandemic), natural disasters or other catastrophic events, including the outbreak of e. coli or similar food borne illnesses or bioterrorism in the United States, international hostilities, civil insurrection, and social unrest. 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 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, financial condition or results of operations. 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.

Price reductions by our manufacturers of products that we sell could cause the value of our inventory to decline. Also, these price reductions could cause our customers to demand lower sales prices for these products, possibly decreasing our margins and profitability on sales. The value of our inventory could decline as a result of manufacturer price reductions with respect to products that we sell. Such a decline could have an adverse effect on our revenues. Also, decreases in the market prices of products that we sell could cause customers to demand lower sales prices from us. These price reductions could reduce our margins and profitability on sales with respect to the lower-priced products to the extent that we purchased our inventory of these products at the higher prices prior to the manufacturers price reductions. Reductions in our margins and profitability on sales could have a material adverse effect on our business. 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. As of December 29-27, 2023-2024, we had 4-5, 873-029 full-time employees, 207-145 of whom (approximately 4-3 %) are represented by unions and are operating under collective bargaining agreements which expire at various times between fiscal 2024 and-2025 and 2027. Although we have not experienced any significant labor disputes or work stoppages in recent history, and we believe we have satisfactory relationships with our employees, including those who are union members,

increased unionization or a work stoppage because of our inability to renegotiate union contracts could have a material adverse effect on us. Further, potential changes in labor legislation and case law could result in current non-union portions of our workforce, including warehouse and delivery personnel, being subjected to greater organized labor influence. As we increase our employee base and broaden our distribution operations to new geographic markets, our increased visibility could result in increased or expanded union-organizing efforts. New contracts with existing unions could have substantially less favorable terms than those negotiated prior to such expanded union-organizing efforts. 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. In addition, labor is a significant cost for many of our customers in the U. S. food-away-from-home industry, as well as for our distributors and suppliers. Any increase in labor costs, including any increases in costs as a result of increases in minimum wage requirements, wage inflation and / or increased overtime payments as a result of labor shortages, work slowdowns, work interruptions, strikes, or other job actions by employees of customers, distributors and suppliers could reduce the profitability of our customers and reduce demand for our products. Our operations are dependent upon our experienced and sophisticated sales professionals, warehouse personnel and drivers, and, in our center-of-the-plate facilities, 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. Additionally, the cost of attracting and retaining qualified individuals may be higher than we currently anticipate, and as a result, our profitability could decline. 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. Fuel cost volatility may have a material adverse effect on our business, financial condition or results of operations. The high cost of fuel can negatively affect consumer confidence and discretionary spending and, as a result, reduce the frequency and amount spent by consumers within our customers' establishments for food away from home. The high price of fuel and other transportation related costs, such as tolls, fuel taxes, and license and registration fees, can also increase the price we pay for products as well as the costs incurred by us to deliver products to our customers. Furthermore, both the price and supply of fuel are unpredictable and fluctuate based on events outside our control, including geopolitical developments (such as the war in Ukraine and the hostilities in the Middle East), supply and demand for oil and gas, actions by the Organization of Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns, and environmental concerns. These factors, if occurring over an extended period of time, could have a material adverse effect on our sales, margins, operating expenses, or results of operations. A significant portion of our future growth is dependent upon our ability to expand our operations in our existing markets and to penetrate new markets either through organic growth or through acquisitions. We have expanded, and intend to continue expanding, our presence in our existing and new markets by adding to our customer base through the expansion of our product portfolio and the increase in the volume and / or number of purchase orders from our customers. Competitive circumstances and consumer characteristics in new segments of existing markets may differ substantially from those in the segments in which we have substantial experience. We also regularly evaluate opportunities to acquire other companies. A significant portion of our past growth has been achieved through acquisitions of, or mergers with, other distributors of specialty food products and center-of-the-plate protein items. Our ability to achieve expected benefits of acquisitions depends on, among other things, our ability to effectively execute on our business strategies, integrate and manage the combined operations, retain customers and supplier on terms similar to those in place with the acquired businesses, achieve desired operating efficiencies and sales growth, optimize delivery routes, coordinate administrative, distribution and finance functions, integrate management information systems, expand into new markets to include markets of the acquired business, retain and assimilate the acquired businesses' employees, comply with additional foreign laws and regulations and maintain our financial and internal controls and systems as we expand our operations. These risks may be exacerbated in international markets where we have less operational experience. We have an integration team which is dedicated to onboarding new acquisitions and integrating information technology systems as quickly and efficiently as possible. If the integration team does not improve our integration process, the integration of acquisitions could divert the attention of management, and any difficulties or problems encountered in the integration process could have a material adverse effect on our business, financial condition or results of operations. In connection with our acquisition of businesses in the future, if any, we may decide to consolidate the operations of any acquired business with our existing operations or make other changes with respect to the acquired business, which could result in special charges or other expenses. Our results of operations also may be adversely affected by expenses we incur in making acquisitions, by amortization of acquisition-related intangible assets with definite lives and by additional depreciation attributable to acquired assets. Any of the businesses we acquire may also have liabilities or adverse operating issues, including some that we fail to discover before the acquisition, and our indemnity for such liabilities typically has been limited and may, with respect to future acquisitions, also be limited. Additionally, our ability to make any future acquisitions may depend upon obtaining additional financing or the consents of our lenders. We may not be able to obtain this additional financing or these consents on acceptable terms or at all. Moreover, we may need to finance our acquisition activity with the issuance of equity or debt securities, which may have rights and preferences superior to those of our common stock and, in the case of common equity securities, may be issued at such prices and in such amounts as may cause significant dilution to our then-existing common stockholders. To the extent we seek to acquire other businesses in exchange for our common stock, fluctuations in our stock price could have a material adverse effect on our ability to complete acquisitions. In addition, although we enter into acquisition agreements with each company or business we acquire that contain customary representations, warranties, covenants and indemnities, there is no guarantee that we will recover all of our losses that may result from a breach of such agreements. For example, most acquisition agreements contain baskets or deductibles and caps and limitations on damages and on periods in which we may bring a claim. In addition, there can be no guarantee that we will be successful on the

merits of any claim that we bring arising out of a breach of an acquisition agreement or that if we are successful on the merits in bringing a claim that the sellers of the businesses we acquire will be able to pay us for our losses. Moreover, the costs that we incur to investigate a potential matter may not be fully recoverable. Additionally, as a result of an acquisition, we may enter into a new business or market or offer products that differ from our core business. Any such new business or market or the sale and distribution of new products may present new challenges for us, and we may not be able to overcome such challenges. Additionally, we may seek to distribute a different set of products than the business that we acquire, which may cause a loss of customers of those businesses if we can no longer carry the products they desire or charge more for those products than was charged before we acquired the business. Our failure to realize the benefits expected from our acquisitions could result in a reduction in the price of our common stock as well as in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could materially and adversely impact our business, financial condition or results of operations. We may have difficulty managing and facilitating our future growth. At times since our inception, we have rapidly expanded our operations through organic growth, acquisitions or otherwise. This growth has placed and will continue to place significant demands upon our administrative, operational and financial resources. This growth, however, may not continue. To the extent that our customer base and our distribution networks continue to grow, this future growth may be limited by our inability to acquire new distribution facilities or expand our existing distribution facilities, make acquisitions, successfully integrate acquired entities, implement information systems initiatives or adequately manage our personnel. Moreover, our future growth may be limited in part by the size and location of our distribution centers. As we near maximum utilization of a given facility, our operations may be constrained and inefficiencies may be created, which could adversely affect our results of operations unless the facility is expanded, volume is shifted to another facility or additional processing capacity is added. Conversely, as we add additional facilities or expand existing operations or facilities, excess capacity may be created. Any excess capacity may also create inefficiencies and adversely affect our results of operations. We cannot assure investors that we will be able to successfully expand our existing distribution facilities or open new distribution facilities in new or existing markets as needed to facilitate growth. Even if we are able to expand our distribution network, our ability to compete effectively and to manage future growth, if any, will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to expand, train, motivate and manage our employees. We cannot assure investors that our existing personnel, systems, procedures and controls will be adequate to support the future growth of our operations. Accordingly, our inability to manage our growth effectively 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. We have experienced losses due to our 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 or at all. Certain of our customers have experienced bankruptcy, insolvency and / or an inability to pay their debts to us as they come due. If our customers suffer significant financial difficulties or bankruptcies, they may be unable to pay their debts to us in 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 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 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. **Further, the growing use of social media by consumers has greatly increased the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about us, our brands, or our products on social media could seriously damage our brands and reputation. Additionally, negative reaction to our marketing and advertising, including our social media content, could result in damage to our brands and reputation**. 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. 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. **For example, customers have increasingly focused on well-being, including reducing sodium and added sugar consumption or using weight-loss drugs to reduce consumption overall or change consumption patterns, as well as the source and authenticity of ingredients in the foods they consume.** 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. **We rely on independent certifications for a number of our products. We rely on independent third-party certifications, such as certifications of our products as “organic” or “Non-GMO,” to differentiate our products from others. We must comply with the requirements of independent organizations or certification authorities in order to label our products as certified organic. For example, we can lose our “organic” certification if a manufacturing plant becomes contaminated with non-organic materials, or if it is not properly cleaned after a production run. In addition, all raw materials must be certified organic. The loss of any independent certifications could adversely affect our market position as an organic and natural products company, which could harm our business.** 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 claims expenses could significantly reduce our profitability. We believe that our insurance coverage is customary for businesses of our size and type. 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 \$ 300,000 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 \$ 500,000 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. Although we believe our aggregate insurance limits should be sufficient to cover reasonably expected claims costs, it is possible that the amount of one or more claims could exceed our aggregate coverage limits. Insurance carriers have raised premiums for many businesses in our industry, including ours, and our insurance and claims expense could continue to increase in the future. Our results of operations and financial condition could be materially and adversely affected if (1) total claims costs significantly exceed our coverage limits, (2) we experience a claim in excess of our coverage limits, (3) our insurance carriers fail to pay on our insurance claims, (4) we experience a claim for which coverage is not provided, or (5) a large number of claims cause our cost under our deductibles to differ from historic averages. Impairment charges for goodwill or long-lived assets could adversely affect our financial condition and results of operations.

We monitor the recoverability of our long- lived assets, such as buildings, equipment and 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. The testing of long- lived assets and goodwill for impairment requires us to make estimates that are subject to significant assumptions and to apply judgment to estimate economic factors and the profitability of future operations. Changes in these estimates, or changes in actual performance compared with these estimates, may affect the fair value of long- lived assets, which may result in an impairment charge. We cannot accurately predict the amount or timing of any impairment. Should the value of long- lived assets become impaired, our financial condition and results of operations may be adversely affected. For more information on 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.

Changing rules, public disclosure regulations and stakeholder expectations on ESG- related matters create a variety of risks for our business. Increasingly, regulators, consumers, customers, investors, employees and other stakeholders are focusing on ESG matters and related disclosures. These changing rules, public disclosure regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on initiatives within the scope of ESG, and collecting, measuring and reporting ESG- related information and metrics can be costly, difficult and time consuming and is subject to evolving reporting standards, including the SEC’ s proposed climate- related reporting requirements, and similar proposals by other international regulatory bodies. This rapidly changing environment may result in increased general and administrative expenses. We may also communicate certain initiatives and goals regarding environmental matters, diversity and other ESG- related matters. These initiatives and goals could be difficult and expensive to implement, and we could be criticized for the accuracy, adequacy or completeness of the disclosure. Further, statements about our ESG- related initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. In addition, we could be criticized for the scope or nature of such initiatives or goals, or for any revisions to these goals. If our ESG- related data, processes and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to our goals within the scope of ESG on a timely basis, or at all, our reputation, business, results of operations and financial condition could be adversely impacted.

Geographic and Global Risk Significant public health epidemics or pandemics 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 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 any public health epidemic or pandemic may 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 16.15.69% of our net sales for fiscal year 2023-2024. We are therefore particularly exposed to downturns in this regional economy. We also have significant operations in the San Francisco Bay 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) Florida is 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 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 **and the Middle East**, 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. 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, such efforts may be unsuccessful which in turn could **provide an opportunity for cyber attacks**. Additionally, information technology systems **, including those used by cyber attackers,** continue to evolve and, in order to remain competitive, we must implement new technologies in a timely and efficient manner. **For example, to the extent artificial intelligence capabilities improve and are increasingly adopted, they may be used to identify vulnerabilities and craft increasingly sophisticated cybersecurity attacks. Attachments crafted with artificial intelligence tools could directly attack information systems with greater speed and / or efficiency than a human threat actor or create more effective phishing emails. Vulnerabilities may also be introduced from the use of artificial intelligence by us, our customers, suppliers, and other business partners and third- party providers. Use of artificial intelligence by us or such third parties, whether authorized or unauthorized, increases the risk that our intellectual property and other proprietary information will be unintentionally disclosed.** Our failure to implement timely and / or 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 to 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. 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, we are subject to 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 an 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 climate change or designed to reduce or mitigate the effects of carbon dioxide and other 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 (" **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. **Disclosure requirements under SB 253 are expected to be outlined by the California Air Resources Board (" CARB ") in July 2025, with disclosure obligations set to take effect starting in 2026 on or by a date to be determined by CARB. Non- compliance with the requirements of SB 253 could expose us to a fine of up to \$ 500, 000 per reporting year.** Additionally, California recently enacted Assembly Bill 1305 (" AB 1305 "). AB 1305, which became effective January 1, 2024, ~~creates~~ **created** new annual disclosure requirements regarding substantiation of certain climate- related statements, and may increase our compliance costs. **Non- compliance with the requirements of AB 1305 could expose us to fines of up to \$ 2, 500 per individual violation, up to a total of \$ 500, 000.** Compliance with these 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 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 a material sum of money were to occur, it could materially and adversely affect our profits or ability to operate our business. Additionally, we could become the subject of future claims by third parties, including our employees ; suppliers, customers, and other counterparties ; our investors ; or regulators. For example, 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. 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 for which we have appropriate third- party indemnity, but such third parties may fail to fulfill their contractual obligations. Changes in applicable federal, state, provincial and local tax 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 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. **In addition, aspects of U. S. tax laws may lead foreign jurisdictions to respond by enacting additional tax legislation that is unfavorable to us.** 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~~**In** 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 with~~ **associated rules going into effect in some member states in 2024 . In June 2024, Canada enacted the Pillar Two global minimum tax rate. Numerous other countries have also begun to implement or have already implemented similar measures .** 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. Our substantial indebtedness may limit our ability to invest in the ongoing needs of our business. As of December ~~29-27,~~**2023** **2024,** we had approximately \$ ~~735-720.~~ **3-2** million of total indebtedness, consisting of \$ ~~276-260.~~ **3-0** million of loans outstanding on our senior secured term loan facility (“ Term Loan ”), \$ ~~327-287.~~ **2-5** million of convertible debt, \$ ~~100-120.~~ **0** million of borrowings outstanding under our asset- based loan facility (“ ABL ”) and \$ ~~31-52.~~ **9-7** 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 Concentration of ownership among our existing executive officers, directors and their affiliates may prevent new investors from influencing significant corporate decisions. As of February 12-10, 2024-2025, our executive officers, directors and their affiliates beneficially owned, in the aggregate, approximately 12.6 % 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 10.8 % of our outstanding shares of common stock as of February 12-10, 2024-2025. 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.