Risk Factors Comparison 2023-11-08 to 2022-11-23 Form: 10-K

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

You should carefully consider the risks described below before making an investment decision concerning our securities. If any of the following risks actually materialize, our business, financial condition or results of operations could be materially adversely affected. In that case, the trading price of our common stock could decline substantially. This Annual Report also contains forward- looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward- looking statements as a result of a number of factors, including the risks described below and elsewhere in this Annual Report. See " Forward- Looking Statements " under Item 7 of this report for a discussion of forward- looking statements. RISK FACTORS RELATED TO THE WHOLESALE BUSINESS ● Regulation of Cigarette, Tobacco and Tobacco- Related Products by the FDA May Negatively Impact Our Operations. In 2009, the Family Smoking Prevention and Tobacco Control Act was signed into law, which granted the FDA the authority to regulate the production, distribution, and marketing of tobacco products in the United States. Specifically, the legislation established an FDA office to regulate changes to nicotine yields, chemicals, flavors, ingredients, and the labeling used to produce and market tobacco products. The FDA office is financed through user fees paid by tobacco companies, which is passed on to wholesale distributors and end consumers in the form of higher costs. To date, most of the regulatory and compliance burden related to this legislation has fallen upon product manufacturers. However, if the FDA were to impose new regulations impacting wholesale distributors that we are not able to ~~comply~~ **complywith** ~~with~~, we could face remedial actions such as fines, suspension of product distribution rights, and / or termination **of** ~~ofoperations~~ -- **operations** . Further, if the FDA were to issue product bans or product restrictions on cigarettes, tobacco or other nicotine delivery devices, our future revenue stream could materially decrease. If any of these items were to occur, our results from operations, cash flow, business, and overall financial condition could be negatively impacted. ● The Regulation of ~~Electronic Cigarettes (e- cigarettes) and~~ Vaping Products May Negatively Impact Our Results of Operations. The regulation of ~~e- cigarettes and related~~ vaping product categories by federal, state, and local governmental agencies, as well as potential litigation against product manufacturers and / or entities which distribute or sell such products, may negatively impact our sales, costs, results of operations, and cash flows should the current regulatory environment persist or expand, or if related litigation should arise. ● Our Sales Volume Is Largely Dependent upon the Distribution of Cigarette Products, Which is a Declining Sales Category. The distribution of cigarettes represents a significant portion of our business. During fiscal ~~2022~~ **2023** , approximately ~~66~~ **62** % of our consolidated revenues came from the distribution of cigarettes, which generated approximately ~~18~~ **19** % of our consolidated gross profit. Due to manufacturer price increases, restrictions on advertising and promotions, regulation, higher excise and other taxes, health concerns, smoking bans, and other factors, the demand for cigarettes may continue to decline. If this occurs, our results from operations, cash flow, business, and overall financial condition could be negatively impacted. ● Cigarettes and Other Tobacco Products Are Subject to Substantial Excise Taxes and If These Taxes Are Increased, Our Sales of Cigarettes and Other Tobacco Products Could Decline. Cigarette and tobacco products (including vaping ~~and e- cigarette~~ products) are subject to substantial excise taxes and **future** legislation ~~currently under consideration~~ could significantly increase such taxes. Significant increases in cigarette and tobacco- related taxes and fees have been imposed by city, state, and federal governments in recent years. Further, the evolving regulatory responsibilities of the FDA are being funded by fees imposed on tobacco companies. These fees have been passed on to wholesale distributors and end consumers in the form of higher prices for cigarette and tobacco products. Increases in excise taxes and other tobacco- related taxes and fees imposed by the FDA and other governmental authorities may reduce the long- term demand for cigarette and tobacco products and / or result in a sales shift from higher margin premium cigarette and tobacco products to lower margin deep- discount brands, while at the same time increasing the Company' s accounts receivable risk and inventory carrying costs. If any of these events were to occur, our results from operations, cash flow, liquidity position, and overall financial condition could be negatively impacted. ● Divestiture and Consolidation Trends Within the Convenience Store Industry May Negatively Impact Our Operations. Divestitures and consolidations within the convenience store industry reflect trends that may result in customer **attrition** ~~losses for us~~ if the acquiring entity is served by another wholesale distributor and we are unable to retain the business. If we were to lose a substantial volume of business because of these trends, our results from operations, cash flow, business, and overall financial condition could be negatively impacted. ● Volatility in Fuel Prices Could Reduce Profit Margins and **May Have an** ~~Adversely~~ -- **Adverse** ~~Affect~~ **Effect on** Our Business. Increases or decreases in fuel prices ~~can and do have an~~ impact ~~on~~ our profit margins **. Inflation can also impact fuel prices** . If we are not able to meaningfully pass on these costs to customers, it could adversely impact our **business,** results of operations ~~, business~~ , cash flow, and financial condition. 8 ● The Wholesale Distribution of Convenience Store Products Is Significantly Affected by Pricing Decisions and Promotional Programs Offered by Manufacturers and State Taxing Authorities. We are subject to changes in pricing strategies utilized by manufacturers of the products we distribute. We also receive payments from these manufacturers including allowances, discounts, volume rebates, and other merchandising incentives in connection with various incentive programs. In addition, we receive discounts from states in connection with the purchase of excise stamps for cigarettes. If the pricing strategies of the manufacturers change or the manufacturers or states change or discontinue these promotional programs or we are unable to maintain the volume of our sales, our results of operations, business, cash flow, and financial condition could be negatively affected. There are no assurances that the manufacturers or states will maintain these promotional programs. ● Competition Within The Wholesale Distribution Industry May Have an Adverse Effect on Our Business. The wholesale distribution industry is highly competitive. There are many distribution companies operating in the same geographical regions as our Company. Our

Company' s principal competitors are national and regional wholesalers, along with a host of smaller grocery and tobacco wholesalers. We also face competition from Whole Foods Market and / or its parent company Amazon ™, which pose a threat to the supply chains of food and grocery retailers as well as convenience stores served by wholesale distribution companies as they continue to pursue a vertical, multi- channel sales strategy whereby both retail consumers and business level customers are targeted. Most of these competitors generally offer a wide range of products at prices comparable to those offered by our Company. Some of our competitors have substantial financial resources and long- standing customer relationships. This competition may reduce our margins and / or cause a loss in market share, adversely impacting our results of operations, cash flow, and financial condition. ● We Occasionally Purchase Cigarettes From Manufacturers Not Covered by The Tobacco Industry' s Master Settlement Agreement (" MSA "), Which May Expose Us to Certain Potential Liabilities and Financial Risks for Which We Are Not Indemnified. In 1994, the Mississippi attorney general brought an action against various tobacco industry members on behalf of the state to recover state funds paid for health- care costs related to tobacco use. Subsequently, most other states sued the major U. S. cigarette manufacturers based on similar theories. The cigarette manufacturer defendants settled the first four of these cases with Mississippi, Florida, Texas and Minnesota by separate agreements. These states are referred to as non- MSA states. In November 1998, the major U. S. tobacco product manufacturers entered into the MSA with the remaining 46 states, the District of Columbia and certain U. S. territories. The MSA and the other state settlement agreements settled health- care cost recovery actions and monetary claims relating to future conduct arising out of the use of, or exposure to, tobacco products, imposed a stream of future payment obligations on major U. S. cigarette manufacturers and placed significant restrictions on the ability to market and sell cigarettes. The payments required under the MSA resulted in the products sold by the participating manufacturers being priced at higher levels than the products sold by non- MSA manufacturers. In order to limit our potential tobacco- related liabilities, we try to limit our purchases of cigarettes from non- MSA manufacturers for sale in MSA states. The benefits of liability limitations and indemnities we are entitled to under the MSA do not apply to sales of cigarettes manufactured by non- MSA manufacturers. From time- to- time, however, we find it necessary to purchase a limited amount of cigarettes from non- MSA manufacturers. For example, during a transition period while integrating distribution operations from an acquisition we may need to purchase and distribute cigarettes manufactured by non- MSA manufacturers to satisfy the demands of customers of the acquired business. With respect to sales of such non- MSA cigarettes, we could be subject to litigation that could expose us to liabilities for which we would not be indemnified. ● If the Tobacco Industry' s Master Settlement Agreement Is Invalidated, or Tobacco Manufacturers Cannot Meet Their Obligations to Indemnify Us, We Could Be Subject to Substantial Litigation Liability. In connection with the MSA, we are indemnified by many of the tobacco product manufacturers from whom we purchase cigarettes and other tobacco products for liabilities arising from the sale of the tobacco products that they supply to us. However, if litigation challenging the validity of the MSA were to be successful and all or part of the MSA is invalidated, we could be subject to substantial litigation due to the sales of cigarettes and other tobacco products, and we may not be 9indemnified for such costs by the tobacco product manufacturers in the future. In addition, even if we continue to be indemnified by cigarette manufacturers that are parties to the MSA, future litigation awards against such cigarette manufacturers could be so large as to eliminate the ability of the manufacturers to satisfy their indemnification obligations. Our results of operations, business, cash flow, and overall financial condition could be negatively impacted due to increased litigation costs and potential adverse rulings against us. ● We Face Competition From Sales of Deep- Discount Brands and Other Low Priced Sales of Cigarettes. Increased selling prices for cigarettes and higher cigarette taxes have resulted in the growth of deep- discount cigarette brands, which may be sold by our competitors or other retailers. Deep- discount cigarette brands are brands generally manufactured by companies that are not original participants to the MSA, and accordingly do not have cost structures burdened by the MSA. Since the MSA was signed, the category of deep- discount brands manufactured by smaller manufacturers or supplied by importers has grown substantially. If this growth continues, our **business,** results of operations, ~~business~~ cash flows, and overall financial condition would be negatively impacted. RISK FACTORS RELATED TO THE RETAIL BUSINESS ● Increased Competition in the Retail Health Food Industry May Have an Adverse Effect on Our Business. In our retail health food business, we compete with a wide range of well- financed regional and national competitors such as Whole Foods Markets, Trader Joe' s, Sprouts Farmers Market, Natural Grocers, Fresh Thyme Farmers Market, General Nutrition Centers, Vitamin Shoppe, and other online competitors such as Amazon ™ **who** all ~~who~~ have embarked on aggressive expansion strategies. Additionally, we compete with specialty supermarkets, other ~~and~~ independent natural foods ~~stores~~ - **store** chains, small specialty stores, and restaurants. Conventional supermarkets and mass market outlets such as Kroger, Albertsons, Walmart, and Costco have also significantly increased their offerings of organic and natural products providing another layer of competition. Finally, if online shopping, direct- to- consumer, and home delivery models continue to grow in popularity thereby further disrupting traditional sales channels, it may present a significant direct risk to brick and mortar retailers **like** ~~, including~~ the Company. We also face competition from Whole Foods Market and / or its parent company Amazon ™, which pose a threat to the supply chains of the grocery and natural foods business as they continue to pursue a vertical, multi- channel sales strategy ~~whereby~~ **targeting** both retail consumers and business level customers ~~are targeted~~. Most of these competitors may have greater financial and marketing resources than ~~our~~ **the** Company and may be able to devote greater resources to sourcing, promoting, and selling their products. In response to heightened competition, the Company is implementing a repositioning strategy for ~~our~~ **its** retail business. This repositioning strategy calls for a wide range of initiatives including the possible addition of one or more of our new retail store prototypes per year into the foreseeable future. The opening of new retail stores inherently brings additional risk to the business. Further, if our repositioning strategy in response to this increase in competition is not successful, it may have a material adverse effect on our results of operations, business, cash flow, and financial condition, and could potentially result in the impairment of assets within this business segment. ● Changes in the Availability of Quality Natural and Organic Products Could Impact Our Business. There is no assurance that quality natural and organic products including dietary supplements, fresh and processed foods and vitamins will be available to meet our stores future needs. If conventional supermarkets increase their natural and organic product offerings or if new laws require the reformulation of certain products to meet tougher standards, the supply of these products may be constrained. Any significant disruption in the supply of quality natural and organic products could have a material adverse impact on our overall sales and product costs. ● Perishable Food Product Losses Could Materially Impact Our Results. Our retail stores carry many perishable products which may result in significant product inventory losses in the event of extended power outages, natural disasters, or other catastrophic occurrences. 10 ● A Reduction in Traffic to Anchor Stores in the Shopping Areas in Close Proximity to Our Stores Could Significantly Reduce Our Sales and Leave Us With Unsold Inventory, Which Could Have a Material Adverse Effect on Our Business, Financial Condition and Results of Operations. Many of our stores are located in close proximity to shopping areas that also accommodate other well- known anchor stores. Sales at our stores are derived, in part, from the volume of traffic generated by the other anchor stores in the shopping areas where our stores are located. Customer traffic may be adversely affected by regional economic downturns, a general downturn in the local area where our store is located, long- term nearby road construction projects, the closing of nearby anchor stores or other nearby stores or the decline of the shopping environment in a particular shopping area. Any of these events ~~would~~ **could** reduce our sales and leave us with excess inventory, which could have a material adverse impact on our business, financial condition, and results of operations. In response to such events, we may be required to increase markdowns or initiate marketing promotions to reduce excess inventory, which would further decrease our gross profits and net income. ● If We Are Unable to Successfully Identify Market Trends and React to Changing Consumer Preferences in a Timely Manner, Our Sales May Decrease. We believe our success depends, in substantial part, on our ability to: ● anticipate, identify and react to natural and organic grocery and dietary supplement trends and changing consumer preferences in a timely manner; ● translate market trends into appropriate, saleable product and service offerings in our stores before our competitors; and ● develop and maintain vendor relationships that provide us access to the newest merchandise on reasonable terms. If we are unable to anticipate and satisfy consumer merchandise preferences in the regions where we operate, our sales may decrease, and we may be forced to increase markdowns of slow- moving merchandise, either of which could negatively impact our business, results of operations, cash flow, and financial condition. ● If We or Our Third- Party Suppliers Fail to Comply With Regulatory Requirements, or are Unable to Provide Products that Meet Our Specifications, Our Business and Our Reputation Could be Negatively Impacted. If we or our third- party suppliers, including suppliers of our private label products, fail to comply with applicable regulatory requirements or to meet our specifications for quality, we could be required to take costly corrective action and our reputation could be negatively impacted. We do not own or operate any manufacturing facilities, and therefore depend upon independent third- party vendors to produce our private label branded products, such as vitamins, minerals, dietary supplements, body care products, food products and bottled water. Third- party suppliers of our private label products may not maintain adequate controls with respect to product specifications and quality. Such suppliers may be unable to produce products on a timely basis or in a manner consistent with regulatory requirements. Additionally, there are no assurances that we would be successful in finding new third- party suppliers that meet our quality guidelines if needed. If any of these events were to occur, our results from operations, cash flow, liquidity position, and overall financial condition could be negatively impacted. 11RISK FACTORS RELATED TO ALL OF OUR BUSINESSES ● **Significant or Prolonged Periods of Higher Interest Rate Environments May Have an Adverse Effect on Our Profitability. Interest rates have a direct impact on our business based on the amount of variable debt the Company utilizes in its operations. Prolonged periods of high interest rates may have a negative impact on the Company' s results of operations, balance sheet, and cash flows. ● We May Be Impacted by Acts of Civil Unrest, or Violence. Our business operations could be negatively impacted by acts of civil unrest, or violence beyond our control. Such acts could threaten our supply chain, may result in property damage and / or insurance claims to the facilities of the Company or our customers, impact the safety of our workforce or the workforces of our customers, and may also have indirect impacts on customer demand for the products we sell, or our ability to collect on accounts receivable or finance our operations. ●** A Major Epidemic or Pandemic or other Widespread Public Health Issue Could Adversely Affect Our Results of Operations and Financial Condition. The emergence and spread of a major epidemic or pandemic (such as COVID- 19) or other widespread public health issue could affect our employees, suppliers and / or customers and cause disruption in our operations including, but not limited to, travel restrictions, temporary closing of one or more of our distribution warehouses or retail stores, labor shortages, supply chain interruptions, business shutdowns, or regional quarantines. These disruptions could negatively affect our ability to service our customers, could contribute to adverse economic conditions including decreases in demand for the products we distribute, resulting in lower sales and profitability, or could present increased credit risk to the Company from customer credit defaults resulting from an economic downturn. In addition to the potential operational risks described above, disruptions caused by a widespread public health issue could present increased reputational risk to the Company or result in legal claims or costly response measures. ● **We May Be Subject to** ~~Risk~~ **Risks** Associated with Equity Investments or the Acquisition of Assets or New Businesses. From time to time, one or both of the Company' s business segments may acquire assets from other businesses, ~~may acquire~~ all or a portion of another business, or ~~may~~ make an equity investment in another business through the purchase of equity or other means. The purchase of assets or of all or part of a business or an equity investment in another business can bring significant risks to the Company in a number of areas including purchase price, amount of equity investment, business valuation and recording risks, customer retention risks, risks associated with the assumption of liabilities or obligations, integration risks, technology risks, risks associated with the addition of new employees such as health care costs, and a wide range of other risks and considerations. While the Company strives to minimize the risks associated with its acquisition or equity investment activities, issues may arise which could have a material negative impact on the Company' s results of operations, balance sheet, and cash flows. ● **We May Be Subject to** Risks Associated with Trade Tariffs. The Company purchases products from a wide range of vendors in both of its businesses. Some of our vendors may import certain products as part of their manufacturing processes and could be impacted by higher costs resulting from trade tariffs. Further, the impact of higher costs at the retail level may negatively impact consumer disposable income and demand. In the event that our product purchase costs from our vendors increase and we cannot pass on those price increases or if the retail level demand for the products we sell decreases, the Company' s results of operations, balance sheet, and cash flows could be negatively impacted. **12** ● Employee Healthcare Benefits Represent a Significant Expense for Our Company and May Negatively Affect Our Profitability. Healthcare represents a significant expense item for our Company and there is a general upward trend in healthcare costs nationwide. While we strive to control these costs through modifications to insurance coverage, including co- pays and deductibles, there can be no assurance that we will be as successful in controlling such costs in the future. Continued increases in healthcare costs, as well as changes in laws, regulations, and assumptions used to calculate health and benefit expenses, may adversely affect our business, financial position and results of operations. ● We May Be Subject to Product Liability Claims ~~Which Could~~ **That May Have an** ~~Adversely~~ -- **Adverse** ~~Affect~~ **Effect on** Our Business. We may face exposure to product liability claims **if** ~~in the event that~~ the use of products sold by us is alleged to cause injury or illness. However, product liability insurance may not continue to be available at a reasonable cost, or, if available, may not be adequate to cover all of our liabilities. We generally seek contractual indemnification and insurance coverage from parties supplying the products we sell, but this indemnification or insurance coverage is limited, as a practical matter, to the creditworthiness of the indemnifying party and the insurance limits of any insurance provided by suppliers. If we do not have adequate insurance or if contractual indemnification is not available or if the counterparty cannot fulfill its ~~12indemnification~~ -- **indemnification** obligation, product liability relating to allegedly defective products could have a material adverse impact **on** our results of operations, cash flow, business, and overall financial condition. ● **We May Be Subject to** ~~Risk~~ **Risks** Associated with Insurance Plans Claims. The Company uses a combination of insurance and self- insurance plans to provide for the potential liabilities for workers' compensation, general liability, property insurance, director and officers' liability insurance, vehicle liability, and employee health care benefits. Liabilities associated with these risks are estimated by the Company, in part, by considering historical claims experience, demographic factors, severity factors, and other assumptions. Our results could be materially impacted by claims and other expenses related to such insurance plans if future occurrences and claims differ from these assumptions and historical trends. ● A Deterioration in Economic Conditions May Negatively Impact Sales in Both Our Business Segments. Our results of operations and financial condition are particularly sensitive to changes in the overall economy, including the level of consumer **discretionary** spending **. Consumer discretionary spending may be negatively impacted by inflation, rising interest rates, recessions or other general economic uncertainties or downturns** . Changes in discretionary spending patterns may decrease demand from our convenience store customers and / or impact the demand for natural food products in our retail health food stores as customers purchase less expensive product alternatives. Additionally, many of our ~~wholesale~~ **Wholesale** ~~segment~~ **Segment** customers are thinly capitalized and their access to credit in the current business environment may be impacted by **changes in economic conditions, systemic pressures in the banking system, including disruptions in the credit markets, rising interest rates or other factors, which may affect** their ability to operate as a going concern, presenting additional credit risk for the Company. **A** ~~In a~~ period of economic downturn or ~~if the economy~~ **economic** ~~deteriorates~~ **deterioration** ~~, it~~ could result in lower sales and profitability as well as customer credit defaults. ● Periods of Significant or Prolonged Inflation or Deflation Affect Our Product Costs and Profitability. Volatile product costs have a direct impact on our business. Prolonged periods of product cost inflation may have a negative impact on our profit margins and earnings to the extent that we are unable to pass on all or a portion of such product cost increases to our customers, which may have a negative impact on our business and our profitability. In addition, product cost inflation may negatively impact consumer spending decisions, which could adversely impact our sales. Conversely, our business may be adversely impacted by periods of prolonged product cost deflation because we make a significant portion of our sales at prices that are based on the cost of products we sell plus a percentage markup. As a result, our profit levels may be negatively impacted during periods of product cost deflation, even though our gross profit percentage may remain relatively constant. **13** ● We Rely Heavily on Information Technology Systems to Operate Our Business. Any Disruptions to These Technology Systems ~~Including Security Breaches, Cyber- Attacks, Malware,~~ or **if** ~~Other Methods by Which Those~~ **These** ~~Information~~ Systems ~~Could Be Compromised~~ **were Made Unavailable for Use** , May Have a Material ~~Negative Impact~~ **Adverse Effect** on Our Business. We rely extensively on our information technology systems and those of third parties to run all aspects of our business **. We have had and may have disruptions to our information technology systems due to a number of factors including but not limited to electricity outages, equipment failure, telecommunications failures, security breaches, cyber- attacks, computer viruses, malware or other methods and causes. Although we make efforts to maintain the security, integrity and redundancy of our systems and have implemented various measures to manage the risk of system disruptions or failures, there can be no assurance that our efforts and measures will be effective** . If any of our information technology systems or those of third parties on which we rely are damaged or made unavailable ~~due~~ to **us** ~~a wide range of issues such as power outages, computer and telecommunications failures, computer viruses, security breaches, malware, or compromised by any other method~~ , it could have a material negative impact on our operations and profits. ● Adverse Publicity About ~~Us~~ **the Company** or Lack of Confidence in The Products We Carry ~~Could Negatively Impact~~ **May Have an Adverse Effect on** Our Reputation and Reduce Earnings. Maintaining a good reputation and public confidence in the products we distribute is critical to our business. Anything that damages that reputation or the public' s confidence in the products we carry, whether or not justified, including adverse publicity about the quality, safety or integrity of our products, could quickly and adversely affect our revenues and profits. In addition, such adverse publicity may result in product liability claims, a loss of reputation, and product recalls which ~~would~~ **could** have a material adverse effect on our sales and operations. ~~13~~ ● Impairment Charges for Goodwill or Other Intangible Assets ~~Could~~ **May Have an** ~~Adversely~~ -- **Adverse** ~~Affect~~ **Effect on** Our Financial Condition and Results of Operations. We annually test goodwill and intangible assets with indefinite useful lives to determine if impairment has occurred. Additionally, interim reviews must be performed whenever events or changes in circumstances indicate that impairment may have occurred. If the testing performed indicates that impairment has occurred, we are required to record a non- cash impairment charge for the difference between the carrying value of the goodwill or other intangible assets and the implied fair value of the goodwill or other intangible assets in the period the determination is made. The testing of goodwill and other intangible assets for impairment requires management to make significant estimates about our future performance and cash flows, as well as other assumptions. These estimates can be affected by numerous factors, including potential changes in economic, industry or market conditions, changes in business operations, changes in competition or changes in our stock price and market capitalization. Changes in these factors, or changes in actual performance compared with estimates of our future performance, may affect the fair value of goodwill or other intangible assets, which may result in impairment charges. Additionally, we may not be able to accurately predict the amount and timing of any impairment of assets. Should the value of goodwill or other intangible assets become impaired, our financial condition and results of operations may be adversely affected. ● Capital Needed for Expansion May Not Be Available. The acquisition of other distributors or existing retail stores, the development and opening of new retail stores and distribution facilities, and the expansion of existing distribution facilities requires significant amounts of capital. In the past, our growth has been funded primarily through proceeds from bank debt, private placements of equity and debt and internally generated cash flow. These and other sources of capital may not be available to us on **satisfactory** terms ~~satisfactory to us~~, or at all, in the future, particularly in light of current economic conditions **, including systemic pressures in the banking system, disruptions in the credit markets and rising interest rates** , which could impair our ability to further expand our business. ● Covenants in Our Revolving Credit Facilities May Restrict Our Ability to React to Changes Within Our Business or Industry. Our revolving credit facilities impose certain restrictions on us that could increase our vulnerability to general adverse economic and industry conditions by limiting our flexibility in planning for and reacting to changes in our business and industry. Specifically, these restrictions limit our ability, among other things, to incur additional indebtedness, make ~~distributions~~ **14distributions** , pay dividends, issue stock of subsidiaries, make investments, repurchase stock, create liens, enter into transactions with affiliates, merge or consolidate, or transfer and sell our assets. ● Failure to Meet Restrictive Covenants in Our Revolving Credit Facilities Could Result in Acceleration of the Facilities and We May not be Able to Find Alternative Financing. Under our credit facilities, we are required to maintain a minimum debt service ratio if our excess availability falls below 10 % of the maximum loan limit as defined in our revolving credit agreements. Our ability to comply with this covenant may be affected by factors beyond our control. If we breach, or if our lender contends that we have breached this covenant or any other restrictions, it could result in an event of default under our revolving credit facilities, which would permit our lenders to declare all amounts outstanding thereunder to be immediately due and payable, and our lenders under our revolving credit facilities could terminate their commitments to make further extensions of credit under our revolving credit facilities **and foreclose on collateral securing those loans** . ~~14~~ **In such an event, there can be no assurances that we would be able to obtain waivers for any such breach or default, refinance such indebtedness or obtain alternative financing on satisfactory terms or at all.** ● We May Not Be Able to Obtain Capital or Borrow Funds to Provide Us with Sufficient Liquidity and Capital Resources Necessary to Meet Our Future Financial Obligations. We expect that our principal sources of funds will be cash generated from our operations and, if necessary, borrowings under our revolving credit facilities. However, the current and future conditions in the credit markets **, including systemic pressures in the banking system, disruptions in the credit markets and rising interest rates** may impact the availability of capital resources required to meet our future financial obligations, or to provide funds for our working capital, capital expenditures and other needs for the foreseeable future. We may require additional equity or debt financing to meet our working capital requirements or to fund our capital expenditures. We may not be able to obtain financing on terms satisfactory to us, or at all. ● We Depend on Relatively Few Suppliers for a Large Portion of Our Products, and Any Interruptions in the Supply of the Products ~~That~~ We Sell ~~Could~~ **May Have an** ~~Adversely~~ -- **Adverse** ~~Affect~~ **Effect on** Our Results of Operations and Financial Condition. We do not have any significant long- term contracts with suppliers in our wholesale business committing them to provide products to us. Although our purchasing volume can provide leverage when dealing with suppliers, suppliers may not provide the products we sell in the quantities we request or on favorable terms. Because we do not control the actual production of the products we sell, we are also subject to delays caused by interruption in production based on conditions beyond our control. These conditions include ~~job actions or~~ **but are not limited to labor disputes (** strikes **)** ~~by employees of suppliers~~ , labor shortages, supply chain and transportation disruptions, inclement weather, drought, natural disasters, epidemics, pandemics or other widespread public health issues, or other catastrophic events and the adverse effects of climate change. Our inability to obtain adequate supplies of the products we sell as a result of any of the foregoing factors or otherwise, could cause us to fail to meet our obligations to our customers. ● We Would Lose Business if Cigarette or Other Manufacturers That We Use Decide to Engage in Direct Distribution of Their Products. In the past, some large manufacturers have decided to engage in direct distribution of their products and eliminate distributors such as ~~our~~ **the** Company. If other manufacturers make similar product distribution decisions in the future, our revenues and profits ~~would~~ **could** be adversely affected and there can be no assurance that we will be able to take action to compensate for such losses. ● We Depend on Our Senior Management and Key Personnel. We depend on the continued services and performance of our senior management and other key personnel. While we have employment agreements with certain key personnel, the loss of service from any of our executive officers or key employees could harm our business. **15** ● We Operate in a Competitive Labor Market and Some of Our Employees Are Covered by Collective Bargaining Agreements. We compete with other businesses in each of our markets with respect to attracting and retaining qualified employees, particularly in the area of truck drivers and warehouse workers. A shortage of qualified employees could require us to enhance our wage and benefits packages in order to compete effectively in the hiring and retention of qualified employees or to hire more expensive temporary employees. In addition, at September ~~2022~~ **2023** , approximately thirty of our delivery drivers in our Wholesale Segment are covered by a collective bargaining agreement with a labor organization, which expires in November 2023 **. A new labor agreement has been ratified by the IAMAW through November 2026. We expect this agreement to be**

executed during the Company' s first quarter of fiscal 2024 . ● We Are Subject to Significant Governmental Regulation and If We Are Unable to Comply with Regulations That Affect Our Business or If There Are Substantial Changes in These Regulations, Our Business Could Be Adversely Affected. As a distributor and retailer of food products, we are subject to regulation by the FDA. Our operations are also subject to regulation by the USDA, OSHA, ATF, DOT and other federal, state and local agencies. Each of these regulatory authorities has broad administrative powers with respect to our operations. If we fail to adequately comply with government regulations or regulations become more stringent, we could experience increased inspections, regulatory authorities could ~~15~~ **take remedial action including imposing fines or shutting down our operations or we could be subject to increased audit and compliance costs. If any of these events were to occur, our results of operations, business, cash flow, and financial condition would be adversely affected. We cannot predict the impact that future laws, regulations, interpretations or applications, the effect of additional government regulations or administrative orders, when and if promulgated, or disparate federal, state and local regulatory schemes would have on our business in the future. They could, however, require the reformulation of certain products to meet new standards, the recall or discontinuance of certain products not able to be reformulated, additional record keeping, expanded documentation of the properties of certain products, expanded or different labeling and / or scientific substantiation. While we do not manufacture any products, any of the aforementioned items could disrupt the supply levels of inventory that we sell. Any or all of such requirements could have an adverse effect on our results of operations, business, cash flow, and financial condition. RISK FACTORS RELATED TO OUR COMMON STOCK ● The Company Has Few Shareholders of Record And, If this Number Remains below 300, as was true as of September 30, 2023, the Company Will No Longer Be Obligated to Report under the Securities Exchange Act of 1934 and in Such Case We May Be Delisted from NYSE American, Reducing the Ability of Investors to Trade in Our Common Stock. If the number of owners of record (including direct participants in the Depository Trust Company) of our common stock remains below 300, as was true as of September 30, 2023, our obligation to file reports under the Securities Exchange Act of 1934 could be suspended. If we take advantage of this right we will likely reduce administrative costs of complying with public company rules, but periodic and current information updates about the Company would not be available to investors. In addition, the common stock of the Company would be removed from listing on NYSE American. This would likely impact investors' ability to trade in our common stock. ● We Have Various Mechanisms in Place to Discourage Takeover Attempts, Which May Reduce or Eliminate Our Stockholders' Ability to Sell Their Shares for a Premium in a Change of Control Transaction. Various provisions of our bylaws and of corporate law may discourage, delay or prevent a change in control or takeover attempt of the Company by a third party that is opposed by our management and Board of Directors. These anti- takeover provisions could substantially impede the ability of public stockholders to benefit from a change of control or change in our management and Board of Directors. These provisions include: 16**