

Risk Factors Comparison 2024-06-26 to 2023-06-28 Form: 10-K

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In addition to other information in this Annual Report on Form 10-K, the following risk factors should be considered carefully in evaluating the Company's business. Our business, financial condition, results of operations and cash flows could be materially and adversely affected by any of these risks. Additional risks and uncertainties, including risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair our business, financial position, results of operations and cash flows. Brand image and consumer preferences. Our beverage portfolio is comprised of a number of unique brands with reputations and consumer loyalty that have been built over time. Our investments in social media and marketing as well as our strong commitment to product quality are intended to have a favorable impact on brand image and consumer preferences. Unfavorable publicity, or allegations of quality issues, even if false or unfounded, may tarnish our reputation and brand image and cause consumers to choose other products. In addition, if we do not adequately anticipate and react to changing demographics, consumer trends, health concerns and product preferences, our financial position could be adversely affected. Competition. The beverage industry is extremely competitive. Our products compete with a broad range of beverage products, most of which are manufactured and distributed by companies with substantially greater financial, marketing and distribution resources. Discounting and other actions by our competitors could adversely affect our ability to sustain revenues and profits. Customer relationships. Our retail customer base has been consolidating over many years resulting in fewer customers with increased purchasing power. This increased purchasing power can limit our ability to increase pricing for our products with certain of our customers. Additionally, e-commerce transactions and value stores are experiencing rapid growth. Our inability to adapt to customer requirements could lead to a loss of business and adversely affect our financial position. Raw materials and energy **sources**. The production of our products is dependent on certain raw materials, including aluminum, resin, corn, linerboard, water and fruit juice. In addition, the production and distribution of our products is dependent on energy sources, including natural gas, diesel fuel, carbon dioxide and electricity. These items are subject to supply chain disruptions and price volatility caused by numerous factors. Commodity price increases ultimately result in a corresponding increase in the cost of raw materials and energy. We may be limited in our ability to pass these **price** increases on to our customers or may incur a loss in sales volume to the extent ~~price we increases~~ **increase prices are taken**. In addition, ~~strikes~~ **Strikes**, weather conditions **(including conditions caused by climate change)**, governmental controls, tariffs, national emergencies, natural disasters, supply shortages or other events could **also** affect our continued supply and cost of raw materials and energy. If raw materials or energy costs increase, or their availability is limited, our financial position could be adversely affected. Governmental regulation. Our business and properties are subject to various federal, state and local laws and regulations, including those governing the production, packaging, quality, labeling and distribution of beverage products **and those governing environmental laws and regulations**. In addition, various governmental agencies have enacted or are considering changes in corporate tax laws as well as additional taxes on soft drinks and other sweetened beverages. **Continuing concern over environmental, social and governance matters, including climate change, is expected to continue to result in new or increased legal and regulatory requirements to reduce emissions to mitigate the potential effects of greenhouse gases, to limit or impose additional costs on commercial water use due to local water scarcity concerns or to expand mandatory reporting of certain environmental, social and governance metrics.** Compliance with or **future** changes in existing laws or regulations could require material expenses **and or capital expenditures** and negatively affect our financial position. Sustained increases in the cost of employee wages and benefits. Our profitability is affected by the cost of employee wages as well as ~~medical~~ **health insurance** and other benefits provided to employees, including employees covered under collective bargaining agreements and multi-employer pension plans. Competition in the labor marketplace for qualified employees has led to increased costs, such as higher wages and benefit costs in order to recruit and retain employees. A prolonged labor shortage or inflation in labor costs could adversely impact our financial results. Unfavorable weather conditions ~~-,~~ **changing weather patterns and natural disasters** Unfavorable weather conditions **in the geographic regions in which the Company or its suppliers operate** could have an adverse impact on our revenue and profitability. Unusually cold or rainy weather may temporarily reduce demand for our products and contribute to lower sales, which could adversely affect our profitability for such periods. Prolonged drought conditions in the geographic regions in which we do business could lead to restrictions on the use of water, which could adversely affect our ability to produce and distribute products. **Additionally, hurricanes, earthquakes, floods or other natural disasters may damage our physical facilities or those of our suppliers or customers. Climate change may increase the frequency or severity of weather-related events. Climate change may also have a negative effect on agricultural production resulting in decreased availability or less favorable pricing for certain commodities utilized in certain of our products. In addition, any perception of a failure to act responsibly with respect to the environment or to effectively respond to regulatory requirements concerning climate change could lead to adverse publicity, which could result in reduced demand for our products, damage to our reputation or increase the risk of litigation.** Dependence on key personnel. Our performance significantly depends upon the continued contributions of our executive officers and key employees, both individually and as a group ~~and~~ our ability to retain and motivate them. Our officers and key personnel have many years of experience with us and in our industry and it may be difficult to replace them. If we lose key personnel or are unable to recruit qualified personnel, our operations and ability to manage our business may be adversely affected. **Future cyber incidents and** ~~Dependence-dependence~~ on information technology and third-party service providers. We ~~use~~ **depend on** information **systems and** technology, **including public websites and cloud-based services, for many**

activities important to our business, including communications within our Company, interfacing with customers and consumers; ordering and managing inventory; managing and operating our facilities; protecting confidential information, including personal data we collect; maintaining accurate financial records and complying with regulatory, financial reporting, legal and tax requirements. Our business has in the past and could in the future be negatively affected by system shutdowns, degraded systems performance, systems disruptions or security incidents. These disruptions or incidents may be caused by cyberattacks and other cyber incidents, network or power outages, software, equipment or telecommunications failures, the unintentional or malicious actions of employees or contractors, natural disasters, fires or other catastrophic events. Similar risks exist with respect to our business partners and third-party providers, including suppliers, software and cloud-based service providers to support our, that we rely upon for aspects of various business processes and activities. Continuity of ~~business applications and services may~~ **Although the cyber incidents and other systems disruptions that we have experienced to date have not had a material effect on our** ~~business applications and services may~~, such incidents or disruptions could have a material adverse effect on us ~~in the future be disrupted by events such as infection by viruses or malware or other cybersecurity breaches or attacks; issues with systems' maintenance or security; power outages; hardware or software failures; telecommunication failures; natural disasters; and other catastrophic occurrences. If~~ **we are unable to timely** ~~our controls, disaster recovery and business continuity plans or those of our third party providers do not effectively respond to or resolve the issues related to any such incidents and disruptions in, such issues could have a timely manner, material adverse effect on our sales business, financial condition and, results of operations may be adversely affected,~~ **cash flows and the timeliness with which we report our internal and external operating results**. Material weaknesses in our internal control over financial reporting. Material weaknesses in our internal control over financial reporting which could, if not remediated, result in material misstatements in our consolidated financial statements. As discussed in Part II, Item 9A, "Controls and Procedures" of this Form 10-K, management has concluded that our internal controls related to certain review processes and disclosure controls and procedures were not effective as of April 27, 2024 due to the identified material weaknesses. **ITEM 1B. UNRESOLVED STAFF COMMENTS**