Risk Factors Comparison 2023-11-29 to 2022-11-23 Form: 10-K

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~~The coronavirus (COVID- 19) pandemic was declared a national emergency on March 13, 2020 and the Company was classified as an essential business. Since that time the Company has had to continuously alter certain operating procedures to accommodate isolation / social distancing, school and restaurant closures, reduced leisure travel, and increased remote work. At times, some of the Company' s stores were subject to capacity limits, masking requirements, and social distancing measures that incorporated enhanced cleaning, additional protective equipment and the closure of self- service food bars plus in- house dining. During fiscal year 2021, vaccines became widely available and are currently administered in all our pharmacies. As the economy began to recover, we have experienced labor shortages in our stores and distribution center. Truck driver shortages and supply chain disruptions have resulted in occasional product shortages in our stores. Inflation in food and fuel costs have reached levels not experienced in many years. Our sales continue to be above pre- pandemic levels. At the present time, we do not know how long the ongoing impact of the pandemic will influence our daily operations. Any of the foregoing factors, or other effects of the pandemic that are not currently foreseeable, may materially increase costs, negatively impact sales and adversely affect the Company' s financial condition, results of operations, cash flows and its liquidity position~~ Risks Related to Our Business and Industry The Company' s warehouse and distribution center and milk processing and packaging plant, as well as all of the Company' s stores, are concentrated in the Southeastern United States, which makes it vulnerable to economic downturns, natural disasters and other adverse conditions or other catastrophic events in this region. The Company operates in the ~~Southeastern~~ **southeastern** United States, and its performance is therefore heavily influenced by economic developments in the Southeast region. The Company' s headquarters, warehouse and distribution center and milk processing and packaging plant are located in North Carolina and all of the Company' s stores are located in the Southeast region. As a result, the Company' s business may be more susceptible to regional factors than the operations of more geographically diversified competitors. These factors include, among others, changes in the economy, weather conditions, demographics and population. Various aspects of the Company' s business are subject to federal, state and local laws and various operating regulations. The Company' s compliance with these regulations may require additional capital expenditures and could adversely affect the Company' s ability to conduct the Company' s business as planned. The Company is subject to federal, state and local laws and regulations relating to zoning, land use, workplace safety, public health, community right- to- know, beer and wine sales, country of origin labeling of food products, pharmaceutical sales and ~~gasoline~~ **fuel** station operations. Furthermore, the Company' s business is regulated by a variety of governmental agencies, including, but not limited to, the U. S. Food and Drug Administration, the U. S. Department of Agriculture, and ~~OSHA~~ **the Occupational Safety and Health Administration** . Employers are also subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions, insurance coverage, disabled access, and work permit requirements. Recent and proposed regulation has had or may have a future impact on the cost of insurance benefits for associates and on the cost of processing debit and credit card transactions. Compliance with, or changes in, these laws could reduce the revenue and profitability of the Company' s supermarkets and could otherwise adversely affect the Company' s business, financial condition or results of operations. The Company is affected by certain operating costs which could increase or fluctuate considerably. The Company depends on qualified associates to operate the Company' s stores. A shortage of qualified associates could require the Company to enhance the Company' s wage and benefit package in order to better compete for and retain qualified associates, and the Company may not be able to recover these increased labor costs through price increases charged to customers, which could significantly increase the Company' s operating costs. The Company is self- insured for workers' compensation, general liability and group medical and dental benefits. Risks and uncertainties are associated with self- insurance; however, the Company has limited its exposure by maintaining excess liability coverage. Self- insurance liabilities are established based on claims filed and estimates of claims incurred but not reported. The estimates are based on data provided by the respective claims administrators and analyses performed by actuaries engaged by the Company. These estimates can fluctuate if historical trends are not predictive of the future. The majority of the Company' s properties are self- insured for casualty losses and business interruption; however, liability coverage is maintained. Energy and utility costs have been volatile in recent years. The Company attempts to increase its energy efficiency during store construction and remodeling using energy- saving equipment and construction. **Our business, financial condition and results of operations may be materially adversely affected by a resurgence of the COVID- 19pandemic. The unprecedented global outbreak of the novel coronavirus (COVID- 19) that began in the first quarter of 2020 has adversely impacted economic activity and conditions worldwide, including workforces, liquidity, capital markets, consumer behavior, supply chains and macroeconomic conditions. While the COVID- 19 pandemic was officially declared to have ended in May 2023, and while the direct effects of the COVID- 19 pandemic on our business have significantly lessened during the fiscal year ended September 30, 2023, some effects have continued through the fiscal year ended September 30, 2023, and we may continue to be impacted by the continuing effects of the COVID- 19 pandemic, including resurgences and variants of COVID- 19 or outbreaks of any new viruses or contagions. These impacts may include difficulties and delays in sourcing, transporting and stocking products: inabilities to staff our stores and warehouse and distribution facilities at adequate levels to conduct our operations, resulting in store closures or operating hour reductions; and incurring significant costs in support of our front- line store team members for enhanced benefits, safety measures and government- mandated wage increases. The extent to which a future COVID- 19 outbreak could impact our business and operating results in the future depends on future developments that are highly uncertain**

and cannot be accurately predicted, including new information that may emerge concerning COVID- 19 and variants of the virus and the actions to contain or treat their impact, as well as the impact of any new federal, state and local mandates or other regulations associated with COVID- 19. The Company is subject to risks related to information systems and data security. The Company' s business is dependent on information technology systems. These complex systems are an important part of ongoing operations. If the Company were to experience disruption in these systems, did not maintain existing systems properly, or did not ~~10~~ implement new systems appropriately, operations could suffer. The Company is currently undergoing a systematic program to enhance its information technology abilities. The Company has implemented procedures to protect its information technology systems and data necessary to conduct ongoing operations. The Company cannot **,** however, be certain that all ~~of~~ these systems and data are entirely free from vulnerability to attack. Compliance with tougher privacy and information security laws and standards, including protection of customer debit and credit card information, may result in higher investments in technology and changes to operational processes. In recent years, more industry transactions have been online for ordering and fulfillment. This trend places a higher reliance on effective and efficient information systems. The Company is affected by the availability and wholesale price of ~~gasoline~~ **fuel** and retail ~~gasoline~~ **fuel** prices, all of which can fluctuate quickly and considerably. The Company operates fuel stations at ~~107~~ **108** of its store locations. While the Company obtains gasoline and diesel fuel from several different suppliers, long- term disruption in the availability and wholesale price of ~~gasoline~~ **fuel** for resale could have a material adverse effect on the Company' s business, financial condition and / or results of operations. Fluctuating fuel costs could adversely affect the Company' s operating costs which depend on fuel for the Company' s fleet of tractors and trailers which distribute goods from the Company' s distribution facility and for the Company' s fluid dairy operations. Furthermore, fluctuating fuel costs could have an adverse effect on the Company' s total ~~gasoline~~ **fuel** sales (both in terms of dollars and gallons sold), the profitability of ~~gasoline~~ **fuel** sales, and the Company' s plans to develop additional fuel centers. Also, retail gas price volatility could diminish customer usage of fueling centers and, thus, adversely affect customer traffic at the Company' s stores. The Company' s industry is highly competitive. If the Company is unable to compete effectively, the Company' s financial condition and results of operations could be materially affected. The supermarket industry is highly competitive and continues to be characterized by intense price competition, increasing fragmentation of retail formats, entry of non- traditional competitors (both physical and online) and market consolidation. Furthermore, some of the Company' s competitors have greater financial resources and could use these financial resources to take measures, such as altering product mix, reducing prices, home / in- store fulfillment, or online ordering which could adversely affect the Company' s competitive position. Disruptions in the efficient distribution of food products to the Company' s warehouse and stores may adversely affect the Company' s business. The Company' s business could be adversely affected by disruptions in the efficient distribution of food products to the Company' s warehouse and stores. Such disruptions could be caused by, among other things, adverse weather conditions, fuel availability, shortage of truck drivers, food contamination recalls and civil unrest in foreign countries in which the Company' s suppliers do business. The Company' s operations are subject to economic conditions that impact consumer spending. The Company' s results of operations are sensitive to changes in overall economic conditions that impact consumer spending, including discretionary spending. Future economic conditions such as employment levels, business conditions, interest rates, energy and fuel costs and tax rates could reduce consumer spending or change consumer purchasing habits. A general reduction in the level of consumer spending or the Company' s inability to respond to shifting consumer attitudes regarding products, store location and other factors could adversely affect the Company' s business, financial condition and / or results of operations. Inflation could impact the Company' s operations ~~As the economy recovers from the initial impact of the COVID- 19 pandemic, inflation has recently reached levels not experienced in decades~~ . ~~Food and energy costs have increased, reflecting a tight labor market and supply chain / transportation issues. 11~~ The following table from the United States Bureau of Labor Statistics lists annualized changes in the Consumer Price Index that could have an effect on the Company' s operations. One of the Company' s significant costs is labor, which increases with general inflation. Inflation or deflation in energy costs affects the Company' s ~~gasoline~~ **fuel** sales, distribution expenses and plastic supply costs. During fiscal year ~~2022~~ **2023** , inflation reached its highest level in a number of years, impacting food costs, transportation costs, and labor costs. Twelve Months Ended September **30, September** 24, ~~September 25, 2022~~ **2023** ~~2021All~~ **2022All** items **3. 7 %** 8. 2 ~~% 5. 4~~ % Food at home **2. 4 %** 13. 0 % ~~4~~ **Energy (0** . 5 **)** % ~~Energy~~ 19 ~~. 8 % 24~~ . 8 % Risk Related to Ownership of Our Common Stock The Company' s principal stockholder, Robert P. Ingle II, has the ability to elect a majority of the Company' s directors, appoint new members of management and approve many actions requiring stockholder approval. Mr. Ingle II' s beneficial ownership represented approximately ~~71~~ **72. 2** % of the combined voting power of all classes of the Company' s capital stock as of September ~~24~~ **30** , ~~2022~~ **2023** . As a result, Mr. Ingle II has the power to elect a majority of the Company' s directors and approve any action requiring the approval of the holders of the Company' s Class A Common Stock and Class B Common Stock, including adopting certain amendments to the Company' s charter and approving mergers or sales of substantially all of the Company' s assets. Beneficial ownership is calculated in accordance with Rule 13d- 3 promulgated under the Exchange Act. **12** ~~The Company is a controlled company under NASDAQ Rules. As a result, the Company is exempt from certain of NASDAQ' s corporate governance policies, including the requirements that the majority of Directors be independent (as defined in NASDAQ Rules), and that the Company have a nominating committee for Director candidates. Item 1B. UNRESOLVED STAFF COMMENTS None. Item 2. PROPERTIES Owned Properties The Company owns 164 of its supermarkets either as free- standing locations or in shopping centers where it is the anchor tenant. The Company also owns 25 undeveloped sites which are suitable for a free- standing store or shopping center development. The Company owns numerous outparcels and other acreage located adjacent to the shopping centers and supermarkets it owns. Real estate owned by the Company is generally located in the same geographic regions as its supermarkets. The shopping centers owned by the Company contain an aggregate of 8. 2 million square feet of leasable space, of which 4. 0 million square feet is used by the Company' s supermarkets. The remainder of the leasable space in these shopping centers is leased or held for lease by the Company to third- party tenants. A~~

~~breakdown by size of the shopping centers owned and operated by the Company is as follows: Size NumberLess than 50, 000 square feet 1550, 000 – 100, 000 square feet 33More than 100, 000 square feet 37Total 85 The Company owns a 1, 649, 000 square foot facility, which is strategically located between Interstate 40 and Highway 70 near Asheville, North Carolina, as well as the 119 acres of land on which it is situated. The facility includes the Company' s headquarters and its warehouse and distribution facility. The property also includes truck servicing and fuel storage facilities. The Company also owns a 139, 000 square foot warehouse on 21 acres of land approximately one mile from its main warehouse and distribution facility. The Company' s milk processing and packaging subsidiary, Milkco, Inc., owns a 140, 000 square foot manufacturing and storage facility in Asheville, North Carolina. In addition to the plant, the 20- acre property includes truck cleaning and fuel storage facilities. Certain long- term debt of the Company is secured by the owned properties. See Note 7, " Long- Term Debt " to the Consolidated Financial Statements of this Annual Report on Form 10- K for further details. Leased Properties The Company operates supermarkets at 34 locations leased from various unaffiliated third parties. The Company has six owned store buildings that are on ground leases. The Company leases one other former supermarket location, which is subleased to a third party.~~