

Risk Factors Comparison 2024-08-22 to 2023-08-23 Form: 10-K

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An investment in our common stock is subject to certain risks inherent in our business. Before making an investment decision, investors should carefully consider the risks and uncertainties described below, together with all of the other information included or incorporated by reference in this Annual Report on Form 10-K. If any of the following risks occur, our business, results of operations, financial condition and cash flows could be materially and adversely affected. These described risks are not the only risks facing us. Additional risks and uncertainties not known to us or that we deem to be immaterial also may materially adversely affect our business, results of operations, financial condition and cash flows. If any of these risks were to materialize, the value of our common stock could decline significantly.

RISKS RELATED TO HEALTH AND FOOD SAFETY We may be subject to business disruptions, product recalls or other claims for real or perceived safety issues regarding our food products. We have been, and in the future may be, impacted by both real and unfounded claims regarding the safety of our operations, or concerns regarding mislabeled, adulterated, contaminated or spoiled food products. Any of these circumstances could necessitate a voluntary or mandatory recall due to a substantial product hazard, a need to change a product's labeling or other consumer safety concerns. A pervasive product recall may result in significant loss due to the costs of a recall, related legal claims, including claims arising from bodily injury or illness caused by our products, the destruction of product inventory, or lost sales due to product unavailability. A highly publicized product recall, whether involving us or any related products made by third parties, also could result in a loss of customers or an unfavorable change in consumer sentiment regarding our products or any category in which we operate. In addition, an allegation of noncompliance with federal or state food laws and regulations could force us to cease production, delay the delivery or stop selling the sale of our products or create significant adverse publicity that could harm our credibility and decrease market acceptance of our products. Any of these events could have a material adverse effect on our business, results of operations, financial condition and cash flows. Any potential claim under our insurance policies may exceed our insurance coverage, may be subject to certain exceptions or may not be honored fully, in a timely manner, or at all. We may be subject to a loss of sales or increased costs due to adverse publicity or consumer concern regarding the safety, quality or healthfulness of food products, whether with our products, competing products or other related food products. We are highly dependent upon consumers' perception of the safety, quality and possible dietary attributes of our products. As a result, substantial negative publicity concerning one or more of our products, or other foods similar to or in the same food group as our products, could lead to lower demand for our products, and/or reduced prices and lost sales. Substantial negative publicity, even when false or unfounded, could also hurt the image of our brands or cause consumers to choose other products or avoid categories in which we operate. Any of these events could have a material adverse effect on our business, results of operations, financial condition and cash flows. Certain negative publicity regarding the food industry or our products could also increase our cost of operations. The food industry has been subject to negative publicity concerning the health implications of genetically modified organisms, added sugars, trans fat, salt, artificial growth hormones, ingredients sourced from foreign suppliers and other supply chain concerns. Consumers may increasingly require that our products and processes meet stricter standards than are required by applicable governmental agencies, thereby increasing the cost of manufacturing our products. If we fail to adequately respond to any such consumer concerns, we could suffer lost sales and damage our brand image or our reputation. Any of these events could have a material adverse effect on our business, results of operations, financial condition and cash flows.

RISKS RELATED TO OUR OPERATIONS Increases in the costs, or limitations in the availability, of raw materials, packaging and freight used to produce, package and deliver our products due to inflation, geopolitical events or otherwise could adversely affect our business by increasing our costs to produce goods. Our principal raw materials include soybean oil, packaging materials, flour, various sweeteners, dairy-related products and eggs. Our ability to manufacture and / or sell our products may be impaired by damage or disruption to our manufacturing or distribution capabilities, or to the capabilities of our suppliers or contract manufacturers, due to factors that are hard to predict or beyond our control, such as adverse weather conditions, natural disasters, fire, terrorism, pandemics or similar public health emergencies, strikes, geopolitical events, such as the conflict between Russia and Ukraine, or other events. Production of the agricultural commodities used in our business may also be adversely affected by drought, water scarcity, temperature extremes, scarcity of suitable agricultural land, worldwide demand, changes in international trade arrangements, livestock disease (for example, avian influenza), crop disease and / or crop pests. We purchase a majority of our key raw materials on the open market. Our ability to avoid the adverse effects of a pronounced, sustained price increase in our raw materials is limited. We have observed increased volatility in the costs of many of these raw materials in recent years. During fiscal 2023 and fiscal 2022, we faced continued industry-wide inflation for various inputs, including commodities, ingredients, packaging materials, transportation and labor. Similarly, fluctuating petroleum prices and transportation capacity have, from time to time, impacted our costs of resin-based packaging and our costs of inbound freight on all purchased materials. We try to limit our exposure to price fluctuations for raw materials by periodically entering into longer-term, fixed-price contracts for certain raw materials, but we cannot ensure success in limiting our exposure. During fiscal 2023 and fiscal 2022, the overall global economy experienced significant inflation in packaging materials, fuel, energy, and commodities. Inflation has and may continue to adversely affect us by increasing our costs of raw materials, packaging and freight, as well as wage and benefit costs. Any substantial change in the prices or availability of raw materials may have an adverse impact on our profitability. For example, in recent periods we have seen significant commodity inflation in soybean oil, which has impacted both of our segments because of the significant number of our products that include soybean oil. Furthermore, consumer spending patterns, which may be

difficult to predict in an inflationary environment, may adversely affect demand for our products. During challenging economic times, consumers may be less willing or able to pay a price premium for our branded products and may shift purchases to lower-priced offerings, making it more difficult for us to maintain prices and / or effectively implement price increases. In addition, our retail partners and retail distributors may pressure us to rescind price increases we have announced or already implemented, whether through a change in list price or increased trade and promotional activity. We may experience further increases in the costs of raw materials and our ability to maintain prices or effectively implement price increases, including our price increases effective in fiscal 2023, may be affected by several factors, including competition, effectiveness of our marketing programs, the continuing strength of our brands, market demand and general economic conditions, including broader inflationary pressures. If we cannot maintain or increase prices for our products or must increase trade and promotional activity, our margins may be adversely affected. Furthermore, price increases generally result in volume losses, as consumers tend to purchase fewer units at higher price points. If such losses are greater than expected or if we lose distribution due to price increases, our business, financial condition and results of operations may be materially and adversely affected. ~~The Russia-Ukraine conflict is fast-moving and uncertain. Global grain markets have exhibited~~ **Geopolitical instability could lead to unavailability, shortages or higher costs of raw materials due to supply chain disruptions, delays in delivery, or the imposition of sanctions or increased tariffs** ~~volatility as sanctions have been imposed on Russia by the United States, the United Kingdom, the European Union, and others in response to Russia's invasion of Ukraine.~~ While we do not expect our operations to be directly impacted by the ~~conflict~~ **conflicts in Ukraine or the Middle East** at this time, changes in global grain and commodity flows could impact the markets in which we operate, which may in turn negatively impact our business, results of operations, supply chain and financial condition. A disruption of production at certain manufacturing facilities could result in an inability to meet customer demand for certain of our products, which could also negatively impact our ability to maintain adequate levels of product placement with our customers on a long-term basis. Because we source certain products from single manufacturing sites and use third-party manufacturers for portions of our production needs for certain products, it is possible that we could experience a production disruption that results in a reduction or elimination of the availability of some of our products. If we are not able to obtain alternate production capability in a timely manner, or on favorable terms, it could have a negative impact on our business, results of operations, financial condition and cash flows, including the potential for long-term loss of product placement with various customers. We are also subject to risks of other business disruptions associated with our dependence on production facilities, distribution systems and third-party staffing agencies. For example, we rely on third-party temporary staffing agencies to support certain of our production operations. If, for any reason, we are unable to source sufficient resources from these staffing agencies to support our production expectations, it could result in an inability to meet consumer demand for certain of our products and have a material adverse effect on our business. In addition, pandemics and similar public health emergencies, natural disasters, terrorist activity, cyber attacks, geopolitical events or other unforeseen events could interrupt production or distribution and have a material adverse effect on our business, results of operations, financial condition and cash flows, including the potential for long-term loss of product placement with our customers. Labor shortages, increased labor costs, and increased labor turnover could adversely impact our business, results of operations, financial condition, and cash flows. We have ~~recently~~ experienced labor shortages, increased labor costs and increased employee turnover, which were due in part to the COVID-19 pandemic and the related policies and mandates and exacerbated by inflationary costs. In this increasingly tight and competitive labor market, a sustained labor shortage or increased turnover rates within our workforce, or the workforce of any of our significant vendors, suppliers and other parties with which we do business, could lead to production or shipping delays and increased costs, including increased wages to attract and retain employees and increased overtime to meet demand. In addition, our ability to recruit and retain a highly skilled and diverse workforce at our corporate offices, manufacturing facilities and other work locations could be adversely impacted if we fail to respond adequately to rapidly changing employee expectations regarding fair compensation, an inclusive and diverse workplace, flexible working arrangements or other matters. These factors could have a material adverse impact on our business, results of operations, financial condition and cash flows. The availability and cost of transportation for our products is vital to our success, and the loss of availability or increase in the cost of transportation could have an unfavorable impact on our business, results of operations, financial condition and cash flows. Our ability to obtain adequate and reasonably priced methods of transportation to distribute our products, including refrigerated trailers for many of our products, is a key factor to our success. Delays in transportation, including weather-related delays and disruptions due to a pandemic or similar public health emergency, could have a material adverse effect on our business and results of operations. Further, higher fuel costs and increased line haul costs due to industry capacity constraints, customer delivery requirements and a more restrictive regulatory environment could negatively impact our financial results. We are often required to pay fuel surcharges that fluctuate with the price of diesel fuel to third-party transporters of our products, and, during periods of fast-rising fuel prices, such surcharges can be substantial. If we were unable to pass higher freight costs to our customers in the form of price increases, those higher costs could have a material adverse effect on our business, results of operations, financial condition and cash flows. Increases in energy-related costs could negatively affect our business by increasing our costs to produce goods. We are subject to volatility in energy-related costs that affect the cost of producing and distributing our products, including our petroleum-derived packaging materials. ~~For example, the conflict in the Ukraine has resulted in and may continue to cause market disruptions, including significant volatility in the price and availability of energy.~~ Furthermore, any sudden and dramatic increases in electricity or natural gas costs could have a material adverse effect on our business, results of operations, financial condition and cash flows. We limit our exposure to price fluctuations in energy-related costs by periodically entering into longer-term, fixed-price contracts for natural gas and electricity supply for some of our manufacturing facilities. However, due to the inherent variability of contractual terms and end dates, in addition to the extent to which the energy markets in which we operate have been deregulated to allow for contracted supply, we will retain some level of exposure to future price fluctuations for our energy-related costs. Epidemics, pandemics or

similar widespread public health emergencies and disease outbreaks, such as COVID- 19, have disrupted and may cause future disruptions to consumption, supply chains, management, operations and production processes, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. Epidemics, pandemics or similar widespread public health emergencies and disease outbreaks, such as COVID- 19, as well as related government mandates, including the avoidance of gatherings, self- quarantine and the closure of a variety of businesses and restaurants, have negatively affected and may in the future negatively affect our business, results of operations, financial condition and cash flows. For example, the negative impacts of COVID- 19 on our Company included higher hourly wage rates paid to our front- line employees, increased costs for personal protective equipment, higher expenditures attributed to incremental co- manufacturing volumes, increased complexity and uncertainty in production planning and forecasting, and overall lower levels of efficiency in our production and distribution network. In addition, the impacts of a widespread public health emergency may include, but are not limited to, a shift in demand between our Retail and Foodservice segments or a significant reduction in overall demand resulting from forced or temporary curtailment of business operations; a disruption or shutdown of one or more of our manufacturing, warehousing or distribution facilities; failure of third parties on which we rely to meet their obligations to us; disruption to or loss of essential manufacturing and supply elements; and incurrence of additional labor, operating, and administrative costs, including insurance costs. Despite our efforts to manage and remedy these impacts, their ultimate significance depends on factors beyond our knowledge or control, including the duration and severity of any such outbreak as well as third- party actions taken to contain the spread and mitigate public health effects. As a result, such public health emergencies could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Cyber attacks, data breaches or other....., financial condition and cash flows. Our inability to successfully renegotiate collective bargaining contracts and any prolonged work stoppages could have an adverse effect on our business, results of operations, financial condition and cash flows. We believe that our labor relations with employees under collective bargaining contracts are satisfactory, but our inability to negotiate the renewal of any collective bargaining agreements, including the agreement at **one of our Columbus Bedford Heights, Ohio facility facilities**, which is currently scheduled to expire in **April March 2024 2025**, or any prolonged work stoppages or other types of labor unrest could in some cases impair our ability to supply our products to customers, which could result in reduced sales and may distract our management from focusing on other aspects of our business and strategic priorities. Any of these activities could have a material adverse effect on our business, results of operations, financial condition and cash flows. The loss of the services of one or more members of our senior management team could have a material adverse effect on our business, results of operations, financial condition and cash flows. Our operations and prospects depend in large part on the performance of our senior management team, several of which are long- serving employees with significant knowledge of our business model and operations. Should we not be able to find qualified replacements or successors for any of these individuals if their services were no longer available due to retirement, resignation or otherwise, our ability to manage our operations or successfully execute our business strategy may be materially and adversely affected. Manufacturing capacity constraints may have a material adverse effect on our business, results of operations, financial condition and cash flows. Our current manufacturing resources may be inadequate to meet significantly increased demand for some of our food products. Our ability to increase our manufacturing capacity to satisfy demand depends on many factors, including the availability of capital, construction lead- times and delays, equipment availability and delivery lead- times, successful installation and start up, the availability of adequate skilled and unskilled labor, regulatory permitting and other regulatory requirements. Increasing capacity through the use of third- party manufacturers depends on our ability to develop and maintain such relationships and the ability of such third parties to devote additional capacity to fill our orders. A lack of sufficient manufacturing capacity to meet demand could cause our customer service levels to decrease, which may negatively affect customer demand for our products and customer relations generally, which in turn could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, operating facilities at or near capacity may also increase production and distribution costs and negatively affect relations with our employees or contractors, which could result in disruptions in our operations. We may require significant capital expenditures to maintain, improve or replace aging infrastructure and facilities, which could adversely affect our cash flows. Some of our infrastructure and facilities have been in service for many years, which may result in a higher level of future maintenance costs and unscheduled repairs. Further, a portion of our infrastructure and facilities may need to be improved or replaced to maintain or increase operational efficiency, sustain production capacity, or meet changing regulatory requirements. A significant increase in maintenance costs and capital expenditures could adversely affect our financial condition, results of operations and cash flows. In addition, a failure to operate our facilities optimally could result in declining customer service capabilities, which could have a material adverse effect on our business, results of operations, financial condition and cash flows. We may not be able to successfully consummate proposed acquisitions or divestitures, and integrating acquired businesses may present financial, managerial and operational challenges. We **continually look for and** evaluate the acquisition of **potential opportunities to acquire** other businesses **or assets** that would strategically fit within our operations. **We may be unable to identify businesses that complement our strategy for growth. If we do succeed in identifying a company with such a business, we may not be able to acquire the company or an interest in the company on terms that are favorable to us for many reasons, including: • a failure to agree on the terms of the acquisition or investment; • incompatibility between us and the management of the company that we wish to acquire or invest; • competition from other potential acquirers; • a lack of capital to make the acquisition or investment; or • the unwillingness of the company to partner with us**. If we are unable to consummate, successfully integrate and grow these acquisitions or realize contemplated revenue growth, synergies and cost savings, our financial results could be adversely affected. In addition, we may, from time to time, divest or seek to divest businesses, product lines or other operations that are less of a strategic fit within our portfolio or do not meet our growth or profitability targets, particularly as customer demands evolve in the face of inflationary and other broader market factors. We may not be able to consummate any such divestitures on

favorable terms or at all, in which case we may determine to exit the business, product line or other operations. As a result, our profitability may be adversely affected by losses on the sales of divested assets or lost operating income or cash flows from those businesses. We may also incur asset impairment or restructuring charges related to acquired or divested assets, which may reduce our profitability and cash flows. These potential acquisitions or divestitures present financial, managerial and operational challenges, including diversion of management attention from ongoing businesses, difficulty with integrating or separating personnel and financial and other systems, increased expenses, assumption of unknown liabilities, indemnities and potential disputes with the buyers or sellers. Climate change, including drought, and increasingly stringent legal and market measures to address climate change may present challenges to our business and adversely affect our business, reputation, operations and supply chain. The effects of climate change expose us to physical, financial and operational risks, both directly and indirectly. Climate change may have a negative effect on agricultural productivity and subject us to decreased availability or less favorable pricing for certain raw materials that are necessary for our products, including, but not limited to, soybean oil, corn and corn syrup, sugar, and wheat (including durum wheat). In addition, we may be subject to decreased availability or less favorable pricing of soybean oil as a result of increased demand for soybean oil in the production of alternative fuels, such as biodiesel. Increases in the frequency and severity of extreme weather and natural disasters, such as drought, have in the past and may in the future result in material damage and disruptions to our manufacturing operations and distribution channels or our third-party manufacturers' operations, particularly where a product is primarily sourced from a single location impacted by a climate event. This may require us to make additional unplanned capital expenditures, increase the prices of our raw materials due to sourcing from other locations, increase our cost of transporting and storing raw materials, or disrupt our production schedules. Also, drought or other climate events may cause unpredictable water availability or exacerbate water scarcity. Water is critical to our business, including the operations of the suppliers on whom we depend, and the lack of available water of acceptable quality may lead to, among other things, adverse effects on our operations. The increasing concern over climate change and related environmental sustainability matters also has and is likely to continue to result in more federal, state, and local legal and regulatory requirements, including requirements affecting key energy inputs in the manufacturing and distribution of our products, such as natural gas, diesel fuel, and electricity. These laws and regulations may include requirements to conserve water or mitigate the effects of greenhouse gas emissions. Depending on the nature of such legal requirements, we may experience significant increases in our compliance costs, production costs, capital expenditures, and other financial obligations to adapt our business and operations to meet new laws and regulations, which could materially affect our profitability. Further, our businesses could be adversely affected if we are unable to effectively address concerns from the media, shareholders, customers, and other stakeholders specific to our business regarding climate change and related environmental sustainability and governance matters.

RISKS RELATED TO THE BRANDS WE SELL AND CUSTOMER DEMAND FOR OUR PRODUCTS

We rely on the value of our reputation and the value of the brands we sell, and the failure to maintain and enhance these brands, including as a result of negative publicity (whether or not warranted), could adversely affect our business. We rely on the success of our well-recognized brand names. Maintaining and enhancing our brand image and recognition is essential to our long-term success. The failure to do so could have a material adverse effect on our business, financial condition and results of operations. We seek to maintain and enhance our brands through a variety of efforts, including the delivery of quality products, extending our brands into new markets and new products and investing in marketing and advertising. The costs of maintaining and enhancing our brands, including maintaining our rights to brands under license agreements, may increase. These increased costs could have a material adverse effect on our business, results of operations, financial condition and cash flows. Negative publicity about our company, our brands or our products, even if inaccurate or untrue, could adversely affect our reputation and the confidence in our products, which could harm our business and operating results. For example, public allegations were recently made against several food companies, including us, regarding unlawful child labor practices. Allegations, even if untrue, that we, our suppliers, third-party staffing agencies or other business partners are not complying with applicable workplace and labor laws, including child labor laws, or regarding the actual or perceived abuse or misuse of migrant workers, could negatively affect our overall reputation and brand image, which in turn could have a negative impact on our relationships with customers, consumers and our brand license partners, as well as subject us to increased regulatory and political scrutiny. Moreover, failure or perceived failure to comply with legal or regulatory requirements applicable to our business could expose us to litigation, governmental inquiries and substantial fines and penalties, as well as costs and distractions, that could adversely affect our business, results of operations, financial condition and cash flows. Our reputation could also be adversely impacted by a perception that we do not maintain high ethical, social or environmental standards for all of our operations and activities. Any such negative perceptions, or any negative publicity regarding our environmental, social and governance practices, could impact our reputation with customers, consumers and other constituents, which could have a material adverse effect on our business. If we fail to respect our employees' and our supply chain employees' human rights, or inadvertently discriminate against any group of employees or hiring prospects, our ability to hire and retain the best talent will be diminished, which could have a material adverse effect on our overall business. In addition, we increasingly rely on electronic marketing, such as social media platforms and the use of online marketing strategies, to support and enhance our brands. This "e-commerce" marketplace is growing and evolving quickly and allows for the rapid dissemination of information regarding our brands by us and consumers. We may not be able to successfully adapt our marketing efforts to this rapidly changing marketplace, which could have a material adverse impact on our business, financial condition and results of operations. Further, negative opinions or commentary posted online regarding our brands, regardless of their underlying merits or accuracy, could diminish the value of our brands and have a material adverse effect on our business, results of operations, financial condition and cash flows. We manufacture and sell numerous products pursuant to license agreements and failure to maintain or renew these agreements could adversely affect our business. We manufacture and sell numerous products pursuant to brand license agreements, including Chick-fil-A® sauces and dressings, Olive Garden® dressings and Buffalo Wild Wings® sauces. Maintaining license agreements under

which we market and sell certain brands is important to our business. Our brand license agreements are typically for a fixed term with no automatic renewal options or provisions. We cannot ensure that we will maintain good relationships with our brand licensors or that we will be able to renew any of our license agreements upon expiration. Our key brand license agreements can be terminated or not renewed at the option of the licensor upon short notice to us. The termination of our brand license agreements, the failure to renew any of our significant brand license agreements or failure to renew them under terms that are similar and not materially less favorable to us, including as a result of negative publicity (whether or not warranted), adverse changes in the economic health or reputation of our brand licensors, or the impairment of our relationships with our brand licensors could have a material adverse effect on our business, results of operations, financial condition and cash flows. Competitive conditions within our Retail and Foodservice markets could impact our sales volumes and operating profits. Competition within all of our markets is expected to remain intense. Numerous competitors exist, many of which are larger than us in size and are engaged in the development of food ingredients and packaged food products and frequently introduce new products into the market. These competitive conditions could lead to significant downward pressure on the prices of our products, which could have a material adverse effect on our sales and profitability. Competitive considerations in the various product categories in which we sell are numerous and include price, product innovation, product quality, reputation, brand recognition and loyalty, effectiveness of marketing, promotional activity and the ability to remain relevant to consumer preferences and trends. If our competitors introduce products that are more appealing to the tastes and dietary habits of consumers or considered to be of higher quality or value than our products, our sales and market share could decline, which may have a material adverse effect on our business, financial condition, and results of operations. Consumer preferences and trends may change based on a number of factors, including product taste and nutrition, food allergies, sustainability values, and animal welfare concerns. **For example, consumers 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.** Our failure to anticipate and respond to changing consumer preferences on a timely basis or in line with our competitors could result in reduced demand and price decreases for our products, which could have a material adverse effect on our business, financial condition, and results of operations. In order to maintain our existing market share or capture increased market share among our retail and foodservice channels, we may decide to increase our spending on marketing and promotional costs, advertising and new product innovation. The success of marketing, advertising and new product innovation is subject to risks, including uncertainties about trade and consumer acceptance. As a result, any such increased expenditures may not maintain or enhance our market share and could result in lower profitability. Walmart is our largest Retail customer. The loss of, or a significant reduction in, Walmart's business, or an adverse change in the financial condition of Walmart, could result in a material adverse effect on our business, results of operations, financial condition and cash flows. Our net sales to Walmart represented 18 % of consolidated net sales for ~~each of the years ended June 30, 2024 and 2023 and 2022~~. Our accounts receivable balance from Walmart as of June 30, ~~2023~~ **2024** was \$ ~~33-26.1~~ **7** million. We may not be able to maintain our relationship with Walmart, and Walmart is not contractually obligated to purchase from us. In addition, changes in Walmart's general business model, such as reducing the shelf space devoted to the branded products we market, or devoting more shelf space to competing products, could adversely affect the profitability of our business with Walmart, even if we maintain a good relationship. The loss of, or a significant reduction in, this business could have a material adverse effect on our sales and profitability. Unfavorable changes in Walmart's financial condition or other disruptions to Walmart's business, such as decreased consumer demand or stronger competition, could also have a material adverse effect on our business, results of operations, financial condition and cash flows. Chick-fil-A represents a significant portion of our Foodservice segment sales. The loss of, or a significant reduction in, this national chain restaurant's business, or an adverse change in Chick-fil-A's financial condition, could result in a material adverse effect on our business, results of operations, financial condition and cash flows. Sales to Chick-fil-A in our Foodservice segment, which are primarily made indirectly through several foodservice distributors including McLane, represented ~~21 % and 20 % and 18 %~~ of consolidated net sales for the years ended June 30, ~~2024 and 2023 and 2022~~, respectively. We cannot ensure that we will be able to maintain good relationships with key national chain restaurant accounts in the future. We do not have any long-term purchase commitments, and we may be unable to continue to sell our products in the same quantities or on the same terms as in the past. The loss of, or a significant reduction in, this business could have a material adverse effect on our sales and profitability. Further, unfavorable changes in Chick-fil-A's financial condition or other disruptions to its business, such as decreased consumer demand or stronger competition, could also have a material adverse effect on our business, results of operations, financial condition and cash flows. McLane is our largest Foodservice customer. An adverse change in the financial condition of McLane could have a material adverse effect on our business, results of operations, financial condition and cash flows. Our net sales to McLane represented ~~8 % and 11 %~~ of consolidated net sales for ~~each of the years ended June 30, 2024 and 2023 and 2022, respectively~~. Our accounts receivable balance from McLane as of June 30, ~~2023~~ **2024** was \$ ~~9-3.9~~ **6** million. McLane is a large, national distributor that sells and distributes our products to several of our foodservice national chain restaurant accounts, principally in the quick service, fast casual and casual dining channels. In general, these national chain restaurants have direct relationships with us for culinary research and development, menu development and production needs, but choose to buy our products through McLane, who acts as their distributor. McLane orders our products on behalf of these national chain restaurants, and we invoice McLane for these sales. Thus, unfavorable changes in the financial condition of McLane could increase our credit risk and have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, the loss of, or a significant reduction in, our business with the underlying national chain restaurants, or other disruptions, such as decreased consumer demand or stronger competition, could also have a material adverse effect on our business, results of operations, financial condition and cash flows. We cannot ensure that we will be able to maintain good relationships with McLane and the underlying national chain restaurants. McLane and the underlying national

chain restaurants are not typically committed to long- term contractual obligations with us, and they may switch to other suppliers that offer lower prices, differentiated products or customer service that McLane and / or the underlying national chain restaurants perceive to be more favorable. In addition, changes in the general business model of McLane, or the underlying national chain restaurants, could have a material adverse effect on our business, results of operations, financial condition and cash flows. We rely on the performance of major retailers, mass merchants, wholesalers, food brokers, distributors and foodservice customers for the success of our business and, should they perform poorly or give higher priority to other brands or products, our business could be adversely affected. Within our Retail and Foodservice segments, we sell our products principally to retail and foodservice channels, including traditional supermarkets, mass merchants, warehouse clubs, specialty food distributors, foodservice distributors and national chain restaurants. Poor performance by our customers, or our inability to collect accounts receivable from our customers, could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, our future growth and profitability may be unfavorably impacted by recent changes in the competitive landscape for our Retail segment customers. As consolidation in the retail grocery industry continues and our retail customers also grow larger and become more sophisticated, they may demand improved efficiency, lower pricing, increased promotional programs, or specifically tailored products. If we are unable to respond to these demands, our profitability or volume growth could be negatively impacted. Consolidation also increases the risk that adverse changes in our customers' business operations or financial performance will have a corresponding material adverse effect on us. For example, if our customers cannot access sufficient funds or financing, then they may delay, decrease, or cancel purchases of our products, or delay or fail to pay us for previous purchases. Further, these customers may increase their emphasis on private label products and other products holding top market positions. If we fail to use our sales and marketing expertise to maintain our category leadership positions to respond to such events, or if we lower our prices or increase promotional support of our products and are unable to increase the volume of our products sold, our business, results of operations, financial condition and cash flows could be adversely affected. Furthermore, within our Retail segment, many of our customers offer competitor branded products and their own store branded products that compete directly with our products for shelf space and consumer purchases. Unattractive placement or pricing, including as a result of our recent price increases due to inflation, may put our products at a disadvantage compared to those of our competitors, including private label products. Even if we obtain shelf space or preferable shelf placement, our new and existing products may fail to achieve the sales expectations set by our retailers, potentially causing these retailers to discontinue selling our products. Additionally, an increase in the quantity and quality of private label products in the product categories in which we compete could create more pressure for shelf space and placement for branded products within each such category, which could materially and adversely affect our sales. Accordingly, there is a risk that these customers give higher priority or promotional support to their store branded products or to our competitors' products or discontinue selling our products in favor of their store branded products or other competing products. Likewise, our foodservice distributors often offer their own branded products that compete directly with our products. Failure to maintain our retail shelf space or priority with these customers and foodservice distributors could have a material adverse effect on our business, results of operations, financial condition and cash flows. Emerging channels, such as online retailers and home meal kit delivery services, also continue to evolve and impact both the retail and foodservice industries. Our ultimate success in these channels and the resulting impacts to our financial results are uncertain.

RISKS RELATED TO CYBERSECURITY AND INFORMATION TECHNOLOGY
Cyber attacks, data breaches or other breaches of our information security systems have had, and in the future could have, an adverse effect on our business. results of operations, financial condition and cash flows. Cyber attacks, data breaches or other breaches of our information security systems, as well as those of our third- party service providers, including cloud service providers, and other third parties with which we do business, may cause equipment failures, or disruptions to our operations and access to or exfiltration of supplier, customer, employee or other confidential and personal information. Our inability to operate our networks and information security systems as a result of such events, even for a limited period of time, may result in significant expenses. Cyber attacks on businesses, which include the use of malware, ransomware, computer viruses and other means for disruption or unauthorized access, have increased in frequency, scope and potential harm in recent years and may remain undetected for an extended period. Additionally, as a result of state- sponsored cyber threats, including those stemming from the Russia- Ukraine war, we may face increased risks as companies based in the United States and its allied countries have become targets of malicious cyber activity. Hardware, software or applications we utilize on our networks and work- issued devices may contain defects in design or manufacture or other problems that could unexpectedly compromise information security, potentially resulting in the unauthorized disclosure and misappropriation of sensitive data, including intellectual property, proprietary business information, and personal data. Furthermore, our increased use of mobile and cloud technologies, including as a result of our transition to our current enterprise resource planning system, has heightened these cybersecurity and privacy risks. In addition, techniques used to obtain unauthorized access to information or to sabotage information technology systems change frequently. ~~The rapid ongoing evolution and increased adoption of emerging technologies, such as artificial intelligence and machine learning, may make it more difficult to avoid unauthorized disclosure and misappropriation of proprietary information and to anticipate and implement protective measures to recognize, detect, and prevent the occurrence of any of the cyber attacks.~~ Like most businesses, we have seen, and will likely continue to see, vulnerabilities which could affect our systems or those of our third- party service providers or other third parties with which we do business. While we have been subject to cyber attacks, none of these events has been material to our operations or financial condition. Our efforts to protect the security of our information relative to our perceived risks may be insufficient to defend against a significant cyber attack in the future. The costs associated with a significant cyber attack could include increased expenditures on ~~cyber~~ cybersecurity ---- security measures, lost revenues from business interruption, litigation, regulatory fines and penalties and substantial damage to our reputation, any of which could have a material adverse effect on our business strategy, results of operations, financial condition and cash flows. The cost and efforts expended in our attempts to prevent cyber

security attacks and data breaches may continue to be significant, and our efforts to prevent these attacks may not be successful. New data security laws and regulations are being implemented rapidly, are evolving, and may not be compatible with our current processes. Changing our processes could be time consuming and expensive. Further, we may not be able to timely implement required changes, and failure to do so could subject us to liability for non-compliance. If we fail to prevent the theft of valuable information such as financial data, sensitive information about our Company and intellectual property, or if we fail to protect the privacy of customers', consumers' or employees' confidential data against breaches of network or information technology security, it could result in substantial damage to our reputation and an impairment of business partner confidences and brand image, which could adversely impact our employee, customer and investor relations. Further, any potential claim under our insurance policies relating to cyber events may be subject to certain exceptions or may not be honored fully, in a timely manner, or at all. We may not have purchased sufficient insurance to cover all material costs and losses, and in the future, we **may not be able to obtain adequate liability insurance on commercially desirable or reasonable terms or at all. Any of these occurrences could have a material adverse effect on our business, results of operations, financial condition and cash flows.** Technology failures could disrupt our operations and negatively impact our business. We increasingly rely on information technology systems to conduct and manage our business operations, including the processing, transmitting, and storing of electronic information. For example, our sales group and our production and distribution facilities utilize information technology to increase efficiencies and limit costs. Furthermore, a significant portion of the communications between our personnel, customers, and suppliers depends on information technology and an uninterrupted and functioning infrastructure, including telecommunications. Our information technology systems may be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters **and other severe weather events**, terrorist attacks, telecommunications failures, cyber attacks and other security issues. **Furthermore, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks.** Our information technology systems could also be adversely affected by changes relating to remote work arrangements for our employees. If we are unable to adequately protect against these vulnerabilities, our operations could be disrupted, or we may suffer financial damage or loss because of lost or misappropriated information. **For more information about risks related..... to sell or lease any affected properties.** Failure to comply with current or future federal, state and foreign laws and regulations and industry standards relating to privacy and data protection could adversely affect our business and results of operations. We are subject to various privacy, information security, and data protection laws, rules and regulations that present an ever-evolving regulatory landscape across multiple jurisdictions and industry sections. Federal, state, and foreign legislators and regulators are increasingly adopting or revising privacy, information security, and data protection laws, rules and regulations that could have a significant impact on our current and planned privacy, data protection, and information security-related practices, including our collection, use, storing, sharing, retention, safeguarding and other processing of certain types of consumer or employee information, which could further increase our costs of compliance and business operations and could reduce income from certain business initiatives. For example, we are subject to the California Consumer Privacy Act of 2018 ("CCPA"). The CCPA was amended by the California Privacy Rights Act ("CPRA"), which went into effect on January 1, 2023. The CCPA, as amended, has required us to modify our data processing practices and policies and incur compliance-related costs and expenses. The effects of the CCPA, the CPRA, and laws, rules or regulations of other jurisdictions relating to privacy, data protection and information security that apply now or in the future, particularly any new or modified laws or regulations that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer or disclosure, are significant, may require us to modify our data processing practices and policies, and could increase our costs, require significant changes to our operations, prevent us from providing certain offerings or cause us to incur potential liability in an effort to comply with such legislation. The rapidly evolving nature of state and federal privacy laws, including potential inconsistencies between such laws and uncertainty as to their application, adds additional complexity and compliance costs and increases our risk of non-compliance. While we strive to comply with such laws, we may not be in compliance at all times in all respects. Further, due to the uncertainty surrounding the interpretation and application of many privacy and data protection requirements, laws, regulations, and contractually imposed industry standards, it is possible that these requirements may be interpreted and applied in a manner that is inconsistent with our existing data management practices or business activities. If so, in addition to the possibility of substantial fines, lawsuits and other claims and penalties, we could be required to make fundamental changes to our data management practices and business activities, which could have a material adverse effect on our business. Failure to adequately address privacy and security concerns, even if unfounded, or comply with applicable privacy and data security laws, rules, regulations and policies could result in additional cost and liability to us, administrative actions, damage our reputation, inhibit growth, and otherwise adversely affect our business. **For more information about risks related to cyber attacks and data privacy, see the "Risks Related To Our Operations" section above and the "Risks Related to Regulatory and Legal Matters" section below.** **RISKS RELATED TO REGULATORY AND LEGAL MATTERS** We are subject to **federal, state and local government regulations that could adversely affect our business and results of operations. Our business operations are subject to regulation by various federal, state and local government entities and agencies. As a producer of food products for human consumption, our operations are subject to stringent production, packaging, quality, labeling and distribution standards, including regulations promulgated under the Federal Food, Drug and Cosmetic Act and the Food Safety Modernization Act. We cannot** predict whether future regulation by various federal, state and local government entities and agencies would adversely affect our business, results of operations, financial condition and cash flows. In recent years, our industry has been subject to increased regulatory scrutiny, including by the Federal Trade Commission and the Occupational Safety and Health Administration. We anticipate that regulators will continue to scrutinize our industry closely and that additional regulation by governmental authorities may increase compliance costs, exposure to litigation and other adverse effects to our operations. **Further, now that the Supreme Court**

of the United States has overturned the Chevron doctrine of deference to regulatory agencies in litigation against those agencies, more companies may bring lawsuits against regulatory agencies to challenge longstanding decisions and policies, which could undermine the agency's authority, and disrupt its normal operations, lead to uncertainty in the industry, and delay the review or implementation of our marketing plans. It is difficult to predict how current and future legislation, executive actions, and litigation, including the executive orders, will be implemented, and the extent to which they will impact our business and regulatory agencies' ability to exercise their authority. To the extent any legislative or executive actions impose constraints on a regulatory agency's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted. In addition, our business operations and the past and present ownership and operation of our properties, including idle properties, are subject to extensive and changing federal, state and local environmental laws and regulations pertaining to the discharge of materials into the environment, the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Although most of our properties have been subjected to periodic environmental assessments, these assessments may be limited in scope and may not include or identify all potential environmental liabilities or risks associated with any particular property. We cannot be certain that our environmental assessments have identified all potential environmental liabilities or that we will not incur material environmental liabilities in the future. We cannot be certain that environmental issues relating to presently known matters or identified sites, or to other unknown matters or sites, will not require additional, currently unanticipated investigation, assessment or expenditures. If we do incur or discover any material environmental liabilities or potential environmental **liabilities in the future, we may face significant remediation costs and find it difficult to sell or lease any affected properties** We may incur liabilities related to a multiemployer pension plan which could adversely affect our financial results. We make periodic contributions to a multiemployer pension plan related to our facility in Milpitas, California under a collective bargaining contract. The multiemployer pension plan provides pension benefits to employees and retired employees participating in the plan. Our required contributions to this plan could increase; however, any increase would be dependent upon a number of factors, including our ability to renegotiate the collective bargaining contract successfully, current and future regulatory requirements, the performance of the pension plan's investments, the number of participants who are entitled to receive benefits from the plan, the contribution base as a result of the insolvency or withdrawal of other companies that currently contribute to this plan, the inability or failure of withdrawing companies to pay their withdrawal liability, low interest rates and other funding deficiencies. We may also be required to pay a withdrawal liability if we exit from this plan. While we cannot determine whether and to what extent our contributions may increase or what our withdrawal liability may be, payments related to this plan could have a material adverse effect on our business, financial condition, results of operations or cash flows.

RISKS RELATED TO INVESTMENTS IN OUR COMMON STOCK Mr. Gerlach, **Executive Chairman a member** of our Board of Directors, has a significant ownership interest in our Company. As of June 30, ~~2023~~ **2024**, Mr. Gerlach and the Gerlach family trusts owned or controlled approximately 28 % of the outstanding shares of our common stock. Accordingly, Mr. Gerlach has significant influence on all matters submitted to a vote of the holders of our common stock, including the election of directors. Mr. Gerlach's voting power may also have the effect of discouraging transactions involving an actual or a potential change of control of our Company, regardless of whether a premium is offered over then- current market prices. The interests of Mr. Gerlach may conflict with the interests of other holders of our common stock. This conflict of interest may have an adverse effect on the price of our common stock. For instance, sales of a substantial number of shares of our common stock into the public market, particularly shares held by Mr. Gerlach or the Gerlach family trusts, or the perception that these sales might occur in large quantities, could cause the price of our common stock to decline, even if our business is doing well. Anti- takeover provisions could make it more difficult for a third party to acquire our Company. Certain provisions of our charter documents, including provisions limiting the ability of shareholders to raise matters at a meeting of shareholders without giving advance notice and provisions classifying our Board of Directors, may make it more difficult for a third party to acquire our Company or influence our Board of Directors. This may have the effect of delaying or preventing changes of control or management, which could have an adverse effect on the market price of our stock. Additionally, Ohio corporate law contains certain provisions that could have the effect of delaying or preventing a change of control. The Ohio Control Share Acquisition Act found in Chapter 1701 of the Ohio Revised Code ("ORC") provides that certain notice and informational filings and a special shareholder meeting and voting procedures must be followed prior to consummation of a proposed "control share acquisition," as defined in the ORC. Assuming compliance with the prescribed notice and information filings, a proposed control share acquisition may be accomplished only if, at a special meeting of shareholders, the acquisition is approved by both a majority of the voting power represented at the meeting and a majority of the voting power remaining after excluding the combined voting power of the "interested shares," as defined in the ORC. The Interested Shareholder Transactions Act found in Chapter 1704 of the ORC generally prohibits certain transactions, including mergers, majority share acquisitions and certain other control transactions, with an "interested shareholder," as defined in the ORC, for a three- year period after becoming an interested shareholder, unless our Board of Directors approved the initial acquisition. After the three- year waiting period, such a transaction may require additional approvals under the Interested Shareholder Transactions Act, including approval by two- thirds of our voting shares and a majority of our voting shares not owned by the interested shareholder. The application of these provisions of the ORC, or any similar anti- takeover law adopted in Ohio, could have the effect of delaying or preventing a change of control, which could have an adverse effect on the market price of our stock. Also, our Board of Directors has the authority to issue up to 1, 150, 000 shares of Class B Voting Preferred Stock and 1, 150, 000 shares of Class C Nonvoting Preferred Stock and to determine the price, rights, preferences, privileges and restrictions of those shares without any further vote or action by the shareholders. The rights of the holders of our common stock may be subject to, and may be adversely affected by, the rights of the holders of any Class B Voting Preferred Stock and Class C Nonvoting Preferred Stock that may be issued in the future. Our Company could use these rights to put in place a shareholder rights plan, or "poison pill," that could be used in connection with

a bid or proposal of acquisition for an inadequate price.