Risk Factors Comparison 2024-03-07 to 2023-03-09 Form: 10-K

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Our operations and financial results are subject to various risks and uncertainties. The following is a description of the known factors that may materially affect our business, results of operations or financial condition. You should carefully consider the following risk factors, as well as the other information in this Annual Report. If any of the following risks actually occurs, our business, results of operations and financial condition could be adversely affected. In this case, the trading price of our common stock would likely decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may adversely affect our business, results of operations and financial condition. Summary of Selected Risks Associated with Our Business Our business faces significant risks and uncertainties. If any of the following risks are realized, our business, financial condition and results of operations could be materially and adversely affected. These risks include, among others, the following: • Our recent, rapid growth may not be indicative of our future growth, and if we continue to grow rapidly, we may not be able to effectively manage our growth or evaluate our future prospects. If we fail to effectively manage our ~~future~~ growth or evaluate our future prospects, our business could be adversely affected. • We ~~have incurred net losses in the past and we~~ may not be able to maintain or increase our profitability in the future ~~. • We have only recently expanded our product offerings beyond shell eggs and butter, which makes it difficult to forecast our future results of operations~~ . • Sales of shell eggs constitute the vast majority of our revenue, and a reduction in these sales would have an adverse effect on our financial condition. • Failure to introduce successful new products, **successfully** enter ~~into~~ new product categories or successfully pursue growth by other means may adversely affect our ability to continue to grow. • **A substantial amount of our shell egg processing occurs at our Egg Central Station processing facility. Any damage or disruption at this facility may harm our business. •** We are dependent on the market for shell eggs, and fluctuations in this market **, including the decline of commodity shell egg prices relative to the price of our shell eggs,** could adversely affect our business, financial condition and results of operations. • Fluctuations in commodity prices and in the availability of feed grains could negatively impact our results of operations and financial condition. • If we fail to effectively expand our processing, manufacturing and production capacity as we continue to grow and scale our business, our ~~business and~~ operating results and ~~our~~ brand reputation could be harmed. • ~~A substantial amount of our shell eggs are processed at our Egg Central Station processing facility. Any damage or disruption at this facility may harm our business. •~~ If we fail to effectively maintain relationships within our existing farm network or further expand our farm network, our business, operating results and brand reputation could be harmed. • Future expansions of our processing capacity may not provide us with the benefits we expect to receive. • If we fail to effectively price our products or implement price increases, our financial condition may be adversely affected. • Increased transportation and freight costs ~~and~~ **or** failure by our transportation providers to pick up raw materials or deliver our products on time, in compliance with applicable governmental regulations or at all, have adversely impacted and are expected to continue to adversely impact our operating results. • Our future business, results of operations and financial condition may be adversely affected by reduced or limited availability of eggs, cream **for our butter** and other raw materials that meet our standards. • We may not be able to compete successfully in our highly competitive market. • We currently have a limited number of **third- party** co- manufacturers **and cold storage providers** . **The** ~~Loss~~ **loss** of one or more of our co- manufacturers or **cold storage providers or** our failure to timely identify and establish **new** relationships ~~with new co- manufacturers~~ could harm our business and impede our growth. • Outbreaks of agricultural diseases, including avian influenza, the perception that outbreaks may occur or regulatory or market responses to outbreaks could reduce supply or demand for our products and harm our business. • We could be adversely affected by a change in consumer preferences, perception and spending habits in the natural food industry generally and with respect to animal- based products **in** ~~. In~~ particular ~~, any~~ **. Any** failure to develop or enrich our product ~~offering~~ **offerings** or gain market acceptance of our new products could have a negative effect on our business. • A limited number of distributors represent a substantial portion of our sales, and **disruptions affecting** ~~the loss of one or~~ **our** ~~more~~ **significant** ~~distributor~~ **distributors or our** relationships **with such distributors** ~~that cannot be replaced in a timely manner~~ may adversely affect our results of operations. • We are dependent on hatcheries and pullet farms to supply our network of family farms with laying hens. Any disruption in that supply chain could materially and adversely affect our business, financial condition or results of operations. • **Elevated** ~~Increases in~~ interest rates could adversely affect our business **and the ability of our family farmers to access capital** . • Consolidation of retail customers or the loss of a significant retail customer could negatively impact our sales and profitability. • We source substantially all of our shell egg cartons from a sole source supplier, and any disruptions may impact our ability to sell our eggs ~~. • Because we rely on a limited number of third- party vendors to store our products, we may not be able to maintain or obtain the capacity necessary to store our products~~ . • Our brand and reputation may be diminished due to real or perceived quality or food safety issues with our products, which could have an adverse effect on our business, reputation, operating results and financial condition. • Demand for shell eggs **and butter** is subject to seasonal fluctuations ~~and~~ **, which** can adversely impact our results of operations in certain quarters. • Packaging costs are volatile, have recently increased and may continue to **increase** ~~rise significantly~~ , which may negatively impact our profitability, and ~~any~~ reduced availability of packaging supplies may otherwise impact our business. • If we fail to retain and motivate members of our management team or other key crew members ~~,~~ **or** fail to attract **, train, develop** and retain additional **qualified** crew members **to support** ~~or~~ **our** ~~fail to~~ **operations, our business and future growth prospects may be harmed. • If we cannot** maintain our company culture ~~and~~ **or** focus on our purpose **as we grow** , our business **and competitive position** may be harmed. • Disruptions in the worldwide economy may adversely affect ~~our business, results of operations and financial condition. • Public health pandemics, such as~~

~~COVID- 19, could have a material adverse impact on~~ our business, results of operations and financial condition. • Failure to adequately respond to stakeholder scrutiny related to environmental, social and governance ~~(ESG)~~ issues ~~,~~ or failure to achieve our ~~ESG~~ **stated impact** goals ~~,~~ could adversely impact our reputation and brand. • Food safety and food- borne illness incidents or advertising or product mislabeling may materially and adversely affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings. • Our operations are subject to FDA and USDA federal ~~regulation~~ **regulations** , as well as other federal, state and local regulations, and there is no assurance that we will be in compliance with all **applicable** regulations **. • We are subject to stringent and evolving U. S. and foreign laws, regulations, and rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security and our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation (including class claims) and mass arbitration demands, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits and other adverse consequences** . • Our status as a public benefit corporation and a Certified B Corporation may not result in the benefits we anticipate, ~~or~~ **and** we may be unable to maintain our Certified B Corporation status **. • If our data or information technology systems, or the data or information technology systems of third parties upon which we rely, were compromised, we could experience adverse consequences, including but not limited to regulatory investigations or actions, litigation, fines and penalties, disruption of our business operations, reputational harm, loss of revenue or profits and other adverse consequences. • The implementation of a new enterprise resource planning system could cause disruption to our business, and we may not be able to effectively realize the benefits of this new system** . Risks Related to Our Growth and Capital Requirements We have grown rapidly since inception and anticipate further growth. For example, our net revenue increased from $ ~~214. 3 million in fiscal 2020 to $~~ 260. 9 million in fiscal 2021 to $ 362. 1 million in fiscal 2022 **to $ 471. 9 million in fiscal 2023** . This growth has placed significant demands on our management, financial, operational, technological and other resources. The continued growth and expansion of our business depends on a number of factors, including our ability to: • increase awareness of our brand and successfully compete with other companies; • price our products effectively so that we are able to attract new customers and consumers and expand sales to our existing customers and consumers; • expand distribution to new points of sales with new and existing customers; • continue to innovate and ~~introduce new products; • successfully~~ expand **our** ~~into new~~ product ~~categories~~ **offerings** ; • expand our supplier, co- manufacturing, co- packing, cold storage, processing and distribution capacities; • invest in **and effectively implement** information technology systems and related **improvements to our** ~~process~~ **processes** and procedures ~~improvements~~ ; and • maintain quality control over our product offerings. The growth and expansion of our business has placed, and will continue to place, significant demands on our management and operations teams and **will** require significant additional resources, financial and otherwise, to meet our needs, which may not be available in a cost- effective manner ~~,~~ or at all. We expect to continue to expend substantial resources on our current and future processing facilities, our sales and marketing efforts, product innovation and development ~~,~~ and general administration associated with being a public company. These investments may not result in the continued growth of our business. Even if these investments do result in the growth of our business, if we do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy customer requirements or maintain high- quality product offerings, any of which could adversely affect our business, financial condition and results of operations. ~~For fiscal 2020, fiscal 2021 and fiscal 2022, we generated net income of $ 9. 0 million, $ 2. 4 million and $ 1. 2 million, respectively. However, we have experienced net losses in prior years, including a net loss of $ 2. 1 million in fiscal 2017.~~ Our ability to maintain or increase our profitability is subject to various factors, many of which are beyond our control. As we **continue to** expand our operations, we anticipate that our operating expenses and capital expenditures will increase substantially in the foreseeable future as we continue to invest to increase our household penetration, customer base, supplier network, marketing channels and product portfolio, expand and enhance our processing, manufacturing and distribution facilities ~~as needed~~ , and hire additional crew members. Our ongoing expansion efforts may prove more expensive than we anticipate (including as a result of inflation, increases in input costs or disruptions in our supply chain relating to public health pandemics, ~~such as COVID- 19,~~ trade wars, geopolitical tensions ~~, such as the Russia- Ukraine war~~ , or other factors), and we may not succeed in increasing our net revenue and margins sufficiently to offset the anticipated higher expenses. We have incurred significant expenses in connection with investing in our processing capacity, our co- manufacturing and co- packing relationships, and obtaining and storing raw materials, and we will continue to incur significant expenses in developing and marketing products. In addition, many of our expenses, including the costs associated with our existing and any future processing and manufacturing facilities, ~~are~~ **may be** fixed. We also expect to continue to incur significant legal, accounting and other expenses as we grow and mature as a public company. If we fail to grow our revenue at a greater rate than our costs and expenses, we may be unable to maintain or increase our profitability and may incur losses in the future ~~. We have only recently expanded our product offerings beyond shell eggs and butter. As a result of our limited experience managing multiple product lines, our ability to accurately forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our historical revenue growth should not be considered indicative of our future performance. Further, in future periods, our revenue growth could slow or our revenue could decline for a number of reasons, including slowing demand for our products, increasing competition, a decrease in the growth of our overall market, or our failure to successfully take advantage of growth opportunities. If our assumptions regarding these risks and uncertainties and our future revenue growth are incorrect or change, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, and our business could suffer~~ . Sales of shell eggs constitute the vast majority of our net revenue, and a reduction in these sales would have an adverse effect on our financial condition. Shell eggs accounted for approximately 92 % of our net revenue in fiscal ~~2020~~ **2021** , ~~92~~ **94** % of our net revenue in fiscal ~~2021~~ **2022** and ~~94~~ **95** % of our net revenue in fiscal ~~2022~~ **2023** . Shell eggs are our flagship product and have been the focal point of our sales and marketing efforts, and we believe that sales of shell eggs will continue to constitute a significant portion of our net revenue, net income and cash flow for the foreseeable future. We cannot be certain that we will be able to continue to expand sales, processing and distribution of shell eggs, or that consumer and customer demand for our other existing and future products will expand to allow such products to represent a larger percentage of our revenue than they do currently. Accordingly, any factor adversely affecting sales of our shell eggs (including consumers' election to purchase lower- priced private- label or other economy brands during times of economic uncertainty) could have an adverse effect on our business, financial condition and results of operations. Failure to introduce successful new products, successfully enter into new product categories or successfully pursue growth by other means may adversely affect our ability to continue to grow. One element of our growth strategy **involves the** ~~depends on our ability to develop~~ **development** and ~~market~~ **marketing of** new products that meet our standards for quality and appeal to consumer preferences. The success of our innovation and product development efforts is affected by our ability to anticipate changes in consumer preferences, the technical capability of our ~~innovation staff~~ **crew members** in developing and testing product prototypes, our ability to comply with applicable governmental regulations, and the success of our management ~~and~~ **,** sales and marketing teams in introducing and marketing new products, including through ~~entry into~~ **current and** new product categories. There can be no assurance that we will successfully develop and market new products or successfully **introduce** ~~enter into product~~ **products in new** categories. The development and introduction of new products requires substantial marketing expenditures, which we may be unable to recoup if the new products do not gain widespread market acceptance. If we **introduce** ~~are unsuccessful in meeting our objectives with respect to~~ new or improved products **that ultimately do not meet objectives for such products** , **it** ~~our business~~ could **impact** ~~be harmed. For example, in 2022, we decided to discontinue~~ our ~~convenient breakfast~~ **growth, sales** and **profitability** ~~ghee offerings to focus on product categories that are core to our operations~~ . Any failure to successfully develop, market and launch future products or **successfully** enter into new product categories may lead to decreased growth, sales and profitability. Further risks are presented if we elect to pursue continued growth or enter new product categories by means other than new product introductions, including by acquisitions or investments in business or technologies that we believe could offer growth opportunities. The pursuit of such opportunities may divert the attention of management. Furthermore, it may cause us to incur various costs and expenses in identifying, investigating and pursuing such transactions, regardless of whether such opportunities are realized. Such acquisitions, transactions or investments may also result in potentially dilutive equity issuances, the incurrence of debt or contingent liabilities or challenges with integration, any of which could adversely affect our business, financial condition and results of operations. We estimate market opportunity and forecast market growth that may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all. Our estimates of market opportunity and growth forecasts included in this Annual Report **and elsewhere, including in connection with the long- term financial goals we announced in 2023,** are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, particularly in light of economic uncertainties. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of customers covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in our market depends on a number of factors, including the cost and perceived value associated with our products and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecast, our business could fail to grow at the rate we anticipate, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, our forecasts of market growth should not be taken as indicative of our future growth. We may require additional financing to achieve our goals, and the failure to obtain this necessary capital when needed on acceptable terms, or at all, may force us to delay, limit, reduce or terminate our product manufacturing and development, and other operations. We have funded our operations since inception primarily through equity financings **, draws on our Credit Facility** and sales of our products. We have incurred and expect to continue to incur significant expenses related to the expansion of our processing capacity ~~, including in connection with our construction and expansion of Egg Central Station and the potential development of an additional egg packing center~~ . We believe that we will continue to expend substantial resources for the foreseeable future as we consider additional markets we may choose to pursue and other growth opportunities. We expect that our existing cash **, cash equivalents and marketable securities, together with cash provided by our operating activities and available borrowings under our existing credit facility with PNC Bank, National Association, or the Credit Facility,** will be sufficient to fund our planned operating expenses ~~,~~ **and** capital expenditure requirements ~~and debt service payments~~ through at least the next 12 months. However, our operating plan may change because of factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings or other sources ~~, such as strategic collaborations~~ . We may also seek financing in connection with potential new product introductions or acquisitions or investments in businesses or technologies that we believe could offer growth opportunities. ~~Weakness and volatility in the capital markets and the economy in general could limit our access to the capital markets and increase our cost of borrowing.~~ Such financings may result in dilution to stockholders, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect our business. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. **Our ability to access additional capital may further be affected by adverse or uncertain economic conditions. Weakness and volatility in the capital markets and the economy in general could make it more difficult to access the capital markets and could increase our cost of borrowing. The agreements governing our Credit Facility require us to meet certain covenants, which could restrict our operational and financial flexibility. The Credit Facility provides for a revolving line of credit with a maximum borrowing capacity of $ 20. 0 million. The Credit Facility contains certain restrictive covenants, in each case subject to certain exceptions. The restrictive covenants in the Credit Facility limit our ability to**

incur or guarantee additional indebtedness, incur liens, enter into fundamental changes such as mergers or consolidations, change our fiscal year or substantially change the nature of our business. The Credit Facility also requires us to maintain three financial covenants: a fixed charge coverage ratio, a leverage ratio and a minimum tangible net worth requirement. These provisions may affect our ability to pursue business opportunities we find attractive or to maintain flexibility in reacting to changes in business conditions. Our failure to comply with the covenants in our Credit Facility or other terms of any present or future indebtedness could result in an event of default under such indebtedness, which, if not cured or waived, could result in the lender or lenders under such indebtedness declaring all obligations, together with accrued and unpaid interest, immediately due and payable and taking control of any collateral securing such indebtedness. This may require us to amend or refinance our indebtedness on less favorable terms. If we are forced to amend or refinance the Credit Facility on less favorable terms or are unable to do so at all, our business, financial condition and results of operations could be adversely affected. In any such case, we may be unable to borrow under the Credit Facility or other indebtedness and may not be able to repay the amounts due thereunder. This could have an adverse effect on our business, financial condition, results of operations and prospects. Risks Related to Our Business, Our Brand, Our Products and Our Industry ~~and operate our business.Further,the processing equipment used for our shell eggs is costly to replace or repair,particularly because certain of such equipment is sourced~~ internationally. ~~We have at times seen~~ **In fiscal 2022,we saw** pricing and capacity constraints related to internationally sourced equipment,and our equipment supply chains may be further disrupted in connection with public health pandemics,geopolitical tensions and wars **,including** ~~(such as~~ the ~~ongoing~~ **Russia- Ukraine** war ~~between Russia and Ukraine and the ongoing conflicts in the Middle East)~~ ,inflation,trade wars or other factors.If any material amount of our machinery were damaged,we could be unable to predict when,if at all,we could replace or repair such machinery or find co- manufacturers with suitable alternative machinery,which could adversely affect our business,financial condition and operating results.The property and business disruption insurance we maintain for Egg Central Station may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms **,** or at all. **If we fail to effectively maintain relationships with our existing farm network or further expand our farm network,our business,operating results and brand reputation could be harmed.We source our eggs and cream for our products** We contract with family farms to purchase all of their egg production for the duration of our contracts. We are contractually obligated to purchase these eggs irrespective of our ability to sell such eggs. Periodically in our industry, there has been an oversupply of eggs, which has caused egg prices to contract, sometimes substantially so, and as a result we have sold or donated our excess supply at reduced prices or no cost. If we are unable to sell such eggs upon commercially reasonable terms, or at all, our gross margins, business, financial condition and operating results may be adversely affected. Conversely, ~~in fiscal 2022,~~ there ~~were~~ **have** at times **in recent periods been** supply shortages in the egg industry, with supply impacted by, among other things, avian influenza, increased demand for eggs and increases in feed and other input costs. Such supply shortages, together with price increases we or others in the industry have implemented **or** ~~and may~~ choose to implement in the future, could result in declining consumer demand for shell eggs or inability to fulfill customer demand, each of which could have a material impact on our financial condition and results and operations. We sell shell eggs to consumers at a premium price point, and when prices for commodity shell eggs fall relative to the price of our shell eggs (including due to ~~any~~ price increases we may implement **or supply expansions in the market for commodity shell eggs**), price- sensitive consumers may choose to purchase commodity shell eggs offered by our competitors at a greater velocity than, or instead of, our **shell** eggs. As a result, low commodity shell egg prices relative to the price of our shell eggs may adversely affect our business, financial condition and results of operations. We also sell a small percentage of our shell eggs to wholesalers and egg breaking plants at commodity shell egg prices, which fluctuate widely and are outside our control. Small increases in production ~~,~~ or small decreases in demand ~~,~~ can have a large adverse effect on the prices at which these eggs are sold. The price we pay to purchase shell eggs from farmers fluctuates based on pallet weight and is also ~~indexed~~ **adjusted** quarterly ~~in arrears~~ for changes in feed cost, which may cause our agreed- upon pricing under these contracts to fluctuate on a quarterly basis. Therefore, our results of operations and financial condition, including our gross margin and profitability, fluctuate based on the cost and supply of commodities, including corn, soybean meal and other feed ingredients. Although feed ingredients are available from a number of sources, we have little, if any, control over the prices of these ingredients, which are affected by weather, speculators, export restrictions, various supply and demand factors, geopolitical tensions, inflation, transportation and storage costs, and agricultural and energy policies in the United States and internationally. We ~~saw increasing~~ **have seen increased** prices for conventional and organic corn and soybean crops on a global basis ~~in 2021 and 2022~~ , including increased prices resulting from the Russia- Ukraine war and measures taken in response thereto, inflation and supply chain shortages. ~~In December 2022, we implemented a~~ **It is possible that ongoing conflicts in the Middle East and elsewhere may have similar effects. We have entered into** commodity ~~hedging program for~~ **derivative instrument contracts related to** conventional ~~and organic~~ feed ingredients. If we are unable to successfully conduct this program to **reduce** ~~hedge against~~ the impact of ~~continued~~ commodity price fluctuations, our financial condition and results of operations may be impacted. We may not be able to increase our product prices enough or in a timely manner to sufficiently offset increased commodity costs due to consumer price sensitivity or the pricing postures of our competitors and, in many cases, our retailers may not accept a price increase or may require price increases to occur after a specified period of time elapses. Over time, if we are unable to price our products to cover increased costs, **are** unable to offset operating cost increases with continuous improvement savings or **are** unsuccessful in our current or any future commodity ~~hedging~~ **derivative instrument** program, then commodity price volatility or increases could adversely affect our business, financial condition and results of operations. While our current supply, processing and manufacturing capabilities are sufficient to meet our present business needs, we ~~may need~~ **are planning** to expand these capabilities in the future as we continue to grow and scale our business. For example, in fiscal 2022 we completed an expansion of Egg Central Station, our shell egg processing facility in Springfield, Missouri, to increase our capacity for the distribution of shell eggs. Additionally, we announced that we

~~have~~ **had** begun the design and the site selection process for our next egg packing center. ~~However, there~~ **There** is risk in our ability to effectively **continue to** scale production and processing and ~~effectively~~ manage our supply chain requirements. We must accurately forecast demand for our products in order to ensure we have adequate processing and manufacturing capacity to effectively allocate product supply across our stock keeping units ~~, or SKUs~~ . Our forecasts are based on multiple assumptions that, if inaccurate, may affect our ability to maintain adequate processing and manufacturing capacities (or co- processing and co- manufacturing capacities) in order to meet the demand for our products, which could prevent us from meeting increased customer demand. If we fail to meet demand for our products and, as a result, consumers who have previously purchased our products **may** buy other brands **and** ~~or~~ **our** ~~our retailers~~ --- **retail customers may** allocate shelf space to other brands **, each of which could adversely affect our business, financial condition and results of operations. On the other hand, if we overestimate our demand or overbuild our capacity, we may have significantly underutilized supply or other assets and may experience reduced margins. If we do not accurately align our processing and manufacturing capabilities with demand** , our business, financial condition and results of operations could be adversely affected. **We source** ~~On the other hand, if we overestimate our demand or~~ **our** ~~overbuild~~ **eggs from** our ~~capacity~~ **network of family farms** , ~~we may have significantly underutilized~~ **which is the foundation of our** supply **chain** ~~or other assets and may experience reduced margins~~ . **The cream** If we do not accurately align our....... Further, the processing equipment used for our **butter** ~~shell eggs is costly to replace or repair, particularly because certain of our processing equipment~~ is sourced internationally. In fiscal 2022, we...... our eggs and cream for our products from ~~our~~ **a** network of family farms **contracted by** ~~, which is the foundation of~~ our ~~supply chain~~ **butter supplier** . If we are unable to maintain and expand this supply chain because of actions taken by farmers or other events outside of our control **(including the failure of our butter supplier to maintain or expand its contracted farm network)** , we may be unable to timely supply distributors and customers with our products, which could lead to cancellation of purchase orders, damage to our commercial relationships and impairment of our brand. For example, we require our egg farmers to build and equip their farms to certain specifications, which requires a significant upfront capital investment, and any inability of farmers to obtain adequate financing on acceptable terms, including due to **elevated** interest ~~rate~~ **rates** ~~increases~~ , would impair their ability to contract with us. These and other factors, including economic uncertainty, may make it more difficult for us to recruit and attract new farmers to our network in a number sufficient to meet product demand. There are a number of factors that could impair our relationship with farmers, many of which are outside of our control. While we strive to operate our business in a manner that drives long- term and sustainable benefits for our stakeholders, including our farmers, we may make strategic decisions that ~~the~~ **our** farmers disagree with and which could cause ~~the~~ farmers to terminate their relationships with us. Reputational harm resulting from impairment of our relationship with existing farmers may also make it more difficult to attract new farmers to expand our network. If our relationship with our existing or future farmers is disrupted due to these or other factors, we may not be able to sustain the supply necessary to meet customer and consumer demand for our products, ~~each of~~ which would negatively impact our operating results. Any failure to maintain or expand our farm network would adversely affect our business, financial condition and results of operations. ~~In April 2022, we completed a significant expansion of our Egg Central Station processing facility and we announced that we have begun the design and site selection process for our next egg packing center. If the design and site selection process does not proceed as anticipated, if the potential new egg packing center is not brought up to full processing capacity or if we are unable to hire, train and retain crew members to support an additional egg packing center, we may not be able to fully realize the potential benefits of such additional egg packing center and our business, financial condition and operating results could be adversely affected.~~ The prices of our products are driven by a number of factors, including supply constraints, customer and consumer demand, inflation, input costs and market conditions. In response to such conditions, we increased prices on certain of our products ~~in January~~ **at times during fiscal** 2022, **fiscal** ~~May 2022 and January~~ 2023 **and fiscal 2024** . While we have not yet seen significant decreases in sales volume due to such price increases, if we further increase prices, we could experience ~~lower margins,~~ declining demand for our products, decreased ability to attract new customers and lower sales volumes. If price increases result in a greater spread between the price of our products and the price of conventional or private- label products, consumers may be less willing to pay a premium for our products, particularly in times of economic uncertainty. Additionally, our retail customers may not accept such price increases or may require increased promotional activity. If we cannot effectively price our products or carry out price increases, our business, financial condition and operating results could be adversely affected. Increased transportation and freight costs or failure by our transportation providers to pick up raw materials or deliver our products on time, in compliance with applicable governmental regulations or at all, have adversely impact and are expected to continue to adversely impact our operating results. We rely upon third- party transportation providers for a significant portion of our raw material transportation and product shipments. Our utilization of pickup and delivery services for shipments is subject to risks, including increases in fuel prices, driver shortages, trucking capacity limitations due to general increases in freight demand, employee and contractor strikes or unavailability (including due to disease outbreaks and pandemics ~~, such as COVID- 19~~) or inclement weather, any of which could increase our transportation and freight costs. For example, due in part to increased labor costs ~~arising from the COVID- 19 pandemic~~ and rising fuel costs due to international tensions and wars **(including due to attacks on container ships in the Red Sea)** , we ~~saw~~ **have seen at times** during ~~fiscal 2022~~ **recent periods** increased transportation and freight costs ~~, and we expect that these elevated costs could remain in effect for the foreseeable future~~ . Further increases in transportation and freight costs could have an adverse effect on our ability to increase or to maintain production on a profitable basis and could therefore adversely affect our operating results. We may not be able to ~~increase~~ **price** our ~~product~~ **products** ~~prices enough or~~ in a ~~timely~~ manner ~~to~~ **that** sufficiently ~~offset~~ **offsets** increased transportation costs due to consumer price sensitivity or the pricing postures of our competitors ~~and~~ , **and** in many cases, our ~~retailers~~ --- **retail customers** may not accept a price increase or may require price increases to occur after a specified period of time elapses. In addition, if we increase prices to offset higher transportation and freight costs, we could experience lower demand for our products, decreased ability to attract new customers and lower sales volumes. Furthermore, noncompliance by our third- party transportation providers with applicable regulatory requirements may impact the ability of providers to provide delivery services that adequately meet our shipping needs. Due to increased costs or noncompliance by our transportation providers with applicable regulatory requirements, we may change shipping companies, and we could face logistical difficulties with any such change that could adversely affect deliveries. In addition, we could incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those we receive from the third- party transportation providers that we currently use, which in turn would increase our costs and ~~thereby~~ adversely affect our operating results. Our ability to ensure a ~~continuing~~ **continued** supply of eggs, cream **for our butter** and other raw materials for our products at competitive prices depends on many factors beyond our control. In particular, we rely on the farms that supply us with eggs and cream to implement controls and procedures to manage the risk of exposing animals to harmful diseases, but outbreaks may occur despite their efforts. An outbreak of disease could result in increased government restriction on the sale and distribution of our products, and negative publicity could impact customer and consumer perception of our products, even if an outbreak does not directly impact the animals from which we source our products. Our farm network for our shell eggs is in a geographic region we refer to as the Pasture Belt, which is a term we use that refers to the U. S. region where the weather is conducive to hens being outside as much as possible. ~~Our~~ **The dairy farms that supply our** cream ~~supply is~~ **are primarily** located in **Ireland** ~~Ohio and New York~~ . The occurrence of a natural disaster in any of these regions could have a significant negative impact on us, the farmers and our supply chain. Additionally, the animals from which our products are sourced, the crops on which we rely for feed and the pastures on which these animals are raised ~~,~~ are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, frosts, earthquakes, hurricanes and pestilence. Disease, adverse weather conditions and natural disasters can adversely impact pasture quantity and quality, leading to reduced yields and quality, which in turn could reduce the available supply of, or increase the price of, our raw materials. If we raised prices for our products to account for this increase, we could experience decreased demand for our products and lower sales volumes, thereby adversely affecting our business, financial condition and results of operations. We also compete with other food companies in the procurement of eggs and cream, and this competition may increase in the future if consumer demand increases for these items or products containing them or if competitors increasingly offer products in these market sectors. If supplies of eggs and cream that meet our quality standards are reduced or are in greater demand, we may not be able to obtain sufficient supply to meet our needs on favorable terms ~~,~~ or at all. Our supply may also be affected by the number and size of farms that raise chickens and cows that meet our standards, changes in U. S. and global economic conditions and our ability to forecast our raw materials requirements. For example, in order to meet our standards, we require our egg farms to invest in infrastructure at the outset of our relationship. The typical upfront investment for each of the farms is significant **,** and many ~~of the~~ farmers seek financing assistance from local and regional banks as well as federal government loans from the U. S. Department of Agriculture, or USDA, Farm Service Agency. Changes in U. S. and global economic conditions, **elevated** interest ~~rate~~ **rates** ~~increases~~ or ~~any~~ **a** U. S. government shutdown could significantly affect the loans available to farmers. Many of these farmers have alternative income opportunities and the relative financial performance of raising chickens ~~and cows~~ in accordance with our standards as compared to other potentially more profitable opportunities could affect their interest in working with us. Any of these factors could impact our ability to supply our products to distributors and customers and may adversely affect our business, financial condition and results of operations. We compete with large egg companies such as Cal-Maine, Inc. and large international food companies such as Ornua Co- operative Limited (Kerrygold). We also compete ~~directly~~ with local and regional egg and dairy companies, as well as private- label ~~specialty~~ products processed by other egg and dairy companies. ~~Each of these~~ **These** competitors may have substantially greater financial and other resources than us **,** and some of our competitors ~~'~~ **’** products are well accepted in the marketplace today. ~~They~~ **Such competitors** may also have lower operational costs, and as a result may be able to offer comparable or substitute products to customers at lower costs. This could put pressure on us to lower our prices, resulting in lower profitability or, in the alternative, cause us to lose market share if we fail to ~~lower~~ **reduce** prices. Conversely, if we were to ~~raise~~ **increase** prices, including as a result of fluctuations in the shell egg market, increased commodity or raw material costs, increased packaging or transportation costs or otherwise, any resulting decline in consumer demand for our products may be exacerbated by the competitiveness of our market. Generally, the food industry is dominated by multinational corporations with substantially greater resources and operations than we have. We cannot be certain that we will successfully compete with larger competitors that have greater financial, sales and technical resources. Conventional food companies may acquire our competitors or launch their own egg and butter products, and they may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing promotional activities, among other things. Retailers also market competitive products under their own private labels, which are generally sold at lower prices, and may change the merchandising of our products so they have less favorable placement. Larger competitors may also be less affected by economic disruption and uncertainty, including with respect to inflation, global economic conditions or agricultural diseases such as avian influenza, than we are. These competitive pressures could cause us to lose market share, which may require us to lower prices, increase marketing and advertising expenditures or increase the use of discounting or promotional campaigns, each of which ~~would~~ **could** adversely affect our margins and could result in a decrease in our operating results and profitability. Failure to leverage our brand value propositions to compete against private- label products, especially during an economic downturn, may adversely affect our profitability. **We** ~~In many product categories, we~~ compete not only with other well- advertised nationally branded products, but also with private- label products. Such private- label products generally are sold at lower prices **than our products** . Consumers are more likely to purchase our products if they believe that our products provide a higher quality and greater value than less expensive alternatives. If the difference in perceived value between our brands and private- label products narrows, or if there is a perception of such a narrowing, consumers may choose not to buy our products at prices that are profitable for us. **In** ~~We believe that in~~ periods of economic uncertainty, particularly in periods of uncertainty driven by high inflation, consumers may purchase more often from lower- priced private- label or other economy brands. To the extent this occurs, we could experience a decrease in the sales volume of our higher margin products or a shift in our product mix to lower margin offerings. In addition, our foodservice product sales will be reduced if consumers reduce the amount of food that they consume away ~~-~~ from ~~-~~ home at our foodservice customers, including as a result of public health pandemics or economic uncertainty driven by inflation or other factors **. We currently have a limited number of third- party co- manufacturers and cold storage providers. The loss of one or more of our co- manufacturers or cold storage providers or our failure to timely identify and establish new relationships with new co- manufacturers or cold storage providers could harm our business and impede our growth** . A significant amount of our revenue is derived from products manufactured at facilities owned and operated by our co- manufacturers. We currently rely on two co- manufacturers for hard- boiled eggs, **one co- manufacturer for bulk butter production,** two co- manufacturers for stick butter, one co- manufacturer for ~~spreadable tub butter~~ **liquid eggs,** and one co- ~~manufacturer~~ **packer** for ~~liquid~~ **certain shell** ~~eggs~~ - **egg processing** . While we currently have **a** written manufacturing ~~contracts~~ - **contract** with ~~our co- manufacturer for spreadable tub butter and~~ one of our co- manufacturers for hard- boiled eggs, we do not currently have written manufacturing contracts with our other co- manufacturers **or with our co- packer for certain shell egg processing** . Due to the absence of written contracts with certain of our co- manufacturers, these co- manufacturers can generally seek to alter or terminate their relationships with us at any time, **resulting in** ~~leaving us with~~ periods during which we **may** have limited or no ability to manufacture certain of our products. In addition, due to the limited number of co- manufacturers, ~~an~~ **any** interruption in, or the loss of operations at, one or more of our co- manufacturing facilities, which may be caused by work stoppages, regulatory issues or noncompliance, disease outbreaks or pandemics ~~(such as COVID- 19)~~ , war, terrorism, fire, earthquakes, flooding or other weather or natural disasters, could delay, postpone or reduce production of some of our products, which could have an adverse effect on our business, financial condition and results of operations until such time as the interruption is resolved or an alternate source of production is secured, especially in times of low inventory. We believe there are a limited number of competent, high- quality co- manufacturers in our industry that meet our geographical requirements and our strict quality and control standards, and should we seek to obtain additional or alternative co- manufacturing arrangements in the future, there can be no assurance that we would be able to do so on satisfactory terms, in a timely manner, or at all. Therefore, the loss of one or more co- manufacturers, any disruption or delay at a co- manufacturer or any failure to identify and engage co- manufacturers for new products and product extensions could delay, postpone or reduce production of our products, which could have an adverse effect on our business, financial condition and results of operations. **Additionally, we rely on a limited number of cold storage providers to store our products. Our financial performance depends in large part on our ability to obtain adequate cold storage facilities services in a timely manner. We are not assured of continued cold storage capacities. Certain of our cold storage providers could discontinue or seek to alter their relationship with us. In addition, we are not assured of sufficient capacities of these providers commensurate with increased product demand.** Our business activities are subject to a variety of agricultural risks, including pests and diseases such as avian influenza, the occurrence of which can materially and adversely affect the quality and quantity of products, including shell eggs, that we distribute. Since the outbreak of highly pathogenic avian influenza, or HPAI, in early 2022, we have been closely following the progression of the virus. To date, we have experienced outbreaks at ~~two~~ **four** of our farms, one located in Missouri ~~and~~ **,** one in Tennessee **and two in Kansas** . While we have not experienced material disruptions to our egg supply due to such outbreaks, if a substantial portion of our farms or production facilities were affected by an outbreak of HPAI, or a disease like it, this could have a material and adverse effect on our business, financial condition and results of operations **. Additionally, outbreaks of HPAI or similar diseases could limit our ability to utilize co- packers for our shell eggs due to increased biosecurity measures that may be implemented by such co- packers in the event of an outbreak** . Even if our farms and production facilities were not directly impacted by avian disease, we may nevertheless be negatively affected by resulting governmental restrictions on our operations and the sale and distribution of our products, as well as negative publicity and impacted consumer perceptions for our industry. Such impacts could result in decreased consumer demand for our products and impact our operating results. Additionally, certain states in which our family farms are located **have at times** recommended or required ~~at certain points during fiscal 2022~~ that farms keep hens indoors to help limit exposure to avian influenza. Prolonged requirements to keep our hens indoors could adversely impact consumer perception of our egg products in comparison to those of our competitors, which could have a negative effect on our business, financial condition and operating results. We could be adversely affected by a change in consumer preferences, perception and spending habits in the natural food industry generally and ~~on~~ **with respect to** animal- based products **,** in particular ~~, and~~ **. Any** failure to develop or enrich our product offerings or gain market acceptance of our new products could have a negative effect on our business. We have positioned our brand to capitalize on growing consumer interest in natural, clean- label, traceable, ethically produced, great- tasting and nutritious foods. The market in which we operate is subject to changes in consumer preference, perception and spending habits. Our performance depends significantly on factors that may affect the level and pattern of consumer spending in the U. S. natural food industry market in which we operate. Such factors include consumer preference, consumer confidence, consumer income, consumer perception of the safety and quality of our products and shifts in the perceived value for our products relative to alternatives. Media coverage regarding the safety or quality of, or diet or health issues relating to, our products or the raw materials, ingredients or processes involved in their manufacturing may damage consumer confidence in our products. A general decline in the consumption of our products could occur at any time as a result of ~~change~~ **changes** in consumer preference, perception, confidence and spending habits, including an unwillingness to pay a premium or an inability to purchase our products due to financial hardship or increased price sensitivity, which may be exacerbated by economic uncertainty and general inflationary trends. For example, we and many of our customers face pressure from animal rights groups to require all companies that supply food products to operate their business in a manner that treats animals in conformity with certain standards developed or approved by these animal rights groups. If consumer preferences shift away from animal- based products for these reasons, because of a preference for plant- based products or otherwise, our business, financial condition and results of operations could be adversely affected. The success of our products depends on a number of factors, including our ability to accurately anticipate changes in market demand and consumer preferences, our ability to differentiate the quality of our products from those of our competitors, and the effectiveness of our marketing and advertising campaigns for our products. We may not be successful in identifying trends in consumer preferences and developing products that respond to such trends in a timely manner. We also may not be able to effectively promote our products by our marketing and advertising campaigns and gain market acceptance. If our products fail to gain market acceptance, are restricted by regulatory requirements or have quality problems, we may not be able to fully recover costs and expenses incurred in our operation, and our business, financial condition or results of operations could be materially and adversely affected. Our products are distributed through a broker- distributor- retailer network whereby brokers represent our products to distributors and retailers who in turn sell our products to consumers. We serve the majority of natural channel customers through food distributors, such as United Natural Foods, Inc., or UNFI, ~~and KeHE Distributors, LLC, or KeHE,~~ which purchase, store, sell and deliver our products to ~~retailers~~ - **retailer customers** ~~, including Whole Foods and Sprouts~~ . In fiscal years ~~2020,~~ 2021 ~~and~~ **,** 2022 **and 2023** , UNFI (which was Whole Foods ~~'~~ **'** primary distributor other than from **January** ~~April 2020~~ to August 2021) accounted for approximately ~~15 %,~~ 18 % ~~and~~ **,** 26 % ~~of our net revenue, respectively,~~ and **25** ~~KeHE accounted for approximately 12 %, 10 % and less than 10~~ % of our net revenue, respectively. Since these distributors act as intermediaries between us and the retail grocers or foodservice providers, who generally select the distributors, we do not have short- term or long- term commitments or minimum purchase volumes in our contracts with distributors that ensure future sales of our products. These distributors are able to decide on the products carried, and they may limit the products available for **our** ~~retailers~~ --- **retail customers** ~~, such as Whole Foods and Sprouts,~~ to purchase. We expect that most of our sales will be made through a core number of distributors for the foreseeable future. The loss of one or more of our significant distributor relationships that cannot be replaced in a timely manner ~~(or at all)~~ , under similar terms and conditions ~~,~~ **or at all** could adversely affect our business, financial condition and ~~results of operations. We are dependent on hatcheries and pullet farms to supply our farmer network with laying hens. Any disruption in that supply chain could materially and adversely affect our business, financial condition or~~ results of operations. Under the terms of our contracts with our network of family farms, while we do not own laying hens, we are generally responsible for coordinating the acquisition and delivery of laying hens to the farmers. In order to meet these obligations, we place orders for chicks directly with hatcheries intended to supply a future year' s production of eggs at least a year in advance. Once the chicks are hatched, they are delivered to a network of pullet farms, who rear the chicks to approximately 16 to 18 weeks of age, at which time they **are delivered to our network of family farms to** begin laying eggs ~~. The hens are then delivered directly from the pullet farms to our network of family farms, which then place the hens into egg production~~ . We work primarily with ~~three~~ **several** pullet hatcheries that ~~contract with~~ **deliver chicks to** a network of independent pullet farms. We do not have ~~a~~ long- term supply ~~contract~~ **contracts** with these suppliers, and if ~~the suppliers~~ **a substantial portion of our current hatcheries or pullet farms** were to cease doing business with us for any reason, we may have a difficult time finding and contracting with alternate **hatcheries or** pullet farms in sufficient scale to meet our needs, if at all. **Pullet farms may also be subject to capacity constraints, and if we are unable to find independent pullet farms with sufficient capacity to receive chicks from our hatcheries, we may be unable to fulfill our customer commitments.** Additionally, any disruption in ~~these~~ -- **the** supply ~~services~~ **of laying hens** for any reason, including agricultural disease such as avian influenza, natural disaster, fire, power interruption, work stoppage or other calamity, could have a material adverse effect on our business, financial condition and results of operations if we cannot replace these providers in a timely manner on acceptable terms or at all. Our business and operating results could be harmed by factors such as the availability ~~,~~ **of credit and the** terms of and increases in interest rates. These changes could cause our cost of doing business to increase and limit our ability to pursue growth opportunities. Disruptions and volatility in the global financial markets may lead to a contraction in credit availability **,** impacting our ability to finance our operations. A significant reduction in cash flows from operations or reduction in the availability of credit could materially and adversely affect our ability to achieve planned growth and operating results. ~~Higher~~ **Elevated** interest rates may also adversely impact the ability of our family farmers to access capital. We require our egg farmers to build and equip their farms to certain specifications, which requires a significant upfront capital investment, and any inability of farmers to obtain adequate financing on acceptable terms, including as a result of **elevated** interest ~~rate~~ **rates** ~~increases~~ , would impair their ability to partner with us. If our relationship with these egg farmers is disrupted, we may not be able to fully recover our investments in birds and feed, which would negatively impact our operating results. Our retail customers include natural channel and mainstream channel stores, which have been undergoing ~~a~~ consolidation in recent years. This consolidation has produced larger, more sophisticated organizations with increased negotiating and buying power that are able to resist price increases, ~~as well as~~ operate with lower inventories, decrease the number of brands that they carry and increase their emphasis on private- label products, all of which could negatively impact our business. With certain of our retail customers, like Whole Foods, we sell our products through distributors. We are not able to precisely attribute our net revenue to a specific retailer for products sold through distributors. We rely on third- party data to calculate the portion of retail sales attributable to retailers, but this data is inherently imprecise because it is based on gross sales generated by our products sold at retailers, without accounting for price concessions, promotional activities or chargebacks, and because it measures retail sales for only the portion of our retailers serviced through distributors. Based on this third- party data and internal analysis, Whole Foods accounted for approximately ~~28~~ **25** %, ~~29 % and~~ 23 % **and 23 %** of our retail sales in fiscal years ~~2020,~~ 2021 ~~and~~ **,** 2022 **and 2023** , respectively. Kroger accounted for approximately ~~13 %,~~ 12 % ~~and~~ **,** 12 % **and 11 %** of our retail sales in **the** fiscal years ~~2020,~~ 2021 ~~and~~ **,** 2022 **and 2023** , respectively. The loss of Whole Foods, Kroger or any other large retail customer, or the reduction of purchasing levels or the cancellation of any business from ~~Whole Foods, Kroger or~~ any **such** ~~other large retail~~ customer ~~,~~ for an extended length of time could negatively impact our sales and profitability. A retailer may take actions that affect us for reasons that we cannot always anticipate or control, such as their financial condition, changes in their business strategy or operations, the introduction of competing products or the perceived quality of our products. Despite operating in different channel segments, our ~~retailers~~ --- **retail customers** sometimes compete for the same consumers. Because of actual or perceived conflicts resulting from this competition, retailers may take actions that negatively affect us. Consequently, our financial results may fluctuate significantly from period to period based on the actions of one or more significant retailers. We obtain substantially all of the packaging for our shell eggs from a sole ~~-~~source supplier. Any disruption in the supply of our shell egg cartons, including **due to** ~~as a result of~~ interruptions to global shipping, could delay our production and hinder our ability to meet our commitments to customers. If we are unable to obtain a sufficient quantity of our packaging on commercially reasonable terms or in a timely manner, or if we are unable to obtain alternative sources, sales of our products could be delayed or we may be required to redesign our products. For example, in connection with increased demand for shell eggs in relation to the COVID- 19 pandemic in 2020, the supplier of substantially all of our shell egg cartons began to prioritize packaging for core egg products (such as 12- count packages), and we separately experienced certain quality issues with our 18- count egg cartons. As a result of these events, and in order to otherwise meet demand for our products, we began using recycled plastic packaging for certain of our shell egg products. While this change in packaging did not materially impact our operations, there is no guarantee that we will not experience similar packaging issues in the future, or that any such packaging issues will not impact our ability to meet product demand for our shell eggs. **For example, consumers may be less likely to accept products packaged using certain materials, or modified packaging may make it more difficult for consumers to locate our products in stores.** Any of these events could result in lost sales, price increases, reduced gross margins or damage to our customer **or consumer** relationships, which would have a material adverse effect on our business, financial condition and results of operations ~~. Because we rely on a limited number of third- party cold storage vendors to store our products, we may not be able to maintain or obtain the capacity necessary to store our products. We rely on a limited number of cold storage providers to store our products. Our financial performance depends in large part on our ability to obtain adequate cold storage facilities services in a timely manner. We are not assured of continued cold storage capacities. Certain of our cold storage providers could discontinue or seek to alter their relationship with us. In addition, we are not assured of sufficient capacities of these providers commensurate with increased product demand~~ . We believe our consumers rely on us to provide them with high- quality products. Therefore, real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us (such as incidents involving our competitors), could cause negative publicity and reduced confidence in our company, brand or products, which could in turn harm our reputation and sales, and could adversely affect our business, financial condition and operating results. Our products may be subject to contamination by foreign materials or disease- producing organisms or pathogens, such as salmonella and E. coli. These organisms and pathogens are found generally in the environment and there is a risk that one or more could be present in our products, either as a result of food processing or as an inherent risk based on the nature of our products. These organisms and pathogens also can be introduced to our products as a result of improper handling at the further- processing, foodservice or consumer level. These risks may be controlled, but may not be eliminated, by adherence to **current** good manufacturing practices **, or cGMPs,** and finished product testing. Shipment of contaminated products, even if inadvertent, could result in a violation of law and lead to increased risk of exposure to product liability claims, product recalls ~~and~~ **,** increased scrutiny by federal and state regulatory agencies, penalties and adverse publicity. In addition, products purchased from other producers, including co- manufacturers, could contain contaminants that we might inadvertently redistribute. If our products become contaminated, or if there is a potential health risk associated with our products, we or our co- manufacturers might decide or need to recall a product. Any product recall could result in a loss of consumer confidence in our products and adversely affect our reputation with existing and potential customers. For example, in December 2019, our co- manufacturer for hard- boiled eggs conducted a voluntary Class I recall of all hard- boiled eggs produced at its facility, including ours, due to potential listeria contamination at the production facility. In connection with the recall, our co- manufacturer elected to permanently close the affected production facility and move all production to a different facility. As a result, we were unable to supply customers with hard- boiled eggs for a period of time in the first quarter of fiscal 2020, which led to the loss of certain customer accounts for this product, the revenues from which were immaterial in the aggregate. We also have no control over our products once purchased by consumers. For example, consumers may store our products under conditions and for periods of time inconsistent with USDA, U. S. Food and Drug Administration, or FDA, and other governmental guidelines, which may adversely affect the quality and safety of our products. If consumers do not perceive our products to be of high quality or safe, then the value of our brand would be diminished, and our business, results of operations and financial condition would be adversely affected. Any loss of confidence on the part of consumers in the quality and safety of our products would be difficult and costly to overcome. Any such adverse effect could be exacerbated by our market positioning as a socially conscious purveyor of high- quality products and may significantly reduce our brand value. Issues regarding the safety of any of our products, regardless of the cause, may have an adverse effect on our brand, reputation and operating results. Further, the growing use of social and digital media by us, our consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about us, our brands or our products on social or digital media could seriously damage our brands and reputation. If we do not maintain ~~the~~ **a** favorable perception of our brands, our business, financial condition and results of operations could be adversely affected. We must expend resources to maintain consumer awareness of our brand, build brand loyalty and generate interest in our products. Our marketing strategies and channels will evolve **,** and our programs may or may not be successful. In order to remain competitive and expand and keep shelf placement for our products, we have increased and may continue to increase our marketing and advertising spending to maintain and increase consumer awareness, protect and grow our existing market share or promote new products, which could impact our operating results. Further advertising and promotional expenditures may be required to maintain or improve our brand' s market position or to introduce new products to the market, and participants in our industry are increasingly engaging with non- traditional media, including consumer outreach through social media and web- based channels, which may not prove successful. Increases in our marketing and advertising efforts may not maintain our current reputation or lead to increased brand awareness. Further, social media platforms frequently change the algorithms that determine the ranking and display of results of a user' s search and may make other changes to the way results are displayed, or may increase the costs of such advertising, which can negatively affect the placement of our links and, therefore, reduce the number of visits to our website and social media channels or make such marketing cost prohibitive. In addition, social media platforms typically require compliance with their policies and procedures, which may be subject to change or new interpretation with limited ability to negotiate, which could negatively impact our marketing capabilities. If we are unable to maintain and promote a favorable perception of our brand and products on a cost- effective basis, our business, financial condition and results of operations could be adversely affected. If we fail to develop and maintain our brand, our business could suffer. We have developed a strong and trusted brand that has contributed significantly to the success of our business, and we believe our continued success depends on our ability to maintain and grow the value of the Vital Farms brand. Maintaining, promoting and positioning our brand and reputation will depend on, among other factors, the success of our product offerings, food safety, quality assurance, marketing and merchandising efforts, our continued focus on animal welfare, the environment and sustainability and our ability to provide a consistent, high- quality consumer and customer experience. Any negative publicity, regardless of its accuracy, could have an adverse effect on our business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of our consumers, customers, farmers, suppliers or co-manufacturers, including changes to our products or packaging, adverse publicity or a governmental investigation, litigation or regulatory enforcement action, could significantly reduce the value of our brand and significantly damage our business. If we fail to cost- effectively acquire new consumers or retain our existing consumers, our business could be adversely affected. Our success ~~,~~ and our ability to increase revenue and operate profitably ~~, depends~~ **depend** in part on our ability to cost- effectively acquire new consumers, retain existing consumers and keep existing consumers engaged so that they continue to purchase our products. While we intend to continue to invest significantly in sales and marketing to educate consumers about our brand, our values and our products, there is no assurance that these efforts will generate further demand for our products or expand our consumer base. Our ability to attract new consumers and retain our existing consumers ~~will depend~~ **depends** on the perceived value and quality of our products, consumers' desire to purchase ethically produced products at a premium, offerings of our competitors, our ability to offer new and relevant products and the effectiveness of our marketing efforts, among other items. For example, because our shell eggs are sold to consumers at a premium price point, when prices for commodity shell eggs fall relative to the price of our shell eggs, we may be unable to entice price- sensitive consumers to try our products. We may also lose loyal consumers to our competitors if we are unable to meet consumer demand in a timely manner. If we are unable to cost-effectively acquire new consumers, retain existing consumers and keep existing consumers engaged, our business, financial condition and operating results would be adversely affected. Our sales and profits are dependent upon our ability to expand existing customer relationships and acquire new customers. Our business depends on our ability to increase our household penetration, to expand the number of products sold through existing retail customers, to grow within the foodservice channel and to strengthen our product offerings through innovation in both new and existing categories. Any strategies we employ to pursue this growth are subject to numerous factors outside of our control. For example, retailers continue to aggressively market their private- label products, which could reduce demand for our products. The expansion of our business also depends on our ability over the long term to obtain customers in additional distribution channels, such as convenience, drugstore, club, military and international markets. Any growth in distribution channels may also affect our existing customer relationships and present additional challenges, including related to pricing strategies. Additionally, we may need to increase or reallocate spending on marketing and promotional activities, such as rebates, temporary price reductions, off- invoice discounts, retailer advertisements, product coupons and other trade activities, and these expenditures are subject to risks, including related to consumer acceptance of our efforts. Our failure to obtain new customers, or expand our business with existing customers, could have a material adverse effect on our business, financial condition, results of operations and cash flows. Demand for shell eggs **and butter** fluctuates in response to seasonal factors. ~~Shell egg demand~~ **Demand** tends to increase with the start of the school year and is highest prior to holiday periods, particularly Thanksgiving, Christmas and Easter, and lowest during the summer months. As a result of these seasonal and quarterly fluctuations, comparisons of our sales and operating results between different quarters within a single fiscal year are not necessarily meaningful comparisons. If we are not correct in predicting our future shell egg demand, we may experience a supply and demand shell egg imbalance. This imbalance between supply and demand can adversely impact our results of operations at certain times of the year. ~~We and our co- manufacturers purchase and use significant quantities of cardboard, glass, corrugated fiberboard, kraft paper, flexible plastic, flexible film and paperboard to package our products.~~ Costs of packaging are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade **. We** ~~, and we~~ saw higher packaging costs in ~~the~~ fiscal year ~~ended December 25,~~ 2022 **, and these elevated costs continued in fiscal year 2023** . Volatility in the prices of supplies we and our co- manufacturers purchase could increase our cost of sales and reduce our profitability. Moreover, although we have not seen significant decreases in volume due to previous price increases, we may not be able to implement further price increases for our products to cover any increased costs, and any price increases we do implement may result in lower consumer demand, decreased ability to attract new customers and lower sales volumes. Additionally, if the availability of certain packaging supplies is limited due to factors beyond our control (including as a result of the public health pandemics or disruptions to global supply chains), or if packaging supplies do not meet our standards, we may make changes to our product packaging, which could negatively impact the perception of our brand. For example, in connection with increased demand for shell eggs in relation to the COVID- 19 pandemic in 2020, the supplier of substantially all of our shell egg cartons began to prioritize packaging for core egg products (such as 12- count packages), and we separately experienced certain quality issues with our 18- count egg cartons. As a result of these events, and in order to otherwise meet demand for our products, we began using recycled plastic packaging for certain of our shell egg products. If we are not successful in managing our packaging costs or the supply of packaging that meets our standards to use for our products, if we are unable to increase our prices to cover increased costs or if such price increases reduce our sales volumes, any of these factors could adversely affect our business, financial condition, and results of operations. Our net revenue and earnings may fluctuate as a result of price actions, promotional activities and chargebacks. Retailers may require price concessions that would negatively impact our margins and our profitability. Alternatively, we may increase our prices to offset commodity inflation and potentially impact our margins and volume. In addition, we periodically offer sales incentives through various programs to customers and consumers, including rebates, temporary price reductions, off- invoice discounts, retailer advertisements, product coupons and other trade activities. Additionally, while we continue to work to optimize supply chain logistics, we are occasionally charged fees and / or fines by retailers for various delivery and order discrepancies. While we challenge and vet these charges, we may be subject to such charges that could be detrimental to our performance, particularly when combined with the effects of increased freight costs or the other risks outlined in this section. The cost associated with promotions and chargebacks is estimated and recorded as a reduction in net revenue. ~~We anticipate that these~~ **These** price concessions, promotional activities and chargebacks could adversely impact our net revenue and ~~that~~ changes in such activities could adversely impact period-over- period results. If we are not correct in predicting the performance of promotions, or if we are not correct in estimating chargebacks, our business, financial condition and results of operations would be adversely affected. ~~If we fail to retain and motivate members of our management team or other key crew members, or fail to attract, train, develop and retain additional qualified crew members to support our operations, our business and future growth prospects would be harmed.~~ Our success and future growth depend largely upon the continued services of our executive officers as well as our other key crew members. These executives and key crew members **are** ~~have been~~ primarily responsible for determining the strategic direction of our business and for executing our growth strategy and are integral to our brand, culture and the reputation we enjoy with farmers, suppliers, co- manufacturers, distributors, customers and consumers. From time to time, there may be changes in our executive management team or other key crew members resulting from the hiring or departure of these personnel. The loss of one or more of our executive officers, or the failure by our executive team to effectively work with our crew members and lead our company, could harm our business. In addition, our success depends in part upon our ability to attract, train, develop and retain a sufficient number of crew members who understand and appreciate our culture and can represent our brand effectively and establish credibility with our business partners and consumers. If we are unable to win in a competitive market for top talent capable of meeting our business needs and expectations, our business and brand image may be impaired. For example, in Springfield, Missouri, where Egg Central Station is located, there is a tight labor market. As a result of this tight labor market, we may be unable to attract and retain crew members with the skills we require **.** ~~, particularly given the need for additional~~ **Additionally , substantially all of our** crew members **outside** ~~due to our expansion~~ of Egg Central Station **are working remotely on a permanent basis. Although we believe we manage our operations to handle remote working conditions efficiently, it is possible that such remote work arrangements could adversely impact crew member cohesiveness, efficiency, professional development, operational agility and retention** . Any failure to meet our staffing needs or any material increase in turnover rates of our crew members may adversely affect our business, financial condition and results of operations ~~. If we cannot maintain our company culture or focus on our purpose as we grow, our success and our business and competitive position may be harmed~~ . We believe our culture and our purpose have been key contributors to our success to date and that the critical nature of the platform that we provide promotes a sense of greater purpose and fulfillment in our crew members. Any failure to preserve our culture or focus on our purpose could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our corporate objectives. As we **continue to** grow and develop the infrastructure of a public company, we may find it difficult to maintain these important values. We may also have difficulty ~~preserving~~ **maintaining** our company culture as ~~a~~ **substantially all of our crew members outside of Egg Central Station** ~~large~~ -- **are** ~~portion of our existing and newly hired workforce is~~ working remotely on a permanent basis. If we fail to maintain our company culture or focus on our purpose, our business and competitive position may be harmed. Our operations are geographically consolidated. A major tornado or other natural disaster within the region in which we operate could seriously disrupt our entire business. Egg Central Station, our shell egg processing facility, is located in Springfield, Missouri. This facility and our network of family farms supporting our shell egg business are concentrated in the Midwestern portion of the Pasture Belt. The **majority of** cream for our butter is sourced from ~~two separate and distinct geographical areas, one area in the Midwest and one area in the Northeast. This supply encompasses a total of approximately 70~~ farms ~~. Butter is manufactured~~ in **Ireland** ~~close proximity to the Midwest farm supply~~ . The impact of natural disasters such as tornadoes, drought or flood within these areas is difficult to predict, particularly given the potential of climate change to increase the frequency and intensity of such natural disasters, but a natural disaster could seriously disrupt our entire business. Our insurance may not adequately cover our losses and expenses in the event of a natural disaster. As a result, natural disasters within these areas could lead to substantial losses. Our inability to maintain our GFSI and SQF Select Site certifications may negatively affect our reputation. The Safe Quality Food Institute administers the SQF Program, which is a third- party auditing program that examines and certifies food producers with respect to certain aspects of the producer' s business, including food safety, quality control and social, environmental and occupational health and safety management systems. The SQF Select Site certification is one of a number of available SQF certifications and involves both auditing for food safety issues and unannounced inspections by SQF personnel on an annual basis. The Global Food Safety Initiative, or GFSI, is a private organization established and managed by **The Consumer Goods Forum,** an international trade association ~~, The Consumer Goods Forum~~ . GFSI operates a benchmarking scheme whereby certification bodies, such as the SQF Program, are " recognized " as meeting certain criteria maintained by GFSI. GFSI itself does not certify or accredit entities in the food industry. SQF Select Site certification and the GFSI recognition of the SQF Program do not themselves have any independent legal significance and do not necessarily signal regulatory compliance. As a practice matter, however, certain retailers, including some of our largest customers, require SQF certification or certification by another GFSI- recognized program as a condition for doing business. Loss of SQF Select Site certification could impair our ability to do business with these customers, which could materially and adversely affect our business, financial condition and operating results. Risks Related to Socioeconomic, Political and Environmental Factors Adverse and uncertain economic conditions, including uncertainty related to inflation, market volatility, outbreaks of contagious disease **or** ~~such as the COVID- 19 pandemic~~ **pandemics** , ~~or~~ geopolitical tensions and wars, including the Russia- Ukraine war **and ongoing conflicts in the Middle East** , **or disruption in global financial and credit markets due to uncertainty in the banking system or bank failures** may impact distributor, retailer, foodservice and consumer demand for our products. In addition, our ability to manage normal commercial relationships with our farmers, suppliers, co- manufacturers, distributors, retailers, foodservice consumers and creditors may suffer. Consumers may shift purchases to lower- priced or other perceived value offerings **, including private- label products,** during economic downturns ~~. In particular~~ , ~~consumers may reduce the amount of our egg products that they purchase where there are more affordable products, including caged, cage- free~~ and ~~free- range egg and egg product offerings, which generally have lower retail prices than our eggs. In addition, our products are sold to consumers at a premium price point, and in~~ an economic downturn ~~, consumers may choose to purchase private- label or commodity products rather than our products because they are generally less expensive. An economic downturn~~ may cause customers to be less receptive to price increases on our products. Adverse economic conditions may also affect our farmers. **For example** ~~In fiscal 2022~~ , **recent** inflationary ~~factors~~ **pressures have** resulted in increased costs for our farmers to build, equip and operate their farms. If our relationship with our existing farmers, or our ability to attract new farmers, is disrupted due to economic conditions or otherwise, our operating results may be adversely affected. Further, our foodservice product sales will be reduced if consumers reduce the amount of food they consume away from home at our foodservice customers, including as a result of inflationary concerns or other economic uncertainty. Distributors and customers may become more conservative in response to these conditions and seek to reduce their inventories. Our results of operations depend upon, among other things, our ability to maintain and increase sales volume with our existing distributors, retailer and foodservice customers, our ability to attract new consumers, the financial condition of our consumers and our ability to provide products that appeal to consumers at the right price. Prolonged unfavorable economic conditions may have an adverse effect on our sales and profitability. **In addition, historically, our deposit accounts have held deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation, or FDIC. In the event of a bank failure at any of the institutions where we maintain deposits, there can be no assurance that regulators will agree to guarantee such deposits above and beyond amounts insured by the FDIC.** Disruptions in international trade, including disruptions due to **global health** ~~the COVID- 19 pandemic~~ **pandemics** and **geopolitical tensions** ~~Russia- Ukraine war~~ , may have a material adverse impact on us, our suppliers and our network of farms, including our ability to expand our operations as planned. The COVID- 19 pandemic ~~and~~ **, other global health pandemics,** the Russia- Ukraine war **, conflicts in the Middle East and other geopolitical tensions** have disrupted international trade, resulting in increased shipping costs and delays in the import and export of goods to and from the United States and other countries. Specifically, the increased demand for international shipping has resulted in shortages of shipping containers and delays at international ports. ~~We~~ **Currently, we import cream for our butter from a supplier in Ireland, which may result in increased costs or shipment delays due to the recent disruptions in the international trade markets. Additionally, we** , our suppliers and our network of family farms are dependent on equipment and other supplies imported from Europe and other locations. To the extent that disruptions to global shipping, including disruptions due to **global health** ~~COVID- 19 pandemic~~ **pandemics** or geopolitical tensions or wars, ~~such as the Russia- Ukraine war,~~ negatively impact our, our suppliers' and our network of **family** farms' ability to access necessary goods, we may not be able to expand our operations as planned, and our business, financial condition and results of operations would be materially and adversely affected **. We and certain of our vendors use overseas sourcing to varying degrees to produce certain of the products we sell. Any event causing a sudden disruption of manufacturing or imports from such foreign countries, including changes in the Unites States' foreign trade policies resulting in the imposition of additional import restrictions, withdrawal from or material modifications to, international trade agreements, unanticipated political changes, increased customs duties or tariffs, labor disputes, health epidemics, adverse weather conditions, crop failure, acts of war or terrorism, legal or economic restrictions on overseas suppliers' ability to produce and deliver products, and natural disasters, could increase our costs and materially harm our business, financial condition and results of operations. Our business is also subject to a variety of other risks generally associated with indirectly sourcing goods from abroad, such as political instability, disruption of imports by labor disputes, currency fluctuations and local business practices. In addition, requirements imposed by the FDA compel importers to verify that food products and ingredients produced by a foreign supplier comply with all applicable legal and regulatory requirements enforced by the FDA, which could result in certain products being deemed ineligible for import. In addition, the Department of Homeland Security may at times prevent the importation or customs clearance of certain products and ingredients for reasons unrelated to food safety** . A U. S. federal government shutdown could have a material adverse impact on our results of operations and financial condition. The partial shutdown of the U. S. federal government that began in late 2018 and continued into 2019 adversely impacted many of our family farmers' ability to access capital, as these farmers receive funding through farm loan programs of the USDA Farm Service Agency. The partial shutdown also impacted our ability to receive governmental approvals for products and labeling of new products. Another U. S. federal government shutdown of similar or greater duration could similarly impact our business, which could have a material adverse effect on our results of operations and financial condition. ~~The impact of public health pandemics, such as COVID- 19, on any of our farmers, suppliers, co- manufacturers, distributors or transportation or logistics providers may negatively affect the price and availability of our raw materials and impact our supply chain. If the disruptions caused by such pandemics, including interruptions to global shipping that may impact our and our farmers' and other suppliers'~~

~~ability to access equipment and other materials, continue for an extended period of time, our ability to meet the demands of our customers or to expand as planned may be materially impacted. If we are forced to scale back hours of operation or close our facilities in response to public health threats, or if the effects of COVID- 19 or related mitigation measures make it difficult to adequately staff the facility to meet our capacity demands, our business, financial condition and results of operations would be materially and adversely affected. Uncertainties regarding the economic impacts of public health pandemics, such as COVID- 19, may result in sustained market turmoil, which could also negatively impact our business, financial condition and results of operations.~~ Climate change, or legal, regulatory or market efforts to address climate change, may negatively affect our business and operations. There is ~~growing concern~~ **scientific consensus** that carbon dioxide and other greenhouse gases emissions ~~may~~ have **had, and will continue to have,** an adverse impact on global temperatures, weather conditions, and the frequency and severity of natural disasters. If climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain raw materials that are necessary for our products, including corn, soybean meal and other feed ingredients. We may further be subject to unpredictable water availability due to the impact of climate change, and the lack of available water may adversely affect our business and operations. Additionally, extreme weather and natural disasters exacerbated by climate change may impact our business. The egg farms in our network are all geographically located in a region that provides an environment conducive to year- round raising of chickens. However, if climate change negatively impacts the year- round habitability of this region for chickens, we may be subject to decreased availability or less favorable pricing for our eggs. Adverse weather conditions and natural disasters, including those caused by climate change, can adversely impact pasture conditions, leading to reduced yields and quality. For example, **elevated** ~~in the~~ summer ~~of 2022, extreme~~ temperatures in the Pasture Belt **have** contributed to lower- than- normal shell egg yield at certain of our farms. Adverse weather conditions and natural disasters may also impact the habitability and pasture conditions of the farms where we source **the** cream for our butter products. Further, we may incur increased transportation, storage and processing costs if we are unable to source products within a certain distance from our processing and co- manufacturing facilities due to the effects of climate change. Governmental and market concern about climate change and its effects may result in additional legal or regulatory requirements to reduce or mitigate the effects of greenhouse gases or water usage. Such laws or regulations, to the extent applicable to us or our **farmers,** suppliers, co- manufacturers or service providers, may result in significant increases to our costs of operation, particularly the supply chain and distribution costs associated with our products. Our business faces ~~increasing~~ scrutiny related to **environmental, social and governance (** ESG **)** issues, including sustainable development, product packaging, renewable resources, environmental stewardship, supply chain management, climate change, diversity and inclusion, workplace conduct, human rights, philanthropy and support for local communities. In December 2022, we announced a series of ~~ESG~~ **impact-related** goals relating to, among other things, ecological impacts, diversity and inclusion, governance accountability and climate change **, which we refer to as our Impact Goals** . There is no assurance that we will be able to achieve **these** ~~our ESG~~ goals. Failure to achieve our ~~ESG~~ **Impact** ~~goals~~ **Goals** could damage our reputation and brand image **,** and our business, financial condition and results of operations could be adversely impacted. **Furthermore, there exists negative sentiment toward ESG measures among certain individuals and government institutions, and several states have enacted or proposed " anti-ESG " legislation. While these policies and legislation are generally targeted to investment advisory firms and mutual funds, as we continue to pursue our Impact Goals and related initiatives, we could face a negative reaction that adversely impacts our business.** Implementation of our environmental and sustainability initiatives, including in connection with our ~~ESG~~ **Impact** ~~goals~~ **Goals** and annual ~~impact~~ **Impact** ~~report~~ **Report** , may require certain financial expenditures and crew member resources, and if we are unable to meet our ~~ESG~~ goals or ~~other applicable~~ **otherwise fail to meet stakeholder** standards or expectations with respect to ESG issues **or our Impact Goals** , this could have a material adverse effect on our reputation and brand and negatively impact our relationship with our investors, crew members **, farmers, suppliers** , customers and consumers. Risks Related to Legal and Government Regulation Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Illness, injury or death related to allergens, food- borne illnesses, foreign material contamination or other food safety incidents caused by our products, or involving our farmers or other suppliers, could result in the disruption or discontinuance of sales of these products or our relationships with such farmers or suppliers, or otherwise result in increased operating costs, regulatory enforcement actions or harm to our reputation. For example, in December 2019, our co- manufacturer for hard- boiled eggs conducted a voluntary Class I recall of all hard- boiled eggs produced at its facility, including ours, due to a potential listeria contamination at the production facility. Our co- manufacturer elected to permanently close the affected production facility and move all production to a different facility, which did not have sufficient capacity to meet product demand. As a result, we were unable to supply customers with hard- boiled eggs for a period of time in the first quarter of fiscal 2020. Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose us to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against us may exceed or be outside the scope of our existing or future insurance policy coverage or limits. Any judgment against us that is more than our policy limits or not covered by our **insurance** policies ~~or not subject to insurance~~ would have to be paid from our cash reserves, which would reduce our capital resources. The occurrence of food- borne illnesses or other food safety incidents could also adversely affect the price and availability of affected raw materials, resulting in higher costs, disruptions in supply and a reduction in our sales. Furthermore, any instances of food contamination or regulatory noncompliance, whether or not caused by our actions, could compel us, our farms or suppliers, our distributors or our customers, depending on the circumstances, to conduct a recall in accordance with FDA or USDA regulations and policies, and comparable state laws. Food recalls could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period of time and potential loss of existing distributors or customers and a potential negative impact on our ability to attract new customers due to negative consumer experiences or because of an adverse impact on our brand and reputation.

The costs of a recall could be outside the scope of our existing or future insurance policy coverage or limits. In addition, food companies have been subject to targeted, large- scale tampering as well as to opportunistic, individual product tampering, and we, like any food company, could be a target for product tampering. Forms of tampering could include the introduction of foreign material, chemical contaminants and pathological organisms into food products, as well as product substitution. Governmental regulations require companies like us to analyze, prepare and implement mitigation strategies specifically to address tampering designed to inflict widespread public health harm. If we do not adequately address the possibility, or any actual instance, of product tampering, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions, which could adversely affect our business, financial condition and operating results. Our operations are subject to FDA and USDA federal ~~regulation~~ **regulations** ~~and~~ **, as well as other** state **and local** ~~regulation~~ **regulations** , and there is no assurance that we will be in compliance with all **applicable** regulations. Our operations are subject to extensive regulation by the FDA, the USDA and other federal, state and local authorities. With respect to eggs in particular, the FDA and the USDA split jurisdiction depending on the type of product involved. While the FDA has primary responsibility for the regulation of shell eggs, the USDA has primary responsibility for the regulation of dried, frozen or liquid eggs and other " egg products, " subject to certain exceptions. Specifically, our shell eggs, butter ~~,~~ **and** hard- boiled ~~eggs~~ - **egg** ~~, and ghee~~ products are subject to the requirements of the Federal Food, Drug, and Cosmetic Act, as amended, ~~or~~ **including by** the ~~FDCA~~ **Food Safety Modernization Act of 2011, or FSMA** , and regulations promulgated thereunder by the FDA. This comprehensive regulatory program governs, among other things, the manufacturing, composition and ingredients, packaging, labeling and safety of most food products. The FDA requires that facilities that manufacture food products comply with a range of requirements, including **but not limited to** hazard analysis and ~~preventative~~ -- **preventive** controls regulations, ~~current good manufacturing practices, or~~ cGMPs ~~,~~ and supplier verification requirements. Our shell egg operations are further subject to FDA regulatory requirements governing the production, storage and transportation of shell eggs for the control of salmonella. FDA- inspected processing facilities are subject to periodic and " for cause " inspection by federal, state and local authorities **. We are subject to requirements under FSMA' s foreign supplier verification program and import tariffs, bond and other requirements imposed by U. S. Customs and Border Protection for our butter products, which are imported from Ireland** . In addition, certain of our products, such as our liquid whole egg products, are subject to regulation by the USDA, including facility registration, inspection, manufacturing and labeling requirements. We do not control the manufacturing processes of, and rely upon, our co- manufacturers for compliance with cGMPs and other regulatory requirements for the manufacturing of our products that is conducted by our co- manufacturers. If we or our co- manufacturers cannot successfully manufacture products that conform to our specifications and the strict regulatory requirements of the FDA, the USDA or others, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products, result in our co- manufacturers' inability to continue manufacturing for us, result in a recall of our products that have already been distributed and result in damage to our brand and reputation. For example, in December 2019, our co- manufacturer for hard- boiled eggs conducted a voluntary Class I recall of all hard- boiled eggs produced at its facility, including ours, due to a potential listeria contamination at the production facility. We rely upon our co- manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA, the USDA or another regulatory authority determines that we or these co- manufacturers have not complied with the applicable regulatory requirements, our business may be adversely impacted. Our liquid whole eggs are subject to the requirements of the Egg Products Inspection Act, or EPIA, and regulations promulgated thereunder by the USDA. The USDA has comprehensive regulations in place that apply to establishments that break, dry and process shell eggs into liquid egg products. This regulatory scheme governs the manufacturing, processing, pasteurizations, packaging, labeling and safety of egg products. Under the EPIA and USDA regulations, establishments that manufacture egg products must comply with the USDA' s requirements for sanitation, temperature control, pasteurization and labeling. In addition, in September 2020, the USDA announced that it had finalized its Egg Products Inspection Rule. Pursuant to the regulatory requirements established by this rule, we anticipate that our co- manufacturers' liquid whole egg establishment will be required to implement Hazard Analysis and Critical Control Point plans within two years after publication of the final rule in the Federal Register and will further be required to implement Sanitary Standard Operating Procedures within one year after publication in the Federal Register. We do not control the manufacturing processes of, and rely upon, our co- manufacturers for compliance with USDA regulations for the manufacturing of our liquid whole egg products, which is conducted by our co- manufacturers. If we or our co- manufacturers cannot successfully manufacture products that conform to our specifications and the strict regulatory requirements of the USDA or others, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products, could result in our co- manufacturers' inability to continue manufacturing for us, or could result in a recall of our product that has already been distributed. In addition, we rely upon our co- manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the USDA or a comparable foreign regulatory authority determines that we or these co- manufacturers have not complied with the applicable regulatory requirements, our business may be materially impacted. ~~In addition to regulation pursuant to the FDCA, EPIA and FMIA, some of our products are subject to the Agricultural Marketing Act of 1946, or the AMA. The AMA governs voluntary grade claims that appear on some of our products and are administered by the USDA Agricultural Marketing Service, or AMS. For instance, our shell eggs, including those handled by our co- manufacturers, are graded for quality by USDA AMS grading personnel. We do not control the processes in place on our contract farms or with our co- manufacturers (which can affect the assigned grade), and rely upon both to provide us quality, fresh products that meet our stringent quality standards. If we, or our network of family farms and co- manufacturers, cannot successfully manufacture products that confirm with our quality specifications or meet appropriate grading standards under the AMA, we may have difficulty marketing our products or may be required to source our products from other farms and co- manufacturers.~~ Our products that are labeled as " organic " are subject to the requirements of the Organic Foods Production Act, or OFPA, and the USDA' s National Organic Program, or

NOP, regulations. The OFPA is a comprehensive regulatory scheme that mandates certain practices and prohibits other practices pertaining to the raising of animals and handling and processing of food products. We, and our network of family farms and co- manufacturers, contract with NOP- accredited certifying agents to ensure that our organic products are produced in compliance with the OFPA and NOP regulations. We do not control the farms where our products are raised and rely on the farms for compliance with the on- farm requirements of the OFPA and NOP regulations. Similarly, we do not control the manufacturing processes of, and we rely upon, our co- manufacturers for compliance with requirements of the OFPA and NOP regulations with respect to organic products handled and manufactured by our co- manufacturers. If we, the farms or the co- manufacturers cannot successfully raise and manufacture products that meet the strict regulatory requirements of the OFPA and the NOP, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products as " organic, " could result in the farms or co- manufacturers' inability to continue to raise farm products or manufacture food for us, or we, the farms, or the co- manufacturer could lose the right to market products as " organic, " and subject us, the farms, or co- manufacturers to civil monetary penalties. If the USDA or a comparable foreign regulatory authority determines that we or these co- manufacturers have not complied with the applicable regulatory requirements, our business may be materially impacted. We are also subject to state and local regulations, including product requirements, labeling requirements and import restrictions. ~~For example, the State of Iowa requires that grocery stores which participate in the Special Supplement Nutrition Program for Women, Infants, and Children, and which sell eggs produced by chickens advertised as being housed in cage- free, free- range or enriched colony cage environments, also sell " conventional " eggs produced by chickens that are not so advertised. That regulation impacted the space allocation for non- caged eggs on the shelves of retailers in Iowa and their willingness to carry our eggs. In addition, one or more states could pass regulations that establish requirements that our products would not satisfy.~~ If our products fail to meet such individual state standards or are restricted from being imported into a state by regulatory requirements, our business, financial condition or results of operations could be materially and adversely affected. We seek to comply with applicable regulations through a combination of employing internal experience and expert personnel to ensure quality assurance compliance (i. e., assuring that our products are not adulterated or misbranded) and contracting with third- party laboratories that conduct analyses of products to ensure compliance with nutrition labeling requirements and to identify any potential contaminants before distribution. Failure by us, the farms or the co- manufacturers to comply with applicable laws and regulations or maintain permits, licenses or registrations relating to our or our co- manufacturers' operations could subject us to civil remedies or penalties, including fines, injunctions, recalls or seizures, warning letters, restrictions on the marketing or manufacturing of products, or refusals to permit the import or export of products, as well as potential criminal sanctions, which could result in increased operating costs resulting in a material effect on our operating results and business. See the section titled " — Government Regulation " in Part I, Item 1, " Business, " of this Annual Report for further information on the regulations to which we are subject. Changes in existing laws or regulations, or the adoption of new laws or regulations may increase our costs and otherwise adversely affect our business, results of operations and financial condition. The manufacture and marketing of food products is highly regulated. We, our farmers, our suppliers and our co- manufacturers are subject to a variety of laws and regulations. These laws and regulations apply to many aspects of our business, including the manufacture, packaging, labeling, distribution, advertising, sale, quality and safety of our products, as well as the health and safety of our crew members and the protection of the environment. In the United States, we are subject to regulation by various government agencies, including the FDA, the USDA, the Federal Trade Commission, or FTC, the Occupational Safety and Health Administration, ~~or OSHA,~~ and the Environmental Protection Agency ~~, or EPA~~ , as well as various state and local agencies. We are also regulated outside the United States by various international regulatory bodies. In addition, we are subject to certain standards, such as GFSI standards and review by voluntary organizations, such as the Council of Better Business Bureaus' National Advertising Division. We could incur costs, including fines, penalties and third- party claims, because of any violations of, or liabilities under, such requirements, including any competitor or consumer challenges relating to compliance with such requirements. For example, in connection with the marketing and advertisement of our products, we could be the target of claims relating to false or deceptive advertising, including under the auspices of the FTC and the consumer protection statutes of some states. The regulatory environment in which we operate could change significantly and adversely in the future. Any change in manufacturing, labeling or packaging requirements for our products may lead to an increase in costs or interruptions in production, either of which could adversely affect our operations and financial condition. **Changes in marketing or labeling requirements or standards related to our products could require us to revise or discontinue making certain claims or utilizing certain branding elements, which may make our products less appealing to consumers.** New or revised government laws and regulations could result in additional compliance costs and, in the event of non- compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which may adversely affect our business, financial condition and results of operations. Failure by our network of family farms, suppliers of raw materials or co- manufacturers to comply with food safety, environmental or other laws and regulations, or with the specifications and requirements of our products, may disrupt our supply of products and adversely affect our business. If any ~~of~~ **partners in** our **network of** family farms, suppliers or co- manufacturers fail to comply with food safety, environmental, health and safety or other laws and regulations, or face allegations of non- compliance, their operations may be disrupted and our reputation could be harmed. Additionally, the farms and co- manufacturers are required to maintain the quality of our products and to comply with our standards and specifications. In the event of actual or alleged non- compliance, we might be forced to find alternative farms, suppliers or co- manufacturers and we may be subject to lawsuits and / or regulatory enforcement actions related to such non- compliance by the farms, suppliers and co- manufacturers. As a result, our supply of eggs and other raw materials or finished inventory could be disrupted or our costs could increase, which would adversely affect our business, results of operations and financial condition. The failure of any partner farmer or co- manufacturer to produce products that conform to our standards could adversely affect our reputation in the marketplace and result in product recalls, product liability claims, government or third- party actions and economic loss. For example, in December 2019, our co- manufacturer for hard- boiled eggs conducted a voluntary Class I recall of all hard- boiled eggs produced at its facility, including ours, due to a potential listeria contamination at the production facility. Additionally, actions we may take to mitigate the impact of any disruption or potential disruption in our supply of eggs and other raw materials or finished inventory, including increasing inventory in anticipation of a potential supply or production interruption, may adversely affect our business, financial condition and results of operations. We are subject to stringent environmental regulation and potentially subject to environmental litigation, proceedings and investigations. Our business operations and ownership and past and present operation of real property are subject to stringent federal, state, and local environmental laws and regulations pertaining to the discharge of materials into the environment and natural resources. Violation of these laws and regulations could lead to substantial liabilities, fines and penalties or to capital expenditures related to pollution control equipment that could have a material adverse effect on our business. We could also experience in the future significant opposition from third parties with respect to our business, including environmental non- governmental organizations, neighborhood groups and municipalities. Additionally, new matters or sites may be identified in the future, including in connection with the potential expansion of our processing capacity, that will require additional environmental investigation, assessment, or expenditures, which could cause additional capital expenditures. Future discovery of contamination of property underlying or in the vicinity of our present or future properties, facilities or waste disposal sites could require us to incur additional expenses, delays to our business and to our proposed construction. The occurrence of any of these events, the implementation of new laws and regulations, or stricter interpretation of existing laws or regulations ~~,~~ could adversely affect our business, financial condition and results of operations. Legal claims, government investigations or other regulatory enforcement actions could subject us to civil and criminal penalties. We operate in a highly regulated environment with constantly evolving legal and regulatory frameworks. Consequently, we are subject to a heightened risk of legal claims, government investigations or other regulatory enforcement actions. Although we have implemented policies and procedures designed to ensure compliance with existing laws and regulations, there can be no assurance that our crew members, consultants, independent contractors, farmers, suppliers, co- manufacturers or distributors will not violate our policies and procedures. Moreover, a failure to maintain effective control processes could lead to violations, unintentional or otherwise, of laws and regulations. Legal claims, government investigations or regulatory enforcement actions arising out of our failure or alleged failure to comply with applicable laws and regulations could subject us to civil and criminal penalties that could materially and adversely affect our product sales, reputation, financial condition and operating results. In addition, the costs and other effects of defending potential and pending litigation and administrative actions against us may be difficult to determine and could adversely affect our financial condition and operating results. Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business. ~~From time to time, we may be party to various claims and litigation proceedings. We evaluate these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our assessments and estimates.~~ We are not currently party to any material litigation. **However, from time to time, we may be party to various claims and litigation proceedings. We evaluate these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. For example, we have not established a reserve against any potential losses related to a false advertising lawsuit filed in federal court in May 2021 by alleged consumers of our eggs on behalf of themselves and a putative class, as no class has yet been certified and, at this point, we cannot reasonably estimate the possible loss or range of loss, if any. Actual outcomes or losses may differ materially from any assessments and estimates we may make.** Even when not merited, the defense of ~~these lawsuits~~ **claims and litigation proceedings** may divert our management' s attention, and we may incur significant expenses in defending these lawsuits **. For example, we have expended both management time and monetary resources in defending the above- referenced lawsuit** . The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in ~~some~~ **any** of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could have a material adverse effect on our financial position, cash flows or results of operations. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future. Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions and caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery. **We are subject to stringent and evolving U. S. and foreign laws, regulations, rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation (including class claims) and mass arbitration demands, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits and other adverse consequences. In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit and share (collectively, process) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third- party data, business plans, transactions and financial information, which we collectively refer to as " sensitive data. " Our data processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards,**

external and internal privacy and security policies, contractual requirements and other obligations relating to data privacy and security. We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our crew members or third parties on whom we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e. g., investigations, fines, penalties, audits, inspections and similar actions), litigation (including class- action claims) and mass arbitration demands, additional reporting requirements and / or oversight, bans on processing personal data and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly active in bringing privacy- related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for significant statutory damages depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to loss of customers, inability to process personal data or to operate in certain jurisdictions, limited ability to develop or commercialize our products, expenditure of time and resources to defend any claim or inquiry, adverse publicity or substantial changes to our business model or operations. Risks Related to Our Status as a Certified B Corporation and Public Benefit Corporation Our status as a public benefit corporation and a Certified B Corporation may not result in the benefits that we anticipate **, and we may be unable to maintain our Certified B Corporation status** . We have elected to be classified as a public benefit corporation under Delaware law. As a public benefit corporation, we are required to balance the financial interests of our stockholders with the best interests of those stakeholders materially affected by our conduct, including particularly those affected by the specific benefit purposes set forth in our amended and restated certificate of incorporation. There is no assurance that the expected positive impact from being a public benefit corporation will be realized and our status as a public benefit corporation and compliance with our related obligations could negatively impact our ability to provide the highest possible return to our stockholders. As a public benefit corporation, we are required to publicly disclose a report at least biennially on our overall public benefit performance and on our assessment of our success in achieving our specific public benefit purpose. If we are not timely or are unable to provide this report, or if the report is not viewed favorably by parties doing business with us or regulators or others reviewing our credentials, our reputation and status as a public benefit corporation may be harmed. While not required by Delaware law or the terms of our certificate of incorporation, we have elected to have our social and environmental performance, accountability and transparency assessed against the proprietary criteria established by B Lab, an independent non- profit organization. As a result of this assessment, we have been designated as a " Certified B Corporation, " which refers to companies that are certified as meeting certain levels of social and environmental performance, accountability and transparency. The standards for Certified B Corporation certification are B Lab and may change over time, and our continued certification is at the sole discretion of B Lab. To maintain our certification, we are required to update our assessment and verify our updated score with B Lab every three years. We were most recently recertified as a Certified B Corporation in January 2022. Our reputation could be harmed if we lose our status as a Certified B Corporation, whether by our choice or by our failure to continue to meet the certification requirements, particularly if that failure or change were to create a perception that we are more focused on financial performance and are no longer as committed to the values shared by Certified B Corporations, or if our publicly reported Certified B Corporation score declines. As a public benefit corporation, our duty to balance a variety of interests may result in actions that do not maximize stockholder value. As a public benefit corporation, our ~~board~~ **Board** of ~~directors~~ **Directors ,** has a duty to balance (i) the pecuniary interest of our stockholders, (ii) the best interests of those materially affected by our conduct and (iii) specific public benefits identified in our amended and restated certificate of incorporation. While we believe our public benefit designation and associated obligations will benefit our stockholders, in balancing these interests our ~~board~~ **Board** of ~~directors~~ **Directors** may take actions that do not maximize stockholder value. Any benefits to stockholders resulting from our public benefit purposes may not materialize within the timeframe we expect or at all and may have negative effects. For example: • we may choose to revise our policies in ways that we believe will be beneficial to stakeholders other than our stockholders, including farmers, suppliers, crew members and local communities, even though the changes may be costly; • we may take actions, such as building state- of- the- art facilities with technology and quality control mechanisms that exceed the requirements of USDA and the FDA, even though these actions may be more costly than other alternatives; • we may be influenced to pursue programs and services to demonstrate our commitment to the communities to which we serve and bringing ethical food to the table, even though there ~~is~~ **may be** no immediate return to our stockholders; or • in responding to a possible proposal to acquire the company, our ~~board~~ **Board** of ~~directors~~ **Directors** may be influenced by the interests of stakeholders other than our stockholders, including farmers, suppliers, crew members and local communities, whose interests may be different from the interests of our stockholders. We may be unable ~~or slow~~ to **fully** realize the benefits we expect from actions taken to benefit our stakeholders, including farmers, suppliers, crew members and local communities, which could adversely affect our business, financial condition and results of operations, which in turn could cause our stock price to decline. As a public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interests, the occurrence of which may have an adverse impact on our financial condition and results of operations. As a Delaware public benefit corporation, our stockholders (if they, individually or collectively, own at least 2 % of our outstanding capital stock or shares having at least $ 2 million in market value (whichever is less)) are entitled to file a derivative lawsuit claiming that our directors failed to balance stockholder and public benefit interests. This potential liability does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased derivative litigation, which would require the attention of management and, as a result, may adversely impact management' s ability to effectively execute our strategy. Any such derivative litigation may be costly and have an adverse impact on our financial condition and results of operations. Risks Related to Being a Public Company If we fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately report our financial condition, results of operations or cash flows, which may adversely affect investor confidence in us and, as a result, the value of our common stock. The Sarbanes- Oxley Act requires, among other things, that we maintain effective internal controls over financial reporting, disclosure controls and procedures. We are required, under Section 404 of the Sarbanes- Oxley Act, or Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment must include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting that results in more than a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. Section 404 also generally requires an attestation from our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, for as long as we remain an " emerging growth company, " as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, we intend to take advantage of the exemption permitting us not to comply with the independent registered public accounting firm attestation requirement. Our compliance with Section 404 will require that we continue to incur substantial expense and expend significant management efforts to ensure ongoing compliance. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting once that firm conducts its Section 404 reviews, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by The Nasdaq Stock Market LLC, or Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets. We are an " emerging growth company, " and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including the auditor attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our common stock less attractive to investors. In addition, if we cease to be an emerging growth company, we will no longer be able to use the extended transition period for complying with new or revised accounting standards and as a result will incur additional expenses. We will remain an emerging growth company until the earliest of: (1) December 28, 2025; (2) the last day of the first fiscal year in which our annual gross revenue is $ 1. 235 billion or more; (3) the date on which we have, during the previous rolling three- year period, issued more than $ 1 billion in non- convertible debt securities; and (4) the last day of the fiscal year in which the market value of our common stock held by non- affiliates exceeds $ 700 million as of the last business day of the second fiscal quarter of such fiscal year. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. For example, if we do not adopt a new or revised accounting standard, our future results of operations may not be comparable to the results of operations of certain other companies in our industry that have adopted such standards. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile. Risks Related to Information Technology and Intellectual Property ~~We~~ **In the ordinary course of our business, we and the third parties upon which we** rely **process sensitive data** ~~on information technology systems and any inadequacy~~ , ~~failure~~ **and** , ~~interruption or~~ **as a result, we and the third parties upon which we rely face a variety of evolving threats that could cause** security ~~breaches of those systems may harm our ability to effectively operate our business. We are dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of our business. A failure of our information technology systems to perform as we anticipate could disrupt our business and result in transaction errors, processing inefficiencies and loss of sales, causing our business to suffer. Further, because of our remote work policies, information that is normally protected, including company confidential information, may be less secure and we may be more vulnerable to cyberattacks. In addition, while we have not experienced a material information security breach in the last three years, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have an adverse effect on our business. A cybersecurity incident~~ **incidents** ~~or other technology disruptions could negatively impact our business and our relationships with customers and consumers. We use computers in substantially all aspects of our business operations~~ . We also use mobile devices, social networking and other online activities **and third parties** to connect with our crew members, farmers, suppliers, co- manufacturers, distributors, customers and consumers. **Cyber- attacks, malicious**

internet- based activity, online and offline fraud and other similar activities may threaten the confidentiality, integrity, and availability of our sensitive data and information technology systems, and those of the third parties upon which we rely. Such ~~uses give~~ **threats are prevalent and continue to** rise **, are increasingly difficult** to ~~cybersecurity risks~~ **detect, and come from a variety of sources** , including ~~security breaches~~ **traditional computer " hackers** , ~~espionage~~ **" threat actors** , ~~system disruption~~ **" hacktivists** , **" organized criminal threat actors, personnel (such as through** theft **or misuse)** ~~and inadvertent release of information. Cybersecurity incidents are increasing in their frequency~~ , ~~sophistication~~ **sophisticated nation states** and **nation** ~~intensity, with third~~ - **state** ~~party phishing and social engineering attacks in particular increasing in connection with the COVID~~ - **supported actors** ~~19 pandemic. Our business involves sensitive information and intellectual property, including customers', distributors' and suppliers' information, private information about crew members and financial and strategic information about us and our business partners~~ . Further, as we pursue new initiatives that improve our operations and cost structure, we also intend to expand and improve our information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk. **Some actors now engage** ~~If we fail to assess~~ and **are expected to continue to engage in cyber- attacks, including without limitation nation- state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including retaliatory cyber- attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our services. We and the third parties upon which we rely are subject to a variety of evolving threats, including but not limited to social- engineering attacks (including through deep fakes, which may be increasingly more difficult to** identify **as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial- of- service attacks, credential stuffing, credential harvesting, personnel misconduct or error, ransomware attacks, supply- chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, attacks enhanced or facilitated by AI, telecommunications failures, earthquakes, fires, floods, and other similar threats. In particular, severe ransomware attacks are becoming increasingly prevalent and could lead to significant interruptions in our operations, ability to provide our products or services, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional** cybersecurity risks **and** ~~associated with new initiatives, we may become increasingly vulnerable~~ **vulnerabilities** ~~to~~ **, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of** such **acquired** ~~risks. We maintain an online ordering platform for~~ - **or integrated entities** ~~certain of our products~~ , and ~~in connection with this platform,~~ **it may be difficult to integrate companies into** our **information technology environment and security program. In addition, our reliance on** third- party service providers **could introduce new cybersecurity risks** ~~may collect, store, process,~~ and ~~use personal and payment information~~ **vulnerabilities, including supply- chain attacks,** and other **threats to** ~~customer and consumer data. Any breach of our data security or~~ **our** ~~that of our~~ **business operations. We rely on third- party** service providers **and technologies to operate critical business systems to process sensitive data in a variety of contexts, including, without limitation. We also rely on third- party service providers to provide other products, services, parts, or otherwise to operate our business. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If our third- party service providers experience a security incident or other interruption, we** could ~~result in an unauthorized release~~ **experience adverse consequences. While we may be entitled to damages if** ~~or~~ **our** ~~transfer of information or~~ **third- party service providers fail to satisfy** ~~the~~ **their privacy** ~~loss of valuable business data or cause a disruption in our~~ - **or** ~~business. Any~~ **security- related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover** such ~~breach could result~~ **award. In addition, supply- chain attacks have increased** in **frequency** ~~harm to our brand~~ -- **and severity** ~~and exposure to losses~~ , ~~litigation~~ **and we cannot guarantee that third parties' infrastructure in** ~~or~~ **our** ~~regulatory proceedings~~ **supply chain or our third- party partners' supply chains have not been compromised** . While we have implemented **security** measures **designed** to ~~prevent~~ **protect against** ~~security~~ **cybersecurity** ~~breaches and cyber~~ incidents, ~~our preventative measures and~~ **there can be no assurance that these** incident response ~~efforts~~ **measures will be effective. We take steps designed to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and / or software, including that of third parties upon which we rely). We** may not **, however, detect and remediate all such vulnerabilities including on a timely basis. Further, we may experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could** be ~~entirely effective~~ **exploited and result in a security incident** . The theft, destruction, loss, misappropriation or release of sensitive information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers and distributors, potential liability and competitive disadvantage all of which could have an adverse effect on our business, financial condition or results of operations. Such risks may be ~~heightened~~ **increased** by the fact that **substantially all** ~~a large portion~~ of our ~~existing and newly hired~~ crew members ~~is~~ **outside of Egg Central Station are** working remotely on a permanent basis. Technologies and security systems in place at our crew members' homes may be less secure than those used in a physical office, and while we have implemented controls and safeguards to help protect our systems as our crew members work from home, **there can** ~~we may nevertheless~~ be ~~subject to increased cybersecurity risk, which~~ **no assurance that these measures will be effective. Any of the previously identified or similar threats** could ~~expose~~ **cause a security incident or other interruption that could result in unauthorized, unlawful,**

or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive data or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our services. We may expend significant resources or modify our business activities to try to protect against security incidents. Additionally, certain data privacy and security obligations may require us to ~~risks of~~ **implement and maintain specific security measures or industry- standard or reasonable security measures to protect our information technology systems and sensitive** data **. Applicable data privacy and security obligations may require us to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences, such as: government enforcement actions (** ~~or~~ **for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and / or oversight; restrictions on processing sensitive data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; diversion of management attention; interruptions in our operations (including availability of data); competitive disadvantage;** financial loss **;** ~~, resulting in an~~ **and** ~~adverse~~ **other similar harms. Security incidents and attendant consequences may prevent or cause customers to stop using our services, deter new customers from using our services, and negatively** impact **our ability to grow and operate our business. Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available** on **commercially reasonable terms or at all, or that such coverage will pay future claims. In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive data about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. Further, use of artificial intelligence platforms by our crew members, whether authorized or unauthorized, may increase the risk that our intellectual property and other proprietary information will be unintentionally disclosed. If we fail to identify and address cybersecurity risks associated with new initiatives, we may become increasingly vulnerable to such risks. We are in the process of transitioning to a new enterprise resource planning, or ERP, system, in order to support our future growth and more fully optimize our existing processes. The implementation of a new ERP system may prove to be more difficult, costly or time- consuming than expected, and it is possible that the system will not yield the benefits we anticipate. Any disruptions, delays or deficiencies related to the new ERP system could materially impact our operations and adversely affect our ability to process orders, manage our inventory, fulfill obligations to customers or otherwise operate** our business **. In addition** , ~~financial condition~~ **implementation of a new ERP system will require significant resources, including the time and attention of** ~~or~~ **our** ~~results of operations~~ **management and key crew members, in order to fully realize the anticipated benefits** . The loss of any registered trademark or other intellectual property could enable other companies to compete more effectively with us. We utilize intellectual property in our business. Our trademarks are valuable assets that reinforce our brand and consumers' favorable perception of our products. We have invested a significant amount of money in establishing and promoting our trademarked brands. We also rely on unpatented proprietary expertise and copyright protection to develop and maintain our competitive position. Our continued success depends, to a significant degree, upon our ability to protect and preserve our intellectual property, including our trademarks and copyrights. We rely on confidentiality agreements and trademark and copyright law to protect our intellectual property rights. Our confidentiality agreements with our crew members and certain of our consultants, contract employees, suppliers and independent contractors, including some of our co-manufacturers who use our formulations to manufacture our products, generally require that all information made known to them be kept strictly confidential. Further, some of our formulations have been developed by or with our suppliers and co-manufacturers. As a result, we may not be able to prevent others from using similar formulations. We cannot be certain that the steps we have taken to protect our intellectual property rights are adequate, that our intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, our trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect our trademark rights could prevent us in the future from challenging third parties who use names and logos similar to our trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of our brand and products. Moreover, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether we are successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force us to cease use of certain trademarks or other intellectual property or force us to enter into licenses with others. Any one of these occurrences may have an adverse effect on our business, financial condition and results of operations. Risks Related to Ownership of Our Common Stock and Other General Risks Our stock price may be volatile, and the value of our common stock may decline. The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including those described elsewhere in this ~~"~~ **“** Risk Factors ~~"~~ **”** section. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may also negatively impact the market price of our common stock, particularly in light of uncertainties surrounding inflation, geopolitical tensions, **disruption in global financial** and **credit markets,** public health pandemics ~~such as COVID- 19~~ and related impacts. Insiders have substantial control over us and are able to influence corporate matters. Based on the number of shares outstanding as of December ~~25~~ **31** , ~~2022~~ **2023** , our directors, and officers hold, in the aggregate, approximately ~~26~~ **24. 5** % of our outstanding capital stock. As a result, these stockholders are able to exercise significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or its assets. This concentration of ownership could limit stockholders' ability to influence corporate matters, including, but not limited to, delaying or preventing a third party from acquiring control over us. Sales of our common stock in the public market could cause the market price of our common stock to decline. Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Many of our existing equity holders have substantial unrecognized gains on the value of the equity they hold, and therefore they may take steps to sell their shares or otherwise secure the unrecognized gains on those shares. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our common stock. In addition, as of December ~~25~~ **31** , ~~2022~~ **2023** , there were ~~5~~ **4** , ~~139~~ **485** , ~~709~~ **861** shares of common stock issuable upon the exercise of outstanding stock options or subject to vesting of outstanding restricted stock awards. We have registered all of the shares of common stock issuable upon exercise of outstanding stock options, vesting of outstanding restricted stock awards or other equity incentives we may grant in the future, for public resale under the Securities Act of 1933, as amended, or the Securities Act. The shares of common stock will become eligible for sale in the public market to the extent such options are exercised, subject to compliance with applicable securities laws. Further, based on shares outstanding as of December ~~25~~ **31** , ~~2022~~ **2023** , holders of approximately ~~13~~ **12** . 5 million shares of our capital stock and certain shares that may be issued in the future upon exercise or vesting of outstanding equity awards, have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders ~~. Our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans or otherwise will dilute all other stockholders. We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors and consultants under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline. If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, the market price and trading volume of our common stock could decline. The market price and trading volume of our common stock is heavily influenced by the way analysts interpret our financial information and other disclosures. We do not have control over these analysts. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, our stock price would be negatively affected. If securities or industry analysts do not publish research or reports about our business, downgrade our common stock or publish negative reports about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our stock price to decline and could decrease the trading volume of our common stock. We do not intend to pay dividends for the foreseeable future. While we have previously paid cash dividends on our capital stock, we do not intend to pay any cash dividends on our capital stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, you may need to rely on sales of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on your investment~~ . We may be subject to significant liability that is not covered by insurance. Although we believe that the extent of our insurance coverage is consistent with industry practice, any claim under our insurance policies may be subject to certain exceptions, may not be honored fully, in a timely manner, or at all, and we may not have purchased sufficient insurance to cover all losses incurred. If we were to incur substantial liabilities or if our business operations were interrupted for a substantial period of time, we could incur costs and suffer losses. Such inventory and business interruption losses may not be covered by our insurance policies. Any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our cash position and results of operations. Additionally, in the future, insurance coverage may not be available to us at commercially acceptable premiums, or at all. Anti- takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock. Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, and provisions of Delaware law applicable to us as a public benefit corporation, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that: • authorize our ~~board~~ **Board** of ~~directors~~ **Directors** to issue, without further action by the stockholders, shares of undesignated preferred stock that may be senior to our common stock with terms, rights and preferences determined by our ~~board~~ **Board** of ~~directors~~ **Directors** ; • require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent; • specify that special meetings of our stockholders can be called only by our ~~board~~ **Board** of ~~directors~~ **Directors** , the chairperson of our ~~board~~ **Board** of ~~directors~~ **Directors** , ~~or our~~ **or our** ~~chief~~ **Chief** ~~executive~~ **Executive** ~~officer~~ **Officer** ; • establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our ~~board~~ **Board** of ~~directors~~ **Directors** ; • establish that our ~~board~~ **Board** of ~~directors~~ **Directors** is divided into three classes, with each class serving three- year staggered terms; • prohibit cumulative voting in the election of directors; • provide that our directors may be removed for cause only upon the vote of at least 66 2 / 3 % of our outstanding shares of voting stock; and • provide that vacancies on our ~~board~~ **Board** of ~~directors~~ **Directors** may be filled only by a majority of directors then in office, even though less than a quorum. These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our ~~board~~ **Board** of

~~directors~~ **Directors** , which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, or DGCL, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any " interested " stockholder for a period of three years following the date on which the stockholder became an " interested " stockholder. Also, as a public benefit corporation, our ~~board~~ **Board** of ~~directors~~ **Directors** is required by the DCGL to manage or direct our business and affairs in a manner that balances the pecuniary interests of our stockholders, the best interests of those materially affected by our conduct, and the specific public benefits identified in our certificate of incorporation. Additionally, pursuant to our amended and restated certificate of incorporation, a vote of at least 66 2 / 3 % of our outstanding shares of voting stock is required for matters directly or indirectly amending or removing our public benefit purpose, or to effect a merger or consolidation involving stock consideration with an entity that is not a public benefit corporation with an identical public benefit to ours. Such provisions could also limit the price that our investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that holders of our common stock would receive a premium for your shares of our common stock in an acquisition. Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware and, with respect to certain matters, the federal district courts of the United States of America as the exclusive forums for substantially all disputes between us and our stockholders, which could restrict our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the exclusive forum for certain actions or proceedings under Delaware law, statutory or common law, including: any derivative action or proceeding brought on our behalf; any action asserting a breach of a fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; any action as to which the DCGL confers jurisdiction to the court of Chancery of the State of Delaware; or any action asserting a claim against us that is governed by the internal affairs doctrine. The provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act of 1934, as amended, or the Exchange Act, or any other claim for which federal courts have exclusive jurisdiction. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations our amended and restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. These choice of forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. While Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us and our directors, officers or other employees in a venue other than in the federal district courts of the United States of America. In such instance, we would expect our efforts to defend the validity and enforceability of such provisions may require further significant additional costs associated with resolving the dispute in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions, any of which could seriously harm our business.