

## Risk Factors Comparison 2025-02-26 to 2024-02-28 Form: 10-K

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

Competitive and Reputational Risks The Company's industry is highly competitive. If the Company is unable to compete effectively, the Company's financial condition and results of operations could be materially affected. The retail food industry is intensely price competitive, and the competition the Company encounters may have a negative impact on product retail prices. The operating environment continues to be characterized by aggressive expansion, entry of non-traditional competitors, market consolidation and increasing fragmentation of retail and online formats. The introduction of on-line food retail in recent years has augmented competition in industry. The financial results may be adversely impacted by a competitive environment that could cause the Company to reduce retail prices without a reduction in its product cost to maintain market share; thus, reducing sales and gross profit margins. Food safety issues could result in the loss of consumer confidence in the Company. Customers count on the Company to provide them with safe and wholesome food products. Concerns regarding the safety of food products sold in its stores could cause shoppers to avoid purchasing certain products from the Company, or to seek alternative sources of supply for all of their food needs, even if the basis for the concern is outside of the Company's control. A loss in confidence on the part of its customers would be difficult and costly to reestablish. As such, any issue regarding the safety of any food items sold by the Company, regardless of the cause, could have a substantial and adverse effect on operations. The Company may be unable to retain key management personnel. The Company's success depends to a significant degree upon the continued contributions of senior management. The loss of any key member of management may prevent the Company from implementing its business plans in a timely manner. In addition, employment conditions specifically may affect the Company's ability to hire and train qualified ~~associates~~ **employees**. Financial, Investments and Infrastructure Risks The failure to execute expansion plans could have a material adverse effect on the Company's business and results of its operations. Circumstances outside the Company's control could negatively impact anticipated capital investments in ~~the Company's store stores~~, distribution and manufacturing ~~projects~~, **as well as in** information technology and equipment. The Company cannot determine with certainty whether its new or acquired stores will meet expected benefits including, among other things, operating efficiencies, procurement savings, innovation, sharing of best practices and increased market share that may allow for future growth. Achieving the anticipated benefits may be subject to a number of significant challenges and **WEIS MARKETS, INC. Item 1a. Risk Factors: (continued)** uncertainties, including, without limitation, the possibility of imprecise assumptions underlying expectations regarding potential ~~WEIS MARKETS, INC. Item 1a. Risk Factors: (continued)~~ synergies and the integration process, unforeseen expenses and delays diverting Management's time and attention and competitive factors in the marketplace. The Company's investment portfolio may suffer losses from changes in market interest rates and changes in market conditions which could adversely affect results of operations and liquidity. The Company's marketable securities consist of corporate and municipal bonds, commercial paper and equity securities. These investments are subject to general credit, liquidity, market and interest rate risks. As a result, the Company may experience a reduction in value or loss of liquidity from investments, which may have a negative impact on the Company's financial condition and results of operations. Unexpected factors affecting self-insurance claims and reserve estimates could adversely affect the Company. The Company uses a combination of insurance and self-insurance to provide for potential liabilities for workers' compensation, general liability, vehicle accident, property and ~~associate~~ **employee** medical benefit claims. Management estimates the liabilities associated with the risks retained by the Company, in part, by considering historical claims experience, demographic and severity factors and other actuarial assumptions which, by their nature, are subject to a high degree of variability. Any projection of losses concerning workers' compensation and general liability is subject to a high degree of variability. Among the causes of this variability are unpredictable external factors affecting future inflation rates, litigation trends, legal interpretations, benefit level changes and claim settlement patterns. Information Security, Cybersecurity and Data Privacy Risks Disruptions or cybersecurity breaches in the Company's information technology systems could adversely affect results of operations. The Company's business is highly dependent on complex information technology systems that are vital to its continuing operations. If the Company was to experience difficulties maintaining existing systems or implementing new systems, significant losses could be incurred due to disruptions in its operations. Additionally, these systems contain valuable proprietary data as well as receipt and storage of personal information about its ~~associates~~ **employees** and customers, in particular electronic payment data and personal health information that, if breached, would have an adverse effect on the Company. Such an occurrence could adversely affect the Company's reputation with its customers, ~~associates~~ **employees**, and vendors, as well as the Company's financial condition, results of operations, and liquidity with potential litigation against the Company or the imposition of penalties. **The techniques and sophistication used in breach information technology systems and the rapid evolution and increased adoption of artificial intelligence technologies may intensify the Company's cyber security risks**. Supply Chain and Third- Party Risks The Company is affected by certain operating costs which could increase or fluctuate considerably, and other potential disruptions. ~~Associate~~ **Employee** expenses contribute to the majority of the Company's operating costs. The Company's financial performance is potentially affected by increasing wage and benefit costs, a competitive labor market, regulatory wage increases and the risk of unionized labor disruptions of its non-union workforce. The Company's profit is particularly sensitive to the cost of oil. Oil prices directly affect the Company's product transportation costs, as well as its utility and petroleum-based supply costs. It also affects the costs of its suppliers, which impacts its cost of goods. Additionally, disruptions to the Company's distribution of food products pose significant risks to the Company's operations. Various factors such as ~~adverse~~ **extreme** weather conditions, food **and drug** safety, **health epidemics or pandemics**, and civil unrest could all contribute to such

disruptions. SWEIS MARKETS, INC. Item 1a. Risk Factors: (continued) Changes in vendor promotions or allowances, including the way vendors target their promotional spending, and the Company's ability to effectively manage these programs could significantly impact margins and profitability. The Company cooperatively engages in a variety of promotional programs with its vendors. As the parties assess the results of specific promotions and plan for future promotions, the nature of these programs and the allocation of dollars among them changes over time. The Company manages these programs to maintain or improve margins while at the same time increasing sales. A reduction in overall promotional spending or a shift by vendors in promotional spending away from certain types of promotions that the Company and its customers have historically utilized could have a significant impact on profitability.

**Legal, Regulatory and Other External Risks**The trade area of the Company is located within a region and is subject to the economic, social and climate variables of that region. The majority of the Company's stores are concentrated in central and northeast Pennsylvania, central Maryland, suburban Washington, DC and Baltimore regions and New York's Southern Tier. Changes in economic and social conditions in the Company's operating regions, including fluctuations in the inflation rate along with changes in population and employment and job growth rates and changes in government benefits such as SNAP / EBT or child care credits, affect customer shopping habits. Business disruptions due to **extreme** weather and catastrophic events may also affect our business. The Company's geographic regions could receive an extreme variance in the amount of annual snowfall that may materially affect sales and expense results. Various aspects of the Company's business are subject to federal, state and local laws and regulations. The Company is subject to various federal, state and local laws, regulations and administrative practices that affect the Company's business. The Company must comply with numerous provisions regulating health and sanitation standards, food labeling, equal employment opportunity, minimum wages and licensing for the sale of food, drugs and alcoholic beverages. The Company's compliance with these regulations may require additional capital expenditures and could adversely affect the Company's ability to conduct the Company's business as planned. Management cannot predict either the nature of future laws, regulations, interpretations or applications, or the effect either additional government regulations or administrative orders, when and if promulgated, or disparate federal, state, and local regulatory schemes would have on the Company's future business. They could, however, require the reformulation of certain products to meet new standards, the recall or discontinuance of certain products not able to be reformulated, additional record keeping, expanded documentation of the properties of certain products, expanded or different labeling and / or scientific substantiation. Any or all of such requirements could have an adverse effect on the Company's financial condition, results of operations and liquidity. Changes in tax laws may result in higher income tax. The Company's future effective tax rate may increase from current rates due to changes in laws and the status of pending items with various taxing authorities. Currently, the Company benefits from a combination of its corporate structure and certain state tax laws. The Company is a controlled Company due to the common stock holdings of the Weis family. The Weis family's share ownership represents approximately 65 % of the combined voting power of the Company's common stock as of December ~~30-28, 2023~~ **2024**. As a result, the Weis family has the power to elect a majority of the Company's directors and approve any action requiring the approval of the shareholders of the Company, including adopting certain amendments to the Company's charter and approving mergers or sales of substantially all of the Company's assets. Currently, one of the Company's five directors is a member of the Weis family. 6