

Risk Factors Comparison 2025-02-20 to 2024-02-20 Form: 10-K

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You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making an investment decision. If any of the events or circumstances described in the following risk factors actually occurs, our business, operating results, financial condition, cash flows, and prospects could be materially and adversely affected. Risks Relating to Our Business Competitive Risks A portion of the products we manufacture or purchase and resell are commodities whose price is determined by the market's supply and demand for such products, and the markets in which we operate are cyclical and competitive. A portion of the building products we produce or distribute, including OSB, plywood, and lumber, are commodities that are widely available from other manufacturers or distributors with prices and volumes determined frequently in an auction market based on participants' perceptions of short-term supply and demand factors. At times, the price for any one or more of the products we produce or distribute may fall below our cash production or purchase costs, requiring us to either incur short-term losses on product sales or curtail production at one or more of our manufacturing facilities. Therefore, our profitability with respect to these commodity products depends, in significant part, on effective facilities maintenance **and procurement** programs, and on managing our cost structure, particularly raw materials and labor, which represent the largest components of our operating costs. Commodity wood product prices have historically been volatile in response to economic uncertainties, industry operating rates, supply-related disruptions, transportation constraints or disruptions, net import and export activity, **trade policies**, inventory levels in various distribution channels, and seasonal demand patterns. Demand for the products we manufacture, as well as the products we purchase and distribute, is correlated with new residential construction, residential repair- and- remodeling activity and light commercial construction in the U. S. New residential construction activity has historically been volatile with demand for new residential construction influenced by seasonal weather factors, mortgage availability and rates, housing affordability constraints, **home equity levels**, unemployment levels, wage growth, household formation rates, domestic population growth, immigration rates, residential vacancy and foreclosure rates, demand for second homes, consumer confidence, and other general economic factors. Furthermore, changing demographics could impact product consumption and demand, including urbanization compounding issues around affordability, increasing importance of multi-family housing, declining size of single-family entry-level housing, increasing proportion of homes ~~in warmer and / or coastal areas~~ using slab-on-grade construction, reduced birthing statistics, and changing baby boomer needs freeing up housing capacity. Industry supply for the products we produce and distribute is influenced primarily by price-induced changes in the operating rates of existing facilities, but is also influenced over time by the introduction of new product technologies, capacity additions and closures, the restart of idled capacity, and log availability. The balance of supply and demand in the U. S. is also heavily influenced by imported products, principally from Canada and South America. We have very limited control of the preceding, and as a result, our profitability and cash flow may fluctuate materially in response to changes in the supply and demand balance for our primary products. Our industry is highly competitive. If we are unable to compete effectively, our sales, operating results, and growth strategies could be negatively affected. The markets for the products we manufacture in our Wood Products segment are highly competitive. Our competitors range from very large, fully integrated forest and building products firms to smaller firms that may manufacture only one or a few types of products. We also compete less directly with firms that manufacture substitutes for wood building products. Certain mills operated by our competitors may be lower-cost manufacturers than the mills operated by us. Our Wood Products segment provides financial incentives, including temporary price protection, to various parties along the supply chain (including wholesale distributors, dealers, and homebuilders) to increase sales of and loyalty to our EWP products. As a result of these commercial arrangements, the full effects of announced price increases may be delayed or reduced, impacting our financial results. **Furthermore, customer consolidation has been ongoing. This consolidation could increase buying power which would create demand pressure on our financial incentives and compress our margins. In addition, if financial incentives provided are not sufficient, there is a risk we could lose business at the regional or national level.** The building products distribution industry in which our BMD segment competes is ~~highly~~ fragmented and competitive, and the barriers to entry for local competitors are relatively low. Competitive factors in our industry include pricing and availability of product, service and delivery capabilities, ability to assist customers with problem-solving, extension of credit terms, customer relationships, geographic coverage, and breadth of product offerings. Also, financial stability is important to suppliers and customers ~~in when~~ choosing distributors. **Having a sound financial position is important to our suppliers and allows for more favorable terms on which to obtain procure products from suppliers and sell. In addition, our financial condition is also important to customers who rely on us for timely delivery across a broad range of products to customers that are consistently in stock.** If our financial condition deteriorates in the future, our relationships with suppliers and customers may be negatively affected. Some of the businesses with which we compete are part of larger companies and therefore have access to greater financial and other resources than we do. These resources may afford those competitors greater purchasing power, increased financial flexibility, and more capital resources for expansion and improvement, which may enable those competitors to compete more effectively than we can. In addition, certain suppliers to our distribution business also sell and distribute their products directly to our customers. Additional manufacturers of products distributed by us may elect to sell and distribute directly to our dealer or retail customers in the future or enter into exclusive supply arrangements with other distributors. Finally, we may not be able to maintain our costs at a level sufficiently low for us to compete effectively. If we are unable to compete effectively, our net sales

and net income will be reduced. Some of our products are vulnerable to declines in demand due to competing technologies or materials, as well as changes in building code provisions. Our products may compete with alternative products in certain market segments. For example, plastic, concrete, steel, wood / plastic or composite materials may be used by builders as alternatives to the products produced by our Wood Products segment, such as EWP and plywood. Changes in prices for oil, chemicals, and wood- based fiber can change the competitive position of our products relative to available alternatives and could increase the substitution of those products for our products. As the use of these alternatives grows, demand for our products may decline. Our principal manufactured products are also subject to substitution from other wood- based products, such as EWP facing competition from numerous dimension lumber producers and other strand- based EWP that we do not produce, or plywood losing further market share to OSB in residential and non- residential applications. In addition, we have seen an increase in floor truss capacity by some of our dealer customers, partially due to the limited supply of I- joists over the last few years. The expansion of truss manufacturing, **along with the increased use of slab- on- grade construction,** could negatively impact our I- joist market share and net sales prices. Building code provisions have also been implemented in certain jurisdictions to address concerns for firefighter safety related to the collapse of floors during residential fires. The I- joists that we manufacture are subject to this code change. As local jurisdictions adopt the new code, we may be competitively disadvantaged in houses built with ground floors over unfinished basements and could be subject to substitution by dimension lumber or other products. Operational Risks Cybersecurity risks related to the technology used in our operations and other business processes, as well as security breaches of company, customer, employee, and vendor information, could adversely affect our business. We rely on various information technology systems to capture, process, store, and report data and interact with customers, vendors, and employees. We also rely on information technology systems that automate aspects of our manufacturing processes. We work to install new and upgrade existing information technology systems and provide employee awareness training around phishing, malware, and other cyber risks to ensure that we are protected, to the greatest extent possible, against cyber risks and security breaches. In the future, network, system, and data breaches could result in the misappropriation of sensitive data or operational disruptions, including interruption to systems availability and denial of access to and misuse of applications required by our customers to conduct business with us. In addition, sophisticated hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including " bugs" and other problems that could unexpectedly interfere with the operation of the systems. Misuse of internal applications; theft of intellectual property, trade secrets, or other corporate assets; and unauthorized disclosure of confidential information could stem from such incidents. Delayed sales, slowed production, or other repercussions resulting from these disruptions could result in lost sales, business delays, and negative publicity and could have a material adverse effect on our operations, financial condition, or cash flows. For additional information on our cybersecurity risk management, strategy, and governance, see " Item 1C. Cybersecurity" of this Form 10- K. A material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, including the demand from our Building Materials Distribution business, reduce our sales, and / or negatively affect our financial results. Any of our manufacturing facilities, or any of our machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including but not limited to: • labor difficulties, including the inability to staff our facilities due to a global health pandemic; • equipment failure, particularly a press at one of our major EWP production facilities; • fires, floods, earthquakes, hurricanes, extreme weather, or other catastrophes, which may increase in frequency, severity and duration due to the physical impacts of climate change; • unscheduled maintenance outages, including the inability to obtain equipment, parts, and supplies necessary to complete repairs; • utility, information technology, telephonic, and transportation infrastructure disruptions; • other operational problems; or • internal or external security threats. Any downtime or facility damage could prevent us from meeting customer demand for our products and / or require us to make unplanned capital expenditures. If our machines or facilities were to incur significant downtime, our ability to satisfy customer requirements would be impaired, resulting in lower sales and net income. Because approximately **66-70%** of our Wood Products sales in **2023-2024** were to our BMD business, a material disruption at our Wood Products facilities would also negatively affect our BMD business. We are, therefore, exposed to a larger extent to the risk of disruption to our Wood Products manufacturing facilities due to our integration and the resulting impact on our BMD business. In addition, a number of our suppliers are subject to the manufacturing facility disruption risks noted above. Our suppliers' inability to produce the necessary raw materials for our manufacturing processes or supply the finished goods that we distribute through our BMD segment may adversely affect our results of operations, cash flows, and financial position. Declining demand for residual byproducts could negatively affect our financial results and operations. We sell wood chips that are a byproduct of processing logs at our manufacturing operations, or created through the chipping of small- diameter logs that we are unable to process at our manufacturing operations. Our wood chips are primarily sold to paper mills in close proximity to our operations which convert the chips into wood pulp. Periods of high output from wood- based operations, closure of paper mills in the regions that we operate, declines in demand for paper grades that utilize our chips, or substitution of our chips with other recycled fiber sources, can negatively affect the balance of supply and demand for chips. An oversupply of chips has a negative impact on our chip price realizations and profitability, which impacts the financial results of our mills. In addition, if declines in demand for our chips continue and we cannot find alternative consumers for our chips, we may be forced to curtail any impacted mills. Labor disruptions, shortages of skilled and technical labor, or increased labor costs could adversely affect our business. As of February **4-2, 2024-2025**, we had approximately 7, **300-560** employees. Approximately **18-17%** of these employees work pursuant to collective bargaining agreements. As of February **4-2, 2024-2025**, we had ten collective bargaining agreements. **Five One agreements- agreement** covering approximately **460-50** employees at our **Elgin plywood plant, Kettle Falls plywood plant, and Woodinville BMD facility are set to expire- expired** on May 31, 2024, but the terms and **one** conditions of these agreements will remain in effect after expiration pending negotiation of new agreements. **One** agreement covering approximately 40 employees at our Vancouver BMD facility **is set to expire- expired** on December 31, 2024, but the terms and conditions of this **these agreements remain in**

effect pending negotiation of new agreements. One agreement covering approximately 20 employees at our Billings BMD facility is set to expire on March 31, 2025, and two agreements covering approximately 730 employees at our Oakdale and Florien plywood plants are set to expire on July 15, 2025, but the terms and conditions of these agreements will remain in effect after expiration, pending negotiation of ~~a new agreement~~ **agreements**. We may not be able to renew these agreements or may renew them on terms that are less favorable to us than the current agreements. If any of these agreements are not renewed or extended upon their termination, **or additional collective bargaining agreements are formed**, we could experience a material labor disruption, strike, or significantly increased labor costs at one or more of our facilities, either in the course of negotiations of a labor agreement or otherwise. In addition, our ability to attract and retain talent is challenging due to a shortage of both hourly and technically skilled workers for our manufacturing and distribution facilities, as well as changing workforce expectations, including flexible or remote work arrangements that we may be unable to provide. **Furthermore, changes in immigration laws and / or their enforcement, could result in tighter overall labor conditions and a shortage of skilled tradespeople**. Labor disruptions or shortages could prevent us from meeting customer demands or result in increased costs, thereby reducing our sales and profitability. We may be unable to attract and retain key management and other key employees. Our key managers are important to our success and may be difficult to replace because they have a significant amount of experience in wood products manufacturing and building materials distribution. While our senior management team has considerable experience, certain members of our management team are nearing or have reached retirement age. In addition, certain of our employees have assumed key roles in recent years and may not have the experience of retiring key managers. The failure to successfully formulate and implement succession plans for retiring employees, implement training plans for new key managers, or our inability to attract new talent to our Company, could result in inadequate depth of institutional knowledge or inadequate skill sets, which could adversely affect our business. Product shortages, loss of key suppliers, and our dependence on third-party suppliers and manufacturers could affect our financial health. Our ability to offer a wide variety of products to our BMD customers is dependent upon our ability to obtain adequate product supply from manufacturers and other suppliers. Our customers' purchasing decisions for commodity products we sell are primarily based on price and availability, and these commodities may be sourced from various manufacturers. In the case of the general line and EWP products that we distribute, brand preference and product performance characteristics can have a high degree of influence on our customers' purchasing decisions. Supply chains, including key products purchased from our suppliers, may be disrupted due to labor shortages during elevated housing demand or a global health pandemic. In addition, although we have agreements with many of our suppliers, such agreements are generally terminable by either party on relatively short notice. The loss of, or a substantial decrease in the availability of, products from our suppliers or the loss of key supplier arrangements could adversely impact our financial condition, operating results, and cash flows. We depend on third parties for transportation services and limited availability or increases in costs of transportation could adversely affect our business and operations. Our business depends on the transportation of a large number of products via rail or truck. In Wood Products, we rely on third parties for inbound receipt of raw materials and outbound movement of finished goods. In BMD, we rely primarily on third parties for inbound receipt of the products we resell and manage the outbound movement of products to our customers with a combination of internal and external resources. In addition, we are subject to seasonal capacity constraints and weather-related delays for rail and truck transportation. If any of these providers fail to deliver raw materials or finished goods for resale to us in a timely manner, we may be unable to meet our customer demands. In addition, if any of our third-party transportation providers fail to deliver the goods we manufacture or distribute in a timely manner, we may be unable to sell those products at full value. In addition, if any of these third parties were to cease operations or cease doing business with us, we may be unable to replace them at a reasonable cost. Any failure of a third-party transportation provider to deliver raw materials or finished products in a timely manner could harm our reputation, negatively affect our customer relationships, and have a material adverse effect on our operating results, cash flows, and financial condition. In addition, an increase in transportation rates or fuel surcharges could adversely affect our sales, profitability, and cash flows. Our manufacturing operations may have difficulty obtaining wood fiber at favorable prices or at all. Wood fiber is our principal raw material, which accounted for approximately ~~40-39~~ % of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in ~~2023-2024~~. Our primary source of wood fiber is logs. Log prices have been historically cyclical in response to changes in domestic and foreign demand and supply. In the future, we expect the level of foreign demand for log exports from the western U. S. to fluctuate based on the economic activity in China and other Pacific Rim countries, currency exchange rates, trade policies, and the availability of log supplies from other countries such as Canada, Russia, and New Zealand. Sustained periods of high log costs may impair the cost competitiveness of our manufacturing facilities. In our Pacific Northwest operations, a substantial portion of our logs are purchased from governmental authorities, including federal, state, and local governments. As a result, existing and future governmental regulation can affect our access to, and the cost of, such timber. Future domestic or foreign legislation and litigation concerning the use of timberlands, timber harvest methodologies, forest road construction and maintenance, the protection of endangered species, forest-based carbon sequestration, the promotion of forest health, and the response to and prevention of catastrophic wildfires can affect log and fiber supply from both government and private lands. Availability of harvested logs and fiber may be further limited by pandemics, fire, insect infestation, disease, ice storms, windstorms, hurricanes, flooding, changing temperature and precipitation patterns, and other natural and man-made causes, thereby reducing supply and increasing prices. Changes in global climate conditions could amplify one or more of these factors. If we are unable to negotiate purchases for our log requirements in a particular region to satisfy our log needs at satisfactory prices or at all, which could include private purchases, open-market purchases, and purchases from governmental sources, it could have an adverse effect on our results of operations. We also purchase OSB, which is used as the vertical web to assemble I-joists. OSB accounted for approximately ~~5-6~~ % of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in ~~2023-2024~~. OSB is a commodity, and prices have **historically** been ~~historically~~

volatile in response to industry capacity restarts and operating rates, inventory levels in various distribution channels, and seasonal demand patterns. Wood fiber also includes, to a lesser extent than OSB, lumber purchased from third parties for I- joist production at our Canadian EWP facility and for production at our laminated beam plant in Idaho. Lumber input costs are subject to similar commodity- based volatility characteristics noted above for OSB. Our strategy includes both organic growth and pursuing acquisitions, which we may be unable to execute efficiently and effectively. Organic growth, such as greenfield investments, involves higher fixed costs and significant risks and uncertainties, including some that may not be identifiable or resolvable in due diligence. Subsequent to making the investment, the performance of the new assets is subject to economic uncertainties, as described in our other risk factors, as well as difficulties obtaining labor, customers, or suppliers. In addition, organic growth investments may divert management' s attention and resources from existing operations. Our failure to effectively expand our product and service offerings in our ~~recently~~ **previously** announced greenfield distribution centers in Texas and South Carolina or future projects, realize expected benefits, or manage other consequences of our organic growth could adversely affect our financial condition, operating results, and cash flows. **We evaluate potential acquisitions from time to time and have, in the past, grown through acquisitions. In the future, we may be unable to successfully identify attractive potential acquisitions or effectively integrate potential acquisitions due to multiple factors, including those noted below, and potential issues related to regulatory review of the proposed transactions. We may also be required to incur additional debt in order to consummate acquisitions, which debt may be substantial and may limit our flexibility in using our cash flow from operations.** In addition, we may not be able to integrate the operations of ~~previously~~ **our recently** acquired businesses ~~, which include Brockway- Smith Company (BROSCO) and Coastal Plywood,~~ in an efficient and cost-effective manner or without disruption to our existing operations or may not be able to realize expected benefits. Acquisitions involve significant risks and uncertainties, including some that may not be identifiable or resolvable in due diligence. Subsequent to making the investment, the performance of the acquired assets is subject to economic uncertainties, as described in our other risk factors **, uncertainties related to the achievement of expected synergies**, as well as difficulties integrating acquired personnel into our business, the potential loss of key employees, customers, or suppliers, difficulties in integrating different computer and accounting systems, exposure to unknown or unforeseen liabilities of acquired companies, and the diversion of management attention and resources from existing operations. ~~We evaluate potential acquisitions from time to time and have, in the past, grown through acquisitions. In the future, we may be unable to successfully identify attractive potential acquisitions or effectively integrate potential acquisitions due to multiple factors, including those noted below, and potential issues related to regulatory review of the proposed transactions. We may also be required to incur additional debt in order to consummate acquisitions, which debt may be substantial and may limit our flexibility in using our cash flow from operations.~~ Our failure to integrate ~~the BROSCO and Coastal Plywood operations or~~ future acquired businesses effectively, realize expected benefits, or manage other consequences of our acquisitions could adversely affect our financial condition, operating results, and cash flows. We invest resources to update and improve our information technology systems and software platforms. Should our investments not succeed, or if delays or other issues with new or existing technology systems and software platforms disrupt our operations, our business could be harmed. We rely on our network infrastructure, enterprise resource planning (ERP) system, data hosting, public cloud and software- as- a- service providers, and technology systems for many of our development, marketing, operational, support, sales, accounting and financial reporting activities. We are continually investing resources to update and improve these systems and environments in order to meet existing needs, as well as the growing and changing requirements of our business and customers. If we experience prolonged delays or unforeseen difficulties in updating and upgrading our systems and architecture, we may experience outages and may not be able to deliver certain offerings or develop new offerings and enhancements that we need to remain competitive. Improvements, upgrades, and, to a greater extent, system conversions, are often complex, costly and time- consuming. In addition, such improvements can be challenging to integrate with our existing technology systems or may uncover problems with our existing technology systems. Unsuccessful implementation of hardware or software updates and improvements could result in outages, disruption in our business operations, loss of revenue or damage to our reputation. We may be unable to successfully pursue our long- term growth strategy related to innovation and digital technology. We are committed to pursuing innovation with technology to search out revenue- generating, cost- reducing, and risk- mitigating opportunities. New technological developments, including the development of artificial intelligence, are rapidly evolving. Our long- term strategy depends, in part, on our ability to identify and adapt to evolving technological trends in order to leverage potential benefits for us and our vendor and customer partners. Slow- moving initiatives may cause us to fall behind competitors in identifying value in new markets, creating relevant business insights, and identifying cost- cutting capabilities. There is also a risk that changes in our business model due to a push into innovative products, new business markets, and digitalization are not sufficiently understood and managed, leaving us exposed to unknown risks. In addition, we may not be successful in implementing evolving technologies and may spend resources on projects that ultimately are unsuccessful or yield a low return on the amount invested. Without effective implementation, there may be credibility loss with both internal and external audiences, as well as lost market opportunities, which could adversely affect our financial condition, operating results, and cash flows. Financial Risks A significant portion of our sales are concentrated with a small number of customers. For the year ended December 31, ~~2023~~ **2024**, our top ten customers represented approximately ~~47~~ **48** % of our sales, with ~~one~~ **two** customer ~~customers~~ accounting for approximately 12 % **and 10** % of total sales. At December 31, ~~2023~~ **2024**, receivables from two customers accounted for approximately 19 % and ~~13~~ **11** % of total receivables. Although we believe that our relationships with our customers are strong, the loss of one or more of these customers could have a material adverse effect on our operating results, cash flow, and liquidity. Adverse market conditions may increase the credit risk from our customers. Our BMD and Wood Products segments extend credit to numerous customers who are generally susceptible to the same economic business risks as we are. Unfavorable market conditions could result in financial failures of one or more of our significant customers. Furthermore, we may not be aware of any deterioration in our customers'

financial position. In addition, as customers merge and consolidate, credit risk may become concentrated among fewer customers. If our customers' financial positions become impaired, our ability to fully collect receivables from such customers could be impaired and negatively affect our operating results, cash flow, and liquidity. Our long- lived assets, goodwill, and / or intangible assets may become impaired, which may require us to record non- cash impairment charges that could have a material impact on our results of operations. We review the carrying value of long- lived **assets and finite- lived intangible** assets for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. We also test goodwill in each of our reporting units and intangible assets with indefinite lives for impairment annually in the fourth quarter or sooner if events or changes in circumstances indicate that the carrying value of the asset may exceed fair value. To the extent that long- lived assets, goodwill, and / or intangible assets do not provide the future economic benefit we expect, it may result in non- cash impairment or accelerated depreciation charges. These non- cash impairments or accelerated depreciation charges could have a material impact on our results of operations in the period in which these charges are recognized. Future events or circumstances such as sustained negative economic impacts, declines in single- family housing starts, environmental regulations or restrictions, sustained periods of weak commodity prices, loss of key customers, capacity additions by competitors, changes in the competitive position of our products, or changes in raw materials or manufacturing costs that lead us to believe the long- lived asset will no longer provide a sufficient return on investment, could prompt decisions to invest capital differently than expected, sell facilities, or curtail operations. Any of these factors, among others, could result in non- cash impairment or accelerated depreciation charges in the future with respect to the book value of certain assets and past investments we have made. For additional information and a discussion regarding the impact of impairment of long- lived assets and accelerated depreciation charges on our results of operations and financial condition, see " Long- Lived Asset Impairment" included in " Critical Accounting Estimates" in " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10- K. Our operations require substantial capital, and recent significant capital investments and acquisitions have increased fixed costs, which could negatively affect our profitability. In recent years, we have completed a number of capital investments; including the expansion of our EWP capacity, the replacement or rebuild of veneer dryers and log utilization centers (or improvements to other manufacturing equipment), purchasing and leasing new or additional land and warehouse space for expansions related to our distribution centers and door and millwork facilities, and increasing our outdoor storage acreage. These organic growth investments, along with recent acquisitions, have increased our base level of capital expenditures needed for the replacement and maintenance of our asset base. In addition, the recent inflationary environment has increased the cost of machinery and equipment needed for our operations. Ineffective deployment of increased capital and not maintaining our cost leverage could negatively affect our profitability if our revenue and operating results do not offset our incremental fixed costs. Capital expenditures for the expansion or replacement of existing facilities or equipment or to comply with future changes in environmental laws and regulations may be substantial. Although we maintain our production equipment with regular periodic and scheduled maintenance, we cannot guarantee that key pieces of equipment in our various manufacturing facilities will not need to be repaired or replaced or that we will not incur significant additional costs associated with environmental compliance. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our financial condition, results of operations and cash flow. If, for any reason, we are unable to provide for our operating needs, capital expenditures, and other cash requirements on economic terms, we could experience a material adverse effect on our business, financial condition, results of operations, and cash flows. Our ability to service our indebtedness or to fund our other liquidity needs is subject to various risks. Our ability to make scheduled payments on our indebtedness and fund other liquidity needs depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business, and other factors, including the availability of financing in the banking and capital markets as well as the other risks described herein. In particular, demand for our products correlates to a significant degree to the level of residential construction activity in North America, which historically has been characterized by significant cyclicity. We cannot guarantee that our business will generate sufficient cash flows from operations or that future borrowings will be available to us at a cost or in an amount sufficient to enable us to service our debt or to fund our other liquidity needs. If we are unable to service our debt obligations or fund our other liquidity needs, we could be forced to curtail our operations, reorganize our capital structure, or liquidate some or all of our assets. The terms of our debt agreements restrict, and covenants contained in agreements governing indebtedness in the future may impose significant operating and financial restrictions on our company and our subsidiaries, which may prevent us from capitalizing on business opportunities. Our debt agreements contain, and any future indebtedness of ours may contain, a number of restrictive covenants that impose operating and financial restrictions on us. Our debt agreements limit our ability and the ability of our restricted subsidiaries, among other things, to: • incur additional debt; • declare or pay dividends, redeem stock, or make other distributions to stockholders; • make investments; • create liens or use assets in security in other transactions; • merge or consolidate, or sell, transfer, lease, or dispose of substantially all of our assets; • enter into transactions with affiliates; • sell or transfer certain assets; and • in the case of our revolving credit facility, make prepayments on our senior notes and subordinated indebtedness. In addition, our revolving credit facility provides that if an event of default occurs or excess availability under our revolving credit facility drops below a threshold amount equal to the greater of 10 % of the Line Cap (as defined in the Amended Agreement) and \$ 35 million (and until such time as excess availability for two consecutive fiscal months exceeds that threshold amount and no event of default has occurred and is continuing), we will be required to maintain a monthly minimum fixed charge coverage ratio of 1. 0: 1. 0, determined on a trailing twelve- month basis. Our failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of all of our indebtedness. Risks Relating to Laws and Regulations **Changes in foreign trade policy, including the imposition of tariffs, could impact our product pricing and input costs. Our Wood Products and BMD segments could be negatively impacted by changes in tariffs, duties, taxes, or customs resulting from changes in U. S. and foreign trade policy. We**

export finished wood products and other building materials to foreign markets, primarily to Canada. In addition, we purchase raw materials to be used as inputs in our manufacturing business and inventory purchased for resale in our distribution business from suppliers and manufacturers that are located outside of the United States. Given the nature of our business operations, actions taken by the U. S. government regarding trade policy, such as renegotiating or terminating existing trade agreements or leveraging tariffs, could adversely impact our product pricing and input costs, the supply of products available to us, as well as the demand for the products we manufacture and distribute. Further, if we experience increases in input costs, we may be unable to pass these cost increases along to our customers, thereby reducing our margins. We cannot predict future U. S. or foreign trade policy, however, the impacts of changes in trade policy discussed above could have a material adverse effect on our results of operations, cash flows, and financial condition.

Compliance with data privacy and security laws and regulations could adversely affect our business. Many U. S. states have enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of sensitive personal information. In the ordinary course of business, we capture, process, store, and transmit confidential business information and certain personal information relating to our employees, customers and vendors that are subject to these laws and regulations. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing focus on privacy and data protection issues. Ongoing efforts to comply with evolving laws and regulations may require subsequent modifications to our policies, procedures and systems. We will continue to monitor and assess the impact of regulatory legislation, which may impose substantial penalties for violations, increased costs for investigations, monitoring and compliance, potential litigation, and possible damage to our reputation, all of which could have a material adverse effect on our operations, financial condition, or cash flows. The impacts of climate change, and related legislative and regulatory responses intended to reduce climate change, may adversely impact our business. There is increasing concern that climate change will cause significant changes in temperatures and weather patterns around the globe, an increase in the frequency, severity, and duration of extreme weather conditions and natural disasters, and water scarcity and poor water quality. These events could adversely impact both the availability of raw materials required for the manufacture of our products and the delivery of products to our distribution facilities. They could disrupt the operation of our supply chain and the productivity of our suppliers, increase our production and transportation costs, impose capacity restraints, and impact the purchases of our products. These events could also compound adverse economic conditions and impact consumer confidence. As a result, the effects of climate change could have a long- term adverse impact on our business and results of operations. In the United States, it is possible that some form of new or additional legislation and regulations will be enacted at the federal or state level to reduce or mitigate the impact of climate change. If we, or our suppliers, are required to comply with these laws and regulations, we may experience increased costs for energy, production, transportation, and raw materials, increased costs related to environmental monitoring and reporting, increased capital expenditures, or increased insurance premiums and deductibles, which could adversely impact our operations. Inconsistency of legislation and regulations among jurisdictions may also affect the costs of compliance with such laws and regulations. Any assessment of the potential impact or timing of future climate change legislation, regulations, or industry standards is uncertain, given the evolving nature of the heightened focus on climate change. For additional information on how climate change regulation and compliance affects our business, see " Environmental" in" Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10- K. We are subject to environmental regulation and environmental compliance expenditures, as well as other potential environmental liabilities. Our businesses are subject to a wide range of general and industry- specific environmental laws and regulations, particularly with respect to air emissions, wastewater discharges, solid and hazardous waste management, and site remediation. Compliance with these laws and regulations is a significant factor in the operation of our businesses. Enactment of new environmental laws or regulations, or changes in existing laws or regulations might require us to make significant expenditures or restrict operations. As an owner and operator of real estate, we may be liable under environmental laws for the cleanup of past and present spills and releases of hazardous or toxic substances on or from our properties and operations. We may also be contractually obligated to indemnify third parties under environmental laws for the cleanup of past spills and releases of hazardous or toxic substances for properties which we no longer own and operate. We could be found liable under these laws whether or not we knew of, or were responsible for, the presence of such substances. In some cases, this liability may exceed the property' s value. We may be unable to generate funds or other sources of liquidity and capital to fund unforeseen environmental liabilities or expenditures to the extent we are not indemnified by third parties. For example, in connection with prior transactions, certain third parties are generally obligated to indemnify us for hazardous substance releases and other environmental violations that occurred prior to such transactions. However, these third parties may not have sufficient funds to fully satisfy their indemnification obligations when required, and in some cases, we may not be contractually entitled to indemnification by them. For additional information on how environmental regulation and compliance affects our business, see" Environmental" in" Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10- K. The nature of our business exposes us to product liability, product warranty, casualty, manufacturing and construction defects, and other claims. We may be involved in product liability, product warranty, casualty, manufacturing and construction defects, and other claims relating to the products we manufacture and distribute, and services we provide. We also rely on manufacturers and other suppliers to provide us with many of the products we sell and distribute. Because we do not have direct control over the quality of such products manufactured or supplied by such third- party suppliers, we are exposed to risks relating to the quality of such products. In addition, we are exposed to potential claims arising from the conduct of our employees, and homebuilders and their subcontractors, for which we may be contractually liable. Although we currently maintain what we believe to be suitable and adequate insurance in excess of our self- insured amounts, there can be no assurance that we will be able to maintain such insurance on acceptable terms or that such insurance will provide adequate protection against potential liabilities. Product liability, product warranty, casualty, construction defect, and other claims can be expensive

to defend and can divert the attention of management and other personnel for significant periods, regardless of the ultimate outcome. Claims of this nature could also have a negative impact on our reputation and customer confidence in our products and our company. We cannot assure that any current or future claims will not adversely affect our financial condition, operating results, and cash flows.

Risks Relating to Ownership of Our Common Stock

The price of our common stock may fluctuate significantly. Volatility in the market price of our common stock may prevent a stockholder from being able to sell shares at or above the price paid for them. The market price for our common stock could fluctuate significantly for various reasons, including:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, our other public announcements, and our filings with the SEC;
- changes in key personnel;
- strategic actions by us, our customers, or our competitors, such as acquisitions, **consolidations**, or restructurings;
- changes in, or failure to meet, earnings estimates or recommendations by research analysts who track our common stock or the stock of other companies in our industry;
- the failure of research analysts to cover our common stock;
- general economic, industry, and market conditions;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- investors' perception of our commitment to sustainability and corporate responsibility;
- material litigation or government investigations;
- changes in general conditions in the U. S. and global economies or financial markets, including those resulting from war, incidents of terrorism, pandemics, or responses to such events;
- sales of common stock by ~~us or members of~~ our management team **or board of directors**;
- the granting of equity or equity-based incentives;
- volume of trading in our common stock (which may be impacted by future sales or repurchases of our common stock);
- changes in accounting standards, policies, guidance, interpretations, or principles; and
- the impact of the factors described elsewhere in "Item 1A. Risk Factors" of this Form 10-K.

In addition, the stock market has regularly experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based on factors that have little or nothing to do with us, and these fluctuations could materially reduce our share price. We may not pay cash dividends in the future. In November 2017, our board of directors approved a dividend policy pursuant to which we have paid quarterly cash dividends to holders of our common stock. In addition to these quarterly dividends, we also paid special dividends in each of the last five years. However, the future declaration and payment of dividends will continue to be at the discretion of our board of directors and the dividend policy may be suspended or canceled at its discretion at any time. Declaration of future dividends will depend upon legal capital requirements and surplus, our future operations and earnings, general financial condition, material cash requirements, restrictions imposed by our asset-based credit facility and the indenture governing our senior notes, applicable laws, and other factors that our board of directors may deem relevant. Unless we continue to pay cash dividends on our common stock in the future, the success of an investment in our common stock will depend entirely upon its appreciation. Our common stock may not appreciate in value or even maintain the price at which it was purchased. Certain provisions of our organizational documents and other contractual provisions may make it difficult for stockholders to change the composition of our board of directors and may discourage hostile takeover attempts that some of our stockholders may consider to be beneficial. Certain provisions of our certificate of incorporation and bylaws may have the effect of delaying or preventing changes in control if our board of directors, in exercising its duty of care, determines that such changes in control are not in the best interests of the company and our stockholders. The provisions in our certificate of incorporation and bylaws include, among other things, the following:

- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms, including preferences and voting rights, of those shares without stockholder approval;
- stockholder action can only be taken at a special or regular meeting and not by written consent;
- advance notice procedures for nominating candidates to our board of directors or presenting matters at stockholder meetings;
- removal of directors only for cause;
- allowing only our board of directors the ability to create additional director seats and fill vacancies on our board of directors; and
- super-majority voting requirements to amend our bylaws and certain provisions of our certificate of incorporation.

We have elected in our certificate of incorporation not to be subject to Section 203 of the General Corporation Law of the State of Delaware (DGCL), an antitakeover law. However, our certificate of incorporation contains provisions that have the same effect as Section 203. The provisions in our certificate of incorporation prohibit us from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. While these provisions have the effect of encouraging persons seeking to acquire control of our company to negotiate with our board of directors, they could enable the board of directors to hinder or frustrate a transaction that some, or a majority, of the stockholders might believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors. 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 of directors, which is responsible for appointing the members of our management. **27**