Risk Factors Comparison 2024-02-28 to 2023-02-24 Form: 10-K

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You should carefully consider the risks and uncertainties described below and other information included in this Form 10- K in evaluating us and our business. If any of the events described below occur, our business and financial results could be adversely affected in a material way. This could cause the trading price of our common stock to decline, perhaps significantly. Risks Related to Product Supply and Vendor Relations An inability to obtain the products that we distribute could result in lost revenues and reduced margins and damage relationships with customers. We distribute roofing materials and other complementary building products, such as siding and waterproofing, that are manufactured by a number of major suppliers. Disruptions in our sources of supply may occur as a result of **various reasons, including** unanticipated demand ~~or~~ **,** production or delivery difficulties **, the loss of key supplier arrangements, or broad disruptive events (whether globally, in the U. S., or abroad), such as wars, terrorist actions, cybersecurity attacks or other technological disruptions with respect to manufacturers or the material vendors we rely on, trade disputes, changes in regulation, macroeconomic events, a government shutdown, and / or a pandemic. For example, in 2021 and 2022 the exterior products industry experienced constrained supply chain dynamics caused in large part from global disruptions related to the COVID- 19 pandemic. As a result, we experienced, at times, a limited ability to purchase enough product to meet consumer demand, which resulted in lost revenues. Although we do not believe these lost revenues were material, it is possible that future product shortages could be so severe as to result in material reductions in revenues and margins** . When shortages occur, building material suppliers often allocate products among distributors. Although we believe that our relationships with our suppliers are strong and that we would have access to similar products from competing suppliers should products be unavailable from current sources, any supply shortage, particularly of the most commonly sold items, could result in a loss of revenues and reduced margins and damage **our reputation and** relationships with customers. ~~The exterior products industry experienced constrained supply chain dynamics in 2021 and 2022, caused in large part from global disruptions related to the COVID- 19 pandemic. As a result, we experienced, at times, a limited ability to purchase enough product to meet consumer demand, which resulted in lost revenues. Although we do not believe our lost revenues were material, these trends and future product shortages as a result of any market conditions that arise may be so severe as to result in material reductions in revenues.~~ A change in ~~vendor~~ **supplier** pricing and demand could adversely affect our income and gross margins. Many of the products that we distribute are subject to price changes based upon manufacturers' raw material costs, energy costs and labor costs as well as other manufacturer pricing decisions. For example, ~~we experienced resource inflation in 2021 and 2022, as a strong recovery in demand following the COVID- 19 pandemic created tightness in the market for certain raw materials. This caused our suppliers and us to increase product prices to address higher input costs. By way of further example,~~ as a distributor of residential roofing supplies, our business is sensitive to asphalt prices, which are highly volatile and often linked to oil prices, as oil is a significant input in asphalt production. Shingle prices have been volatile in recent years, partly due to volatility in asphalt prices. Other products we distribute, such as plywood and OSB, **experienced** ~~have seen substantial recent~~ price volatility ~~, caused in large~~ **largely** ~~part from disruptions~~ **due to supply and demand imbalances** related to the COVID- 19 pandemic ~~and~~ **. In addition to** the ~~resulting imbalance between supply~~ **rising costs of commodities and raw materials, supplier pricing** and demand **can also be affected by inflationary pressures and other conditions that make it more costly for our suppliers to distribute their products to us, such as fuel shortages, fuel cost increases, or labor shortages** . Historically, we have generally been able to pass increases in prices on to our customers. Although we often are able to pass on manufacturers' price increases, our ability to pass on increases in costs and our ability to do so in a timely fashion depends on market conditions. ~~The~~ **For example, we experienced resource inflation in 2021 and 2022, as a strong recovery in demand following the COVID- 19 pandemic created tightness in the market for certain raw materials. This caused our suppliers and us to increase product prices to address higher input costs. By contrast, the** inability to pass along cost increases or a delay in doing so could result in lower operating margins. In addition, higher prices could impact demand for these products, resulting in lower sales volumes. A change in vendor rebates could adversely affect our income and gross margins. The terms on which we purchase products from many of our vendors entitle us to receive a rebate based on the volume of our purchases. These rebates effectively reduce our costs for products. ~~If~~ **Vendors may adversely change the terms of some or all of these programs for a variety of reasons, including if** market conditions change ~~, vendors may adversely change the terms of some or all of these programs~~ . Although these changes would not affect the net recorded costs of product already purchased, it may lower our gross margins on products we sell and therefore the income we realize on such sales in future periods. Risks Related to **Acquisitions** ~~the COVID- 19 Pandemic The impacts of the COVID- 19 pandemic, or similar health concerns, could have a significant effect on supply and / or demand for our products and have a negative impact on our business operations and financial results. A significant outbreak of epidemic, pandemic, or contagious diseases in the human population could cause a widespread health crisis that could result in an~~ **and** ~~economic downturn, affecting the supply and / or~~ **our Growth Strategy** ~~demand for our products. For example, the COVID- 19 pandemic led to periods of significant volatility, uncertainty, and economic disruption since its onset. Any future quarantines, labor shortages, or other disruptions to us, our suppliers, or our customers due to a public crisis would likely adversely impact our sales and operating results. A prolonged economic downturn may result in reduced cash flows or a reduction to our market capitalization, triggering the potential need to recognize significant non- cash asset impairment charges in our results of operations. It could also result in an adverse impact on the creditworthiness of our customers and the collectability of trade receivables, thereby affecting our liquidity. In addition, order lead times could be extended or delayed, and~~

~~pricing could increase. Some products or services may become unavailable if the regional spread became significant enough to prevent alternative sourcing. The increase in remote working arrangements for our personnel may result in greater information technology security risks. We are unable to predict the potential future impact that a pandemic, or another such virus or health concern, could have on us if the spread is unable to be contained. COVID- 19 did not have any meaningful adverse impact on our financial results in 2022. However, we cannot predict the severity and duration of additional outbreaks, new variants of the virus, or the severity and duration of any other public health events. Risks Related to Human Capital Loss of key talent or our inability to attract and retain new qualified talent could hurt our ability to operate and grow successfully. Our success will continue to depend to a significant extent on our executive officers and key management personnel.~~ We may not be able to ~~retain~~ **identify potential acquisition targets** ~~our~~ **or** ~~executive officers and key personnel~~ **successfully complete acquisitions on acceptable terms, which could slow** ~~or~~ **our** ~~attract~~ **inorganic growth rate. Our growth strategy, including pursuant to Ambition 2025, includes acquiring other distributors of roofing materials and complementary building products, such as siding and waterproofing. We continually seek** additional ~~qualified management~~ **acquisition candidates in selected markets, which include engaging in exploratory discussions with potential acquisition candidates, as well as engaging in competitive bidding processes for potential acquisition candidates** . ~~The loss of~~ **We are unable to predict whether or when we will be able to identify** any **suitable** ~~of our executive officers or other key management employees, or our inability to recruit and retain qualified employees, could adversely affect our ability to operate and make it difficult to execute our~~ acquisition ~~and internal~~ **candidates, or, if we do, the likelihood that any such potential acquisition will be completed. If we cannot complete acquisitions that we identify on acceptable terms, our inorganic** growth ~~strategies~~ **rate may decline** . In addition, our ~~operating results~~ **current and potential competitors have made and may continue to make acquisitions that include acquisition candidates in which we were, or would have been, interested in pursuing and such competitors may establish cooperative relationships among themselves or with third parties. In the event that our inorganic growth does not outpace any significant consolidation among distributors of roofing materials and complementary building products, our competitive position** could be adversely affected ~~by increased competition for employees, shortages of qualified workers, or higher employee turnover, all of which could have adverse effects on levels of customer service or result in increased employee compensation or benefit costs~~ . ~~Risks Related to Acquisitions~~ We may not be able to effectively integrate newly acquired businesses into our operations or achieve expected cost savings or profitability from our acquisitions. ~~Our growth strategy, including pursuant to Ambition 2025, includes acquiring other distributors of roofing materials and complementary products, such as siding and waterproofing.~~ Acquisitions involve numerous risks, including: • unforeseen difficulties **or disruptions** in integrating operations, technologies, services, accounting, and employees; • diversion of financial and management resources from existing operations; • unforeseen difficulties related to entering geographic regions where we do not have prior experience; • potential loss of key employees; • unforeseen **cybersecurity risks related to the businesses acquired or to the manufacturers and vendors the acquired businesses rely on; • unforeseen** liabilities **and expenses** associated with businesses acquired; and • inability to generate sufficient revenue or realize sufficient cost savings to offset acquisition or investment costs. As a result, if we fail to evaluate ~~and~~ **,** execute **, and integrate** acquisitions properly, we might not achieve the anticipated benefits of such acquisitions and we may incur costs in excess of what we anticipate. **Our growth strategy depends on our ability to identify attractive markets and locations and if we are unable to do so our growth and profitability could be adversely affected. In accordance with our Ambition 2025 strategy, we plan to expand into new markets through organic and inorganic growth for the next several years. For this growth strategy to succeed, we must identify attractive markets and then secure attractive locations within those markets.** We **cannot ensure that suitable locations will be available to us, or that they will be available on terms acceptable to us. Our ability to negotiate acceptable lease terms for new locations, to re- negotiate acceptable terms on expiring leases or to negotiate acceptable terms for suitable alternate locations could depend on conditions in the real estate market, competition for desirable properties, our relationships with current and prospective landlords, or on other factors that are not within our control. If we are unable to renew our facility leases, we may close or relocate a facility, which could subject us to construction and other costs and risks, which in turn could have a material adverse effect on our business and operating results. Further, we** may not be able to **secure a replacement facility** ~~successfully complete acquisitions on acceptable terms, which would slow our growth rate. We continually seek additional acquisition candidates~~ in **a location that is as commercially viable as the lease we** ~~selected markets and from time to time engage in exploratory discussions with potential candidates. We~~ are unable to ~~predict~~ **renew. Having to close a facility, even briefly to relocate, would reduce the sales that such facility would have contributed to our revenues. Additionally, a relocated facility may generate less revenue and profit, if any, than the facility it was established to replace. Any or all of these factors and conditions could adversely affect our growth and profitability. A measure of our success is dependent on maintaining our safety record, and an injury to, or death of, any of our employees, customers, or members of the general public related to our business activities could result in material liabilities and reputational injury. Our business activities include an inherent risk of catastrophic safety incidents that could result in injuries and deaths. The activities we conduct at our customers' designated delivery locations-- which include construction and residential job sites-- present a risk of injury or death to our employees, customers, or visitors, notwithstanding our compliance with safety regulations. We may be unable to avoid material liabilities for an injury or death, and our workers' compensation and other insurance policies may not be adequate or may not continue to be available on terms acceptable to us, or at all, which could result in material liabilities to us. Further, as a wholesale distributor of roofing materials and other complementary building products, we lease and operate a fleet of commercial motor vehicles, including semi- tractor trailer trucks, flatbed trucks, and forklifts. Accordingly, a safety incident involving our commercial fleet could result in material economic damages, as well as injuries and / or death, for our employees and any other parties involved. Although we believe our aggregate insurance limits should be sufficient to**

cover our historic claims amounts, participants in commercial distribution and transportation activities (i. e., trucking and transportation) have experienced large verdicts, including some instances in which juries have awarded significant amounts. In addition, our brand' s reputation is an important asset to our business; as a result, anything that damages our brand' s reputation could materially harm our business, results of operations, and financial condition. For example, negative media reports, whether or ~~when we will~~ **not accurate, can materially and adversely affect our reputation. Moreover, social media has dramatically increased the rate at which negative publicity can** be ~~able to identify~~ **disseminated before there is** any **meaningful opportunity to respond to** ~~suitable additional acquisition candidates, or the likelihood that any potential acquisition will be completed. If we cannot complete acquisitions that we identify on acceptable terms, our~~ **or** ~~growth rate may decline~~ **address an issue to protect our reputation** . Risks Related to Cyclicality and Seasonality Cyclicality in our business and general economic conditions could result in lower revenues and reduced profitability. A portion of the products we sell are for residential and non- residential construction. The strength of these markets depends on new housing starts and business investment, which are a function of many factors beyond our control, including credit and capital availability, interest rates, foreclosure rates, housing inventory levels and occupancy, changes in the tax laws, employment levels, consumer confidence, and the health of the United States economy and mortgage markets. Economic downturns in the regions and markets we serve could result in lower net sales and, since many of our expenses are fixed, lower profitability. Unfavorable changes in demographics, credit markets, consumer confidence, housing affordability, or housing inventory levels and occupancy, or a weakening of the ~~United States~~ **U. S.** economy or of any regional or local economy in which we operate, could adversely affect consumer spending, resulting in decreased demand for our products, and adversely affecting our business. In addition, instability in the economy and financial markets, including as a result of terrorism or civil or political unrest, may result in a decrease in housing starts or business investment, which would adversely affect our business. Seasonality and weather- related conditions may have a significant impact on our financial results from period to period The demand for building materials is heavily correlated to both seasonal changes and unpredictable weather patterns. Seasonal demand fluctuations are expected, such as in quarters ending March 31, when winter construction cycles and cold weather patterns have an adverse impact on new construction and re- roofing activity. The timing of weather patterns (unseasonable temperatures) and severe weather events (hurricanes, hailstorms and protracted rain) may impact our financial results within a given period either positively or negatively, making it difficult to accurately forecast our results of operations. We expect that these seasonal and weather- related variations will continue in the future. Risks Related to Information Technology If we encounter interruptions in the proper functioning of our information technology systems, including from cybersecurity threats, we could experience **material** problems with our operations, including inventory, collections, customer service, cost control, and business plan execution that could have a material adverse effect on our financial results, including unanticipated increases in costs or decreases in net sales. **Our** ~~We use our~~ information technology systems (" IT systems " or " systems "), which include information technology networks, hardware ~~and~~ **,** applications, **and the data related thereto, are integral to the operation of our business. We use our IT systems** to, among other things, provide complete integration of purchasing, receiving, order processing, shipping, inventory management, sales analysis **, cash management** , and accounting, as well as to process, transmit, protect, store, and delete sensitive and confidential electronic data, including, but not limited to, employee, supplier, and customer data (" Data "). Our IT systems include third party applications and proprietary applications developed and maintained by us. We rely heavily on information technology both in serving our customers and in our enterprise infrastructure to achieve our objectives. In certain instances, we also rely on the systems of third parties to assist with conducting our business, which includes, among other things, marketing and distributing products, developing new products and services, operating our website, hosting and managing our services, securely storing Data, processing transactions, **purchasing and receiving, billing and accounts receivable management,** responding to customer inquiries, ~~and~~ managing inventory and our supply chain **, and managing our human resources processes and services** . As a result, the secure **and reliable** operation of our systems (including its function of securing Data), and those of third parties upon whom we depend, are critical to the successful operation of our business **. Any failure or interruption of our IT systems, including the systems of third parties upon whom we depend, could have a material adverse effect on our business, financial results, and reputation** . Although our IT systems and Data are protected through security measures and business continuity plans, our systems and those of third parties upon whom we depend may be vulnerable to: natural disasters; power outages; telecommunication or utility failures; terrorist acts; breaches due to employee error or malfeasance **or other insider threats** ; disruptions during the process of upgrading or replacing computer software or hardware; terminations of business relationships by us or third party service providers; and disinformation campaigns, damage or intrusion from a variety of deliberate cyber- attacks carried out by insiders or third parties, which are becoming more sophisticated and include computer viruses, worms, gaining unauthorized access to systems for purposes of misappropriating assets or sensitive information either directly or through our vendors and customers, denial of service attacks, ransomware, supply chain attacks, data corruption, malicious distribution of inaccurate information or other malicious software programs that may impact such systems and cause operational disruption. For these IT systems and related business processes to operate effectively, we or our service providers must continually maintain and update them. Delays in the maintenance, updates, upgrading, or patching of these systems and related business processes could impair their effectiveness or expose us to security risks **. In addition, if IT systems are damaged, restoration or recovery of those systems may not be achievable in a timely manner** . Even with our policies, procedures and programs designed to ensure the integrity of our IT systems and the security of Data, we may not be effective in identifying and mitigating every risk to which we are exposed. In some instances, we may have no current capability to detect certain vulnerabilities, which may allow them to persist in the environment over long periods of time. Despite the precautions we take to mitigate the risks of such events, any attack on our IT systems or breach of our Data, or the IT systems and Data of third parties upon whom we depend, could result in, but are not limited to, the following: business disruption, misstated or misappropriated financial data, product shortages and / or an increase in accounts receivable aging, an adverse impact on our ability to attract and serve customers, delays in the execution of our business plan, theft of our intellectual property or other non- public confidential information and Data, including that of our customers, suppliers, and employees, liability for stolen assets or information, and higher operating costs including increased cybersecurity protection costs. Such events could harm our reputation and have an adverse impact on our financial results, including the impact of related legal, regulatory, and remediation costs. In addition, if any information about our customers, including payment information, were the subject of a successful cybersecurity attack against us, we could be subject to litigation or other claims by the affected customers. Further, regulatory authorities have increased their focus on how companies collect, process, use, store, share, and transmit personal data. ~~New privacy~~ **Privacy** security laws and regulations, including federal and state laws in the U. S. and federal and provincial laws in Canada, pose increasingly complex compliance challenges, which may increase compliance costs, and any failure to comply with data privacy laws and regulations could result in significant sanctions, monetary costs or other harm to us. If we decide to switch providers, develop our own IT systems to replace providers, or implement upgrades or replacements to our own systems, we may be unsuccessful in this development, or we may underestimate the costs and expenses of switching providers or developing and implementing our own systems. Also, our sales levels may be negatively impacted during the period of implementing an alternative system, which period could extend longer than we anticipate. Risks Related to Capitalization and Capital Structure An impairment of goodwill and / or other intangible assets could reduce net income. Acquisitions frequently result in the recording of goodwill and other intangible assets. At December 31, ~~2022~~ **2023** , goodwill represented approximately ~~32~~ **31** % of our total assets. Goodwill is not amortized for financial reporting purposes and is subject to impairment testing at least annually using a fair- value based approach. The identification and measurement of goodwill impairment involves the estimation of the fair value of our reporting unit. Our accounting for impairment contains uncertainty because management must use judgment in determining appropriate assumptions to be used in the measurement of fair value. We determine the fair values of our reporting unit by using a qualitative approach. We evaluate the recoverability of goodwill for impairment in between our annual tests when events or changes in circumstances, including a sustained decline in our market capitalization, indicate that the carrying amount of goodwill may not be recoverable. We also perform an annual qualitative assessment to evaluate whether evidence exists that would indicate our indefinite- lived intangibles are impaired. In addition, we review for triggering events that could indicate a need for an impairment test for finite- lived intangible assets. Any impairment of goodwill or indefinite- or finite- lived intangibles will reduce net income in the period in which the impairment is recognized. We might need to raise additional capital, which may not be available, thus limiting our growth prospects. In the future we may require equity or additional debt financing in order to consummate an acquisition, for additional working capital for expansion, or if we suffer more than seasonally expected losses. In the event such additional financing is unavailable to us on commercially attractive terms or at all (including as a result of restrictions imposed by our outstanding debt agreements ~~and arrangement with the CD & R Stockholder (as defined below)~~), we may be unable to raise additional capital to make acquisitions or pursue other growth opportunities. Major disruptions in the capital and credit markets may impact both the availability of credit and business conditions. If the financial institutions that have extended credit commitments to us are adversely affected by major disruptions in the capital and credit markets, they may become unable to fund borrowings under those credit commitments. This could have an adverse impact on our financial condition since we need to borrow funds at times for working capital, acquisitions, capital expenditures, and other corporate purposes. Major disruptions in the capital and credit markets could also lead to broader economic downturns, which could result in lower demand for our products and increased incidence of customers' inability to pay their accounts. The majority of our net sales volume is facilitated through the extension of trade credit to our customers. Additional customer bankruptcies or similar events caused by such broader **market** downturns may result in a higher level of bad debt expense than we have historically experienced. Also, our suppliers may be impacted, causing potential disruptions or delays of product availability. These events would adversely impact our **business and our** results of operations, cash flows, and financial position. Our level and terms of indebtedness could adversely affect our ability to raise additional capital to fund our operations, take advantage of new business opportunities, and prevent us from meeting our obligations under our debt instruments. As of December 31, ~~2022~~ **2023** , we had ~~a~~ **an** $ ~~254~~ **84** . ~~9~~ **0** million outstanding balance on our asset- based revolving line of credit due in 2026, $ ~~297~~ **300** . ~~4~~ **0** million in aggregate principal amount of our 4. 50 % senior secured notes due in 2026 outstanding, $ ~~346~~ **350** . ~~8~~ **0** million in aggregate principal amount of our 4. 125 % senior notes due in 2029 outstanding, ~~and~~ $ ~~972~~ **600** . ~~2~~ **0 million in aggregate principal amount of our 6. 50 % senior secured notes due in 2030 outstanding, and $ 975. 0** million outstanding under our senior secured term loan due in 2028. Our debt levels could have important consequences to us, including: • increasing our vulnerability to general economic and industry conditions; • requiring a substantial portion of our cash flow used in operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our liquidity and our ability to use our cash flow to fund our operations, capital expenditures, and future business opportunities; • exposing us to the risk of increased interest rates, and corresponding increased interest expense, because borrowings under our asset- based revolving line of credit and term loan are at variable rates of interest; • reducing funds available for working capital, capital expenditures, acquisitions, and other general corporate purposes, due to the costs and expenses associated with such debt; • making it more difficult to satisfy our obligations under the terms of our indebtedness; • limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions, and general corporate or other purposes; and • limiting our ability to adjust to changing marketplace conditions and placing us at a competitive disadvantage compared to our competitors who may have less debt. In addition, the debt agreements that currently govern our asset- based revolving line of credit and term loan and the indentures governing our outstanding senior notes impose significant operating and financial restrictions on us, including limitations on our ability to, among other things, pay dividends and make other distributions on, or redeem or repurchase, capital stock; make certain investments; incur certain liens; enter into transactions with affiliates; merge or consolidate; enter into agreements that restrict the ability of our subsidiaries to make dividends or other payments to Beacon Roofing Supply, Inc.; and transfer or sell assets. ~~In addition, the terms of our preferred stock contain restrictions on our ability to pay dividends on our common stock, and the holders of such shares would participate in any declared common stock dividends, reducing the cash available to holders of common stock.~~ As a result of these restrictions, we **are** ~~will be~~ limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to capitalize on available business opportunities. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital, or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations, which could cause us to default on our debt obligations and impair our liquidity. In the event of a default under any of our indebtedness, the holders of the defaulted debt could elect to declare all the funds borrowed to be due and payable, together with accrued and unpaid interest, which in turn could result in cross- defaults under our other indebtedness. The lenders ~~under~~ **of** our asset- based revolving line of credit could also elect to terminate their commitments ~~thereunder~~ and cease making further loans, and the lenders ~~under~~ **of** the asset- based revolving line of credit and term loan or holders of our senior secured notes could institute foreclosure proceedings against their collateral, which could potentially force us into bankruptcy or liquidation. Despite our current level of indebtedness, we may be able to incur substantially more debt and enter into other transactions which could add to the risks to our financial condition described above. We may be able to incur significant additional indebtedness in the future. Although the debt agreements that currently govern our asset- based revolving line of credit, term loan, outstanding senior notes, and other debt instruments contain restrictions on the incurrence of additional indebtedness and entering into certain types of other transactions, these restrictions are subject to a number of qualifications and exceptions. Additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also do not prevent us from incurring obligations, such as trade payables, that do not constitute indebtedness as defined under our debt instruments. To the extent we incur additional indebtedness or other obligations, the risks described in the immediately preceding risk factor and others described herein may increase. **Risks Related** ~~The holders of Preferred Stock issued in connection with the Allied Acquisition (as defined in the Notes~~ to **Human Capital Loss** ~~Consolidated Financial Statements) have rights, preferences, and privileges that are not held by, and are preferential to, the rights~~ of **key talent** ~~our~~ - **or** ~~common stockholders~~ **our inability to attract and retain new qualified talent could hurt our ability to operate and grow successfully. Our success will continue to depend to a significant extent on our executive officers and key management personnel, including branch managers** . We may **not be able to retain our executive officers and key personnel or recruit and attract additional qualified management. The loss of any of our current executive officers or other key management employees, or a delay in recruiting or our inability to recruit and retain qualified employees could adversely affect our ability to operate and make it difficult to execute our Ambition 2025 strategies to drive growth, enhance customer service, and expand our footprint in key markets. In addition, our operating results could be adversely affected by increased competition for employees, shortages of qualified workers, or higher employee turnover, all of which could have adverse effects on levels of customer service or result in increased employee compensation or benefit costs. Our business may be adversely affected by work stoppages, union negotiations, labor disputes and other matters associated with our labor force or the labor force of our suppliers or customers. Any labor disputes, work stoppages, or unionization efforts could result in significant increases in our cost of labor. While we believe that our relations with employees generally and the labor unions that represent our employees (which as of December 31, 2023 was approximately 3. 8 % of our workforce) are generally good and we have experienced no material strikes or work stoppages recently (and there are no material outstanding labor disputes currently), in the future we could experience these and other types of conflicts with labor unions, other groups representing employees, or with our employees in general. Regulatory Risk Our activities and operations are subject to numerous laws and regulations and we could become subject to newly enacted laws and regulations. If we violate such laws or regulations, we could face penalties and fines or** be required ~~, under certain circumstances,~~ to **curtail operations** ~~repurchase the preferred stock for cash, and such obligations could adversely affect our liquidity and financial condition~~ . **We** ~~On January 2, 2018, we issued 400, 000 shares of Series A Cumulative Convertible Participating Preferred Stock, par value $ 0. 01 per share~~ -- **are** ~~(the " Preferred Stock ") to CD & R Boulder Holdings, L. P. (the " CD & R Stockholder "), an entity affiliated with the investment firm Clayton, Dubilier & Rice LLC, pursuant to an Investment Agreement dated August 24, 2017 (the " Investment Agreement "). The proceeds of the issuance were used to partially finance the Allied Acquisition. The Preferred Stock is convertible perpetual participating preferred stock of Beacon, with an initial conversion price of $ 41. 26 per share, and accrues dividends at a rate of 6. 0 % per annum (payable in cash or in- kind,~~ subject to **various federal** ~~specified limitations). The Preferred Stock may be converted at any time at the option of the holder into 9~~ , ~~694~~ **state** , **provincial** ~~619 shares of our common stock. In addition~~ , **local** ~~under the terms of the Preferred Stock, we may, at our option, force the conversion of all (but not less than all) of the outstanding shares of Preferred Stock to common stock if at any time the market price of our common stock exceeds 200 % of the then- effective conversion price per share for at least 75 days out of any trailing 90- trading day period. Any conversion of the Preferred Stock may significantly dilute our common stockholders and adversely affect both our net income per share and the market price of our common stock. If we issue additional shares of Preferred Stock as " in- kind " dividend payments that, together with the 400, 000 shares of Preferred Stock issued to the CD & R Stockholder, represent in excess of 12, 071, 937 shares of our common stock on an~~ **and** ~~as- converted basis, and in certain~~ other **laws** ~~circumstances as provided in the Preferred Stock certificate of designations, a " Triggering Event " would occur. Upon the occurrence of a " Triggering Event, " the dividend rate will increase to 9. 0 % per annum for so long as the Triggering Event remains in effect, which will further dilute our common stockholders if we issue additional shares of Preferred Stock to satisfy our dividend payment obligations. Moreover, if we declare or pay a cash dividend on our common stock, we will be required to declare and pay a dividend on the outstanding Preferred Stock on a pro rata basis with the common shares determined on an~~ **and regulations** ~~as- converted basis at the time the dividend is declared.~~

~~The maximum number of shares of common stock into which the Preferred Stock may be converted (taking into account any shares of Preferred Stock issued as in- kind dividend payments) will be limited to 12, 071, 937 shares of our common stock, which represents 19. 99 % of the total number of shares of common stock issued and outstanding immediately prior to the execution of the Investment Agreement, unless and until we were to obtain stockholder approval of such issuance under the Nasdaq listing rules. The terms of the Investment Agreement and Preferred Stock do not require us to obtain stockholder approval in these circumstances. Holders of the Preferred Stock generally are entitled to vote with the holders of the shares of common stock on an as converted basis on all matters submitted for a vote of holders of shares of common stock, voting together with the holders of shares of common stock as one class. Additionally, for so long as the Preferred Stock is outstanding, certain matters will require the approval of the holders of a majority of the Preferred Stock~~ , including ~~: (1) amendments or modifications to our charter, by- laws or the certificate of designations governing the Preferred Stock that would adversely affect the Preferred Stock, (2) authorization, creation, increase in the authorized amount of, or issuance of any class or series of senior or parity equity securities or any security convertible into, shares of senior or parity equity securities (but not junior securities), (3) any increase or decrease in the authorized number of preferred shares or the issuance of additional shares of Preferred Stock, (4) amendments to our debt agreements that would~~ , among other things, **environmental, transportation, and health and safety laws and regulations. Some of the regulations to which we are subject include: • environmental regulations promulgated by the Environmental Protection Agency; • transportation regulations promulgated by the U. S. Department of Transportation; • work safety regulations promulgated by the Occupational Safety and Health Administration; • employment regulations promulgated by the U. S. Equal Employment Opportunity Commission and the U. S. Department of Labor; and • similar regulations promulgated by state, provincial and local regulators. Applicable laws and regulations require us to obtain and maintain permits and approvals and implement programs and procedures to control risks associated with our operations. Compliance in these or other areas may increase our general and administrative costs and** adversely affect our **financial condition** ~~ability to pay dividends on the Preferred Stock~~ , **operating results** ~~subject to certain exceptions,~~ and **cash flows. Moreover** ~~(5) the liquidation~~ , ~~dissolution~~ **failure to comply with the regulatory requirements applicable to** ~~or~~ **our** ~~filing~~ **business could expose us to investigation, enforcement actions, litigation and substantial fines and penalties that could adversely affect our financial condition, results** of **operations and cash flows. These laws, regulations or rules and their interpretation and application may also change from time to time and those changes could be substantial and have** a **material** ~~voluntary petition for bankruptcy or receivership. The conversion price of the Preferred Stock is subject to customary anti- dilution adjustments, including in the event of any stock split, stock dividend, recapitalization, or similar event. Adjustments to the conversion price could dilute the ownership interest of our common stockholders. In addition, holders of the Preferred Stock have the right to receive a liquidation preference entitling them to be paid out of our assets available for distribution to stockholders, before any payment may be made to holders of shares of common stock, an amount equal to the greater of (a) 100 % of the liquidation preference thereof plus all accrued and unpaid dividends or (b) the amount that such holder would have been entitled to receive upon our liquidation, dissolution and winding up if all outstanding shares of Preferred Stock had been converted into common stock immediately prior to such liquidation, dissolution or winding up, without regard to any of the limitations on conversion or convertibility. Furthermore, the holders of the Preferred Stock will have certain redemption rights, including upon certain change of control events involving us, which, if exercised, could require us to repurchase all of the outstanding Preferred Stock for cash at the original purchase price of the Preferred Stock plus all accrued and unpaid dividends thereon. If the market price of our common stock has not exceeded 200 % of the then- effective conversion price per share for at least 5 days out of any trailing 30- trading day period, Beacon also has the option to redeem part (though must be at least one third of the Preferred Stock initially issued) or all of the Preferred Stock for a price of $ 2, 000 per share of Preferred Stock plus any accrued and unpaid dividends. Our obligations to pay regular dividends to the holders of the Preferred Stock or any required or optional repurchase of the outstanding Preferred Stock could impact our liquidity and reduce the amount of cash available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of Preferred Stock could also limit our ability to obtain additional financing or increase our borrowing costs, which could have an~~ adverse effect on our **business,** financial condition **,** ~~. The preferential rights could also result~~ **results** ~~in divergent interests between the holders~~ of **operations** ~~the Preferred Stock~~ and **cash flows** ~~our common stockholders~~ . **We cannot predict** ~~The CD & R Stockholder may sell shares of our common stock in~~ the ~~public market,~~ **nature and timing of future developments in law and regulations and whether we will be successful in meeting future demands of regulatory bodies in a manner** which ~~may cause the market price of our common stock to decrease, and therefore make it more difficult to raise equity financing or issue equity as consideration in an acquisition. Our registration rights agreement with the CD & R Stockholder requires us to register all shares held by the CD & R Stockholder and its permitted transferees (including shares of our common stock issued upon conversion of Preferred Stock) under the Securities Act upon request of the CD & R Stockholder. The registration rights for the CD & R Stockholder~~ will **not materially adversely affect** ~~allow it to sell its shares without compliance with the volume and manner of sale limitations under Rule 144 promulgated under the Securities Act and will facilitate the resale of such securities into the public market. The market value of our common stock could decline as a result of sales by the CD & R Stockholder from time to time. In particular, the sale of a substantial number of our shares by the CD & R Stockholder within a short period of time, or the perception that such sale might occur, could cause our stock price to decrease, make it more difficult for us to raise funds through future offerings of Beacon common stock or acquire other businesses using Beacon common stock as consideration. The CD & R Stockholder holds a significant equity interest in our business and may exercise significant influence over us, including through the influence of its two directors on our board of directors, and its interests as a preferred equity holder may diverge from, or even conflict with, the interests of our other common stockholders. As of December 31, 2022, the CD & R Stockholder beneficially owned shares of our common stock and Preferred Stock, which, taken together on an~~

~~as- converted basis, represent approximately 33. 4 % of our total voting power. As a result, the CD & R Stockholder may have the indirect ability to significantly influence our policies and operations. In addition, under the Investment Agreement, the CD & R Stockholder is entitled to appoint up to two directors to our board of directors. Both Nathan K. Sleeper and Philip W. Knisely, partners at CD & R, currently serve as directors for~~ the Company. ~~Notwithstanding that all directors are subject to fiduciary duties to us and to applicable law, the interests of the directors designated by the CD & R Stockholder may differ from the interests of our other directors or common stockholders as a whole. With such representation on our board of directors, the CD & R Stockholder has influence over the appointment of management and any action requiring the vote of our board of directors, including significant corporate action such as mergers and sales of substantially all of our assets. The directors controlled by the CD & R Stockholder may also be able to influence decisions affecting our capital structure, including decisions to issue additional capital stock and incur additional debt. Further, the CD & R Stockholder and its affiliates are in the business of making or advising on investments in companies, including businesses that may directly or indirectly compete with certain portions of our business. In addition, the CD & R Stockholder may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its overall equity investment and have a negative impact to our common stockholders as a whole. Furthermore, the CD & R Stockholder currently owns, and may in the future continue to own, businesses that directly or indirectly compete with us. The CD & R Stockholder may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. The CD & R Stockholder and its affiliates have also made investments in businesses that historically were, and remain, our suppliers and customers, and may in the future invest in businesses that are our suppliers and customers.~~