

Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K

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In addition to the other information contained in this Form 10-K, including the information set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes, the following risk factors should be considered carefully in evaluating our business. Our business, financial condition, or results of operations could be materially adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations. Industry Risks – Adverse housing market conditions may negatively impact our business, liquidity, and results of operations, and increase the credit risk from our customers. Our business depends to a significant degree on residential repair and remodel activity levels. Historically, residential repair and remodeling activity has decreased in slow economic periods. General economic weakness, inflation, elevated unemployment levels, mortgage delinquency and foreclosure rates, limitations in the availability of mortgage and home improvement financing, home equity value declines and lower housing turnover all limit consumers’ spending, particularly on discretionary items, and affect their confidence level leading to reduced spending on home improvement projects. Depressed activity levels in consumer spending for home improvement construction would adversely affect our business, liquidity, results of operations, and financial position. Furthermore, economic weakness causes unanticipated shifts in consumer preferences and purchasing practices, and in the business models and strategies of our customers. Such shifts may alter the nature and prices of products demanded by the end consumer, and, in turn, our customers and could adversely affect our operating performance. Our business is also dependent on the new residential construction market and, in particular, single family home construction. Factors impacting the level of activity in the residential new construction markets include increases in interest rates, inflation, unemployment rates, housing inventory, high foreclosure rates and unsold / foreclosure inventory, availability of financing and mortgages, labor costs and availability, vacancy rates, local, state and federal government regulation (including mortgage interest deductibility and other tax laws), weakening in the U.S. economy or of any regional or local economy in which we operate, availability of supplies, consumer demand and preferences, and shifts in populations away from the markets that we serve, all of which are beyond our control. Weakness in new residential construction due to any or all of these factors would have a material adverse effect on our business, financial condition, and operating results, and these factors may also result in fluctuations in our operating results. As a result, our results for any historical period may not be indicative of results for any future period. In addition, we extend credit to numerous customers who are generally susceptible to the same economic business risks that we are. Unfavorable housing market conditions could result in financial failures of one or more of our significant customers. Furthermore, we may not be aware of deterioration in our customers’ financial position. If our larger customers’ financial positions were to become impaired, our ability to fully collect receivables from such customers could be impaired and negatively affect our operating results, cash flows, and liquidity. We may experience pricing and product cost variability. Our business has experienced **Prices that we pay**, and **charge** is likely to continue experiencing, **for our** cycles relating to industry capacity and general economic conditions. For example, during early 2022, availability of certain building products we distribute was impacted by supply constraints driven by the COVID-19 pandemic, which affected the market price of the commodity and commodity-based specialty products we buy and distribute. The length and magnitude of these cycles can **be unpredictable** vary over time and **volatile** by product. Prices for our products are driven **and influenced** by many factors, including general economic conditions, demand for our products and competitive **and other** conditions in the industries within which we compete. **The factors that** ; **and we have little influence over the timing and extent of price** **prices changes and costs also include, among others:** • **The use of auction markets**, which may be unpredictable and volatile. **If are based on participants’ perceptions of short-term supply exceeds and demand, to determine prices and volumes for our many commodities building products ;** • **The use could decline, and our results of operations, cash flows, and financial condition could be adversely affected. Certain published indices (including those published by Random Lengths (“RL”)) contribute to the setting of selling prices for some of our products. Although RL is a widely circulated source of information for the wood products industry, it which may not accurately reflect changes in market conditions for our products. Changes in how RL is maintained, to set or other indices are established or maintained, could adversely impact the selling prices for these products. In addition to;** • **Labor and freight costs, periodic delays in the specialty delivery of products and inventory levels in various distribution channels;** • **Government regulation, trade policies and market speculation;** • **National and international economic conditions, including inflationary conditions;** • **The ability of large customers to influence prices of outside building materials suppliers and distributors in a highly fragmented industry;** • **Consolidation among customers, particularly dealers, and their customers (i. e., home builders), and resulting changes in purchasing policies and payment practices; and** • **Consolidation among suppliers and its effects on pricing, consignment arrangements, and discount programs. If supply exceeds demand, prices for our products could decline** we distribute such as engineered wood, siding, millwork, industrial products, and outdoor living, many of the other building products that we distribute, including oriented strand board, plywood, lumber, and rebar, are commodities that are widely available from other distributors or manufacturers, with prices and volumes determined frequently in an **and our results of** auction market based on participants’ perceptions **operations of, cash flows, and financial condition could be adversely affected. These factors can cause** short-term **fluctuations in the price** supply and demand factors. Prices of commodity **our** products can be volatile as a result of national and international economic conditions, **or** labor and freight costs **related to our** ; competition, market speculation, government regulation, and trade policies, periodic delays in the delivery of products and inventory levels in various distribution channels. Short-term increases

Increases in the **prices or cost costs** of these materials, some of which are subject to significant fluctuations, are sometimes passed on to our customers, but our pricing quotation periods and pricing pressure from our competitors may limit our ability to pass on such price changes. We may also be limited in our ability to pass on increases in freight costs for our products. **At times, the sale price for any one or more of the products we produce or distribute may fall below our purchase costs, requiring us to incur losses on product sales. Although we seek to recover increases in prices from our suppliers through price increases in our products, we may not be able to successfully do so. Any increase in prices from our suppliers that is not offset by an increase in our prices could adversely affect our impact our operating results. Large customers have historically been able to exert pressure on their outside suppliers and distributors to keep prices low in the highly fragmented building materials distribution industry. In addition, continued consolidation among economic conditions and market factors may make it difficult for us to raise our prices enough to keep up with the rate of inflation, which could reduce our profit margins our- or reduce the number of customers who can**, particularly dealers, and their customers (i. e., home builders), and changes in their respective purchasing **purchase policies our products and adversely impact our payment practices, could result results in even further pricing pressure of operations and cash flows**. A decline in the prices of the products we distribute could **also** adversely impact our operating results. When the prices of the products we distribute decline, customer demand for lower prices could result in lower sales prices and, to the extent that our inventory at the time was purchased at higher costs, lower margins. Alternatively, in a rising price environment, our suppliers may increase prices or reduce discounts on the products we distribute, and we may be unable to pass on any cost increase to our customers, thereby resulting in reduced margins and profits. **Furthermore, continued consolidation among our suppliers makes it more difficult for us to negotiate favorable pricing, consignment arrangements, and discount programs with our suppliers, thereby resulting in reduced margins and profits. Overall, these pricing pressures may adversely affect our operating results and cash flows. We are currently experiencing an uncertain inflationary environment. An inflationary environment can increase the cost of products we purchase. However, economic conditions and market factors may make it difficult for us to raise our prices enough to keep up with the rate of inflation, which could reduce our profit margins or reduce the number of customers who can purchase our products. If the current inflationary environment continues or worsens, we may not be able to adjust the pricing we charge for our products to offset increasing product costs, which would adversely impact our results of operations and cash flows.** Our earnings are highly dependent on **sales** volumes. Our earnings are highly dependent on **sales** volumes, which are dependent on both the housing cycle, as well as our execution. In addition, selling commoditized products that are subject to fluctuating prices **make makes** it difficult to predict our financial results with any degree of certainty. Commodity **and specialty product** price inflation or deflation can increase or decrease our gross margins on relatively consistent year over year structural sales volumes, depending on the degree of commodity price change. Any failure to maintain, or increase **sales** volumes, alone or combined with margin fluctuations due to price inflation or deflation, which would impact the purchase and / or selling price of our products, could adversely affect our results of operations, cash flows, and financial condition. Our industry is highly fragmented and competitive. If we are unable to compete effectively, our net sales and operating results may be reduced. The building products distribution industry is highly fragmented and competitive, and the barriers to entry for local competitors are relatively low. Competitive factors in our industry include pricing, availability of **product products**, service, delivery capabilities, customer relationships, geographic coverage, and breadth of product offerings. Also, financial stability is important to suppliers and customers in choosing distributors for their products, and **it** affects the favorability of the terms on which we are able to obtain our products from our suppliers and sell our products to our customers. Some of our competitors may have less financial leverage or are part of larger companies, and, therefore, may have access to greater financial and other resources than those to which we have access. 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 may be reduced. Our industry is highly cyclical, and prolonged periods of weak demand or excess supply may reduce our net sales and / or margins, which may cause us to incur losses or reduce our net income. The building products distribution industry is subject to cyclical market pressures **and market prices of building products historically have been volatile and cyclical**. Prices of building products are determined by overall supply and demand in the market. ~~Market prices of building products historically have been volatile and cyclical,~~ and we have limited ability to control the timing and amount of pricing changes. Demand for building products is driven mainly by factors outside of our control, such as general economic and political conditions, interest rates, availability of mortgage financing, inflation, the construction, repair and remodeling markets, industrial markets, housing supply, weather, and population growth. The supply of building products fluctuates based on available manufacturing capacity, and excess capacity in the industry can result in significant declines in market prices for those products. To the extent that prices and volumes experience a sustained or sharp decline, our net sales and margins likely would decline as well. Because we have **substantial meaningful** fixed costs, a decrease in sales and margin generally may have a significant adverse impact on our financial condition, operating results, and cash flows. **Adverse housing market conditions may negatively..... results, cash flows, and liquidity**. Consolidation among competitors, suppliers, and customers could negatively impact our business. Our competitors continue to consolidate. Among other things, this consolidation is being driven by customer needs and supplier capabilities, which could cause markets to become more competitive as greater economies of scale are achieved by distributors. Customers are increasingly aware of the total costs of fulfillment and of the need to have consistent sources of supply at multiple locations. We believe these customer needs could result in fewer distributors as the remaining distributors become larger and capable of being consistent sources of supply. There can be no assurance that we will be able to take advantage effectively of this trend toward consolidation. The trend in our industry toward consolidation could make it more difficult for us to gain or retain market share or maintain operating margins. Our customers and suppliers also continue to consolidate, and this consolidation could result in the loss of existing customers and suppliers to our competitors. **Furthermore, continued consolidation among our suppliers makes it more difficult for us to negotiate favorable pricing, consignment arrangements, and discount programs with our suppliers, thereby resulting**

in reduced margins and profits. We are subject to disintermediation risk. As customers continue to consolidate or otherwise increase their purchasing power, they are better able, and may choose, to purchase products directly from the same suppliers that use us for distribution. In addition, our suppliers may elect to distribute some or all of their products directly to end- customers in one or more markets. This process of disintermediation can put us at risk of losing business from a customer, or of losing entire product lines or categories, or distribution territories, from suppliers. Disintermediation also adversely impacts our ability to obtain favorable pricing from suppliers and optimize margins and revenue with respect to our customers. As a result, continued disintermediation could have a negative impact on our financial condition and operating results. Loss of key products or key suppliers and manufacturers could affect our financial health. Our ability to offer a wide variety of products to our customers **, including our private label products,** is dependent upon our ability to obtain adequate product supply from manufacturers and other suppliers. Generally, our products are obtainable from various sources and in sufficient quantities subject to then current market conditions. However, the loss of, or a substantial decrease in the availability of, key products from our suppliers, or the loss of key supplier arrangements, could adversely impact our financial condition, operating results, and cash flows. Although in many instances we have agreements with our suppliers, these agreements are generally terminable by either party on limited notice. Failure by our suppliers to continue to supply us with products on commercially reasonable terms, or at all, could have a material adverse effect on our financial condition, operating results, and cash flows. Our dependence on international suppliers and manufacturers for certain products exposes us to risks that could affect our financial condition and expose us to certain additional risks. Many of our suppliers and manufacturers are located outside of the United States. Thus, **compliance with federal laws and regulations regarding the importation of products,** import taxes or costs, including new or increased tariffs, anti- dumping duties, countervailing duties, or similar duties, some of which could be applied retroactively, could increase the cost of the products that we distribute. In addition, quotas, embargoes, sanctions, safeguards, and customs restrictions, as well as foreign labor strikes, work stoppages, or boycotts, could reduce the supply of the products available to us. **Geopolitical events, including war and terrorism, could also cause a reduction in the supply or increase the costs of the products available to us.** If we become subject to a reduction in available supply of imported products and we are unable to mitigate that reduction through alternative sources, or if the costs of our imported products increase and we are not able to pass along those increased costs to our customers, then our business, financial condition, and results of operations could be adversely affected. Operating Risks **Our strategy includes pursuing acquisitions.** We may be **unable to effectively manage our** ~~unsuccessful in making and integrating mergers, acquisitions and investments. The integration of acquisitions can involve significant anticipated and unanticipated operational challenges, including integrating different computer, enterprise resource planning, and accounting systems, integrating physical facilities and inventories~~ **inventory relative to our sales volume or as the prices of the products we distribute fluctuate, which could affect** ~~and integrating businesses and corporate cultures into our business~~ **and** ~~Addressing these challenges requires the attention of management and the diversion of resources from existing operations. Our failure to manage these operational challenges effectively and at anticipated costs could result in disruptions in overall operating performance and deficiencies in customer service of the combined business. These disruptions and deficiencies could lead to increased costs, order and delivery errors, inventory and billing errors, the loss of employees, or the loss of customers, suppliers, or products either overall or in certain markets, which could adversely affect our financial condition, and operating results.~~ **We purchase most of our products directly from manufacturers, which are then sold** and distributed to customers. We must maintain, and have adequate working capital to purchase sufficient inventory to meet customer demand. Due to the lead times required by our suppliers, we order products in advance of expected sales. As a result, we are required to forecast our sales and purchases accordingly. In periods characterized by significant changes in the overall economy and activity in the residential and commercial building and home repair and remodel industries, it can be especially difficult to forecast our sales accurately. We must also manage our working capital to fund our inventory purchases. Such issues and risks can be magnified by the diversity of product mix our distribution centers carry across multiple major product categories. Excessive increases in the market prices of certain building products can put negative pressure on our operating cash flows **by requiring us to invest more** ~~. As part of our overall strategy, we may make additional acquisitions or investments in inventory. In the future, if~~ ~~These acquisitions or investments would be subject to the same risks and uncertainties described above. If we do not~~ **are unable to** ~~effectively manage those risks and uncertainties, our~~ **inventory financial condition, our operating results, and** ~~cash flows may be negatively affected,~~ **, which could have a material adverse effect on our business, financial condition, and operating results.** We may incur business disruptions resulting from a variety of possible causes. The operations at our distribution facilities may be interrupted or impaired by various operating risks, including, but not limited to, risks associated with catastrophic events, such as war, fires, floods, earthquakes, explosions, natural disasters, severe weather, including hurricanes, tornados and droughts, whether a result of climate change or otherwise, pandemics, or other similar occurrences; interruptions in the delivery of products via railroad or other inbound transportation means; adverse government regulations; equipment breakdowns or failures; prolonged power failures; unscheduled maintenance outages; information system disruptions or failures due to any number of causes; violations of our permit requirements or revocation of permits; releases of pollutants and hazardous substances to air, soil, surface water or ground water; disruptions in transportation infrastructure, including roads, bridges, railroad tracks and tunnels; shortages of equipment or spare parts; and labor disputes and shortages. **Interruption We may be unable to effectively manage our** ~~or impairment of operations at one or more of our facilities could impact our ability to service customers, or could result in the loss of customers, suppliers or~~ **inventory relative to our sales volume or as the prices of the products we distribute fluctuate,** which could **adversely** ~~affect our~~ **business, financial condition, and** ~~operating results~~ **and** ~~We purchase most of our products directly from manufacturers, which are then sold and distributed to customers. We must maintain..... can put negative pressure on our operating~~ **cash flows by requiring us to invest more.** **Our strategy includes pursuing acquisitions. We may be unsuccessful in** ~~inventory making and integrating mergers, acquisitions and investments. As part of our overall strategy, we may make acquisitions or investments in the future. Acquisitions and~~

investments involve significant risks and uncertainties, including uncertainties as to the future financial performance of the acquired business, the achievement of expected synergies, or exposure to unforeseen liabilities of acquired companies. In addition, the integration of acquisitions can involve significant anticipated and unanticipated operational challenges, including integrating different computer, enterprise resource planning, and accounting systems, integrating physical facilities and inventories, and integrating businesses and corporate cultures into our business. Addressing the risks and challenges associated with acquisitions and investments requires the attention of management and the diversion of resources from existing operations. Our failure to manage these risks and challenges effectively and at anticipated costs, or to manage other consequences of an acquisition or inventory investment, could result in a failure to achieve anticipated benefits and synergies from an acquisition or investment, could cause disruptions in overall operating performance and deficiencies in customer service of the combined business, and could adversely affect our financial condition, operating results and cash flows may be negatively affected. Disruptions and deficiencies associated with integrating an acquired business could also lead to increased costs, order and delivery errors, inventory and billing errors, the loss of employees, or the loss of customers, suppliers, or products either overall or in certain markets, which could have a material adverse effect on our business, financial condition, and operating results, and cash flows. We are subject to information technology security risks and business interruption risks and may incur increasing costs in an effort to minimize and / or respond to those risks. Our business employs information technology systems to secure confidential information, such as employee personal data, but with the rapidly evolving sophistication of cyber-attacks, we may not be able to anticipate, prevent or mitigate our cybersecurity risks. Any compromise of our security could result in a loss or misuse of our confidential information or confidential information of our customers or suppliers, violation of applicable privacy and other laws, significant legal and financial exposure, theft, damage to our reputation, interruption of our business operations, and a loss of confidence in our security measures, any of which could harm our business. We may also be susceptible to phishing attacks, malware, ransomware, denial of service, and other attacks that could adversely affect our information technology systems. Although we utilize various procedures and controls to monitor and mitigate these threats, there can be no assurance that these procedures and controls will be sufficient to prevent security threats from materializing. As cyber-attacks become more sophisticated, we may incur significant costs to strengthen our systems from outside intrusions, and / or obtain insurance coverage related to the threat of such attacks. Additionally, our business is reliant upon information technology systems to, among other things, manage and route our sales calls, manage inventories and accounts receivable, make purchasing decisions, monitor our results of operations, place orders with our vendors and process orders from our customers. These systems may be vulnerable to natural disasters, telecommunications or equipment failures, power outages and similar events, employee errors or to intentional acts of misconduct, such as security breaches or cyber-attacks. The occurrence of any of these events or acts, or any other unanticipated problems, could result in damage to or the unavailability of these systems. Such damage or unavailability could, despite any existing disaster recovery and business continuity arrangements, interrupt the availability of one or more of our information technology systems. We have from time to time experienced such disruptions, and while such disruptions did not materially affect our business, they may occur in the future. Future Disruptions in these systems could materially impact our ability to buy and sell our products, as well as generally operate our business, which could reduce our revenue. Our success depends on our ability to attract, train, and retain highly qualified associates and other key personnel while controlling related labor costs. In order to be successful, we must attract, train, and retain a large number of highly qualified associates while controlling related labor costs. Our ability to control labor costs is subject to numerous external factors, including labor availability, prevailing wage rates and health and other insurance costs. In many of our markets, highly qualified associates are in high demand and we compete with other businesses for these associates and invest resources in training and incentivizing them. In particular, there is continues to be significant competition for qualified drivers in the transportation industry and increasingly more stringent regulatory requirements relating to drivers. There can be no assurance that we will be able to attract or retain highly qualified associates in the future, including those employed by companies we may acquire. As a result of labor shortages, particularly among our drivers and material handlers, we could be required to utilize temporary or contract labor. Using temporary or contract labor typically requires higher cost, and temporary or contract labor may be less productive than full-time associates. In addition, a shortage of qualified drivers could require us to increase driver compensation, let trucks sit idle, utilize third-party freight more so than normal, utilize less experienced drivers, or face difficulty meeting customer demands, all of which could adversely affect our growth and profitability. Furthermore, our success is highly dependent on the continued services of our management team. The loss of services of one or more key members of our senior management team could have a material adverse effect on us. We are exposed to product liability and other claims and legal proceedings related to our business and the products we distribute, which may exceed the coverage of our insurance. The building products industry has been subject to personal injury and property damage claims arising from alleged exposure to raw materials contained in building products as well as claims for incidents of catastrophic loss, such as building fires. As a distributor of building materials, we face an inherent risk of exposure to product liability claims in the event that the use of the products we have distributed in the past or may in the future distribute is alleged to have resulted in economic loss, personal injury or property damage, or violated environmental, health or safety, or other laws. Such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, or a breach of warranties. We rely on manufacturers and other suppliers, including manufacturers and suppliers located outside of the United States, to provide us with the products we sell or distribute. Since we do not have direct control over the quality of products that are manufactured or supplied to us by third parties, we are particularly vulnerable to risks relating to the quality of such products. We are also from time to time subject to casualty, contract, tort, and other claims relating to our business, the products we have distributed in the past or may in the future distribute, and the services we have provided in the past or may in the future provide, either directly or through third parties. In

addition, operating hazards, such as delivering and unloading products, operating large machinery and driving hazards, which are inherent in our business and some of which may be outside of our control, can cause personal injury and loss of life, damage to or destruction of property, plant, and equipment and environmental damage. We cannot predict or, in some cases, control the costs to defend or resolve such claims. We cannot assure our ability to maintain suitable and adequate insurance on acceptable terms or that such insurance will provide adequate protection against potential liabilities, and the cost of any product liability or other proceeding, even if resolved in our favor, could be substantial. Additionally, we do not carry insurance for all categories of risk that our business may encounter. Any significant uninsured liability may require us to pay substantial amounts. There can be no assurance that any current or future claims will not adversely affect our financial position, cash flows, or results of operations. Our business operations could suffer significant losses from ~~climate changes~~, natural disasters, catastrophes, fire, or other unexpected events. While we maintain insurance covering our facilities and equipment, including business interruption insurance, our warehouse facilities could be materially damaged by natural disasters, such as floods, tornadoes, hurricanes, and earthquakes, or by fire, adverse weather conditions, civil unrest, condemnation, or other unexpected events or disruptions to our facilities. We could incur uninsured losses and liabilities arising from such events, including damage to our reputation, and / or suffer material losses in operational capacity, which could have a material adverse impact on our business, financial condition, and results of operations. In addition, war, terrorism, geopolitical uncertainties, and public health issues could cause damage or disruption to the global economy, and thus could have a material adverse effect on us, our suppliers and our customers. Our **business operations and financial results could suffer from the impacts of climate change. Climate change, and its effects on weather patterns, the frequency and severity of weather-related events, and temperatures, could adversely impact our business. Extreme weather and temperatures could affect the availability of raw materials for the products that we distribute, the ability of our suppliers to deliver products to our distribution facilities and our ability to deliver those products to our customers. They could also result in lost production, supply chain disruption and increased transportation costs. Unpredictable weather and climate changes could also cause the price of the products we buy and sell to fluctuate significantly, including during and as a result of prolonged periods of heavy rain or drought, fires or other unpredictable weather events. Any or all of these effects could materially and adversely impact our business or results of operations.** Our operating results depend on the successful implementation of our strategy. We may not be able to implement our strategic initiatives successfully, on a timely basis, or at all. We regularly evaluate the performance of our business and, as a result of such evaluations, we have in the past undertaken and may in the future undertake strategic initiatives within our businesses, **including initiatives to migrate our sales mix toward higher - margin specialty product categories, foster a performance-driven culture committed to business excellence and profitable growth, and maintain a disciplined capital structure and pursue investments that increase the value of the Company**. Strategic initiatives that we may implement now or in the future may not result in improvements in future financial performance and could result in additional unanticipated costs. If we are unable to realize the benefits of our strategic initiatives, our business, financial condition, cash flows, or results of operations could be adversely affected. A significant percentage of our employees are unionized. Wage increases or work stoppages by our unionized employees may reduce our results of operations. As of December ~~31-30, 2022~~ **2023**, we employed approximately 2, ~~100-000~~ associates and less than one percent of our associates are employed on a part-time basis. Approximately ~~16-28~~ percent of our associates are represented by various local labor unions with terms and conditions of employment governed by Collective Bargaining Agreements (“CBAs”). ~~Five Six~~ **Five Six** CBAs covering approximately ~~five-nine~~ percent of our associates are up for renewal in fiscal ~~year 2023-2024~~, **of which one has already been renegotiated, one is currently under negotiation, and** we expect to renegotiate ~~by the remainder before the their renewal dates end of fiscal 2023~~. Although we have generally had good relations with our unionized employees, and expect to renew collective bargaining agreements as they expire, no assurances can be provided that we will be able to reach a timely agreement as to the renewal of the agreements, and their expiration or continued work under an expired agreement, as applicable, could result in a work stoppage. In addition, we may become subject to material wage increases, or additional work rules imposed by agreements with labor unions. The foregoing could increase our selling, general, and administrative expenses in absolute terms and / or as a percentage of net sales. In addition, work stoppages or other labor disturbances may occur in the future, which could adversely impact our net sales and / or selling, general, and administrative expenses. Wage increases could also be significant in an inflationary environment even in our non-unionized locations. All or some of these factors could negatively impact our operating results and cash flows. Federal, state, local, and other regulations could impose substantial costs and restrictions on our operations that would reduce our net income. We are subject to various federal, state, local, and other laws and regulations, including, among other things, transportation regulations promulgated by the Department of Transportation (“DOT”) and Federal Motor Carrier Safety Administration (“FMCSA”), work safety regulations promulgated by Occupational Safety and Health Administration, employment regulations promulgated by the U. S. Equal Employment Opportunity Commission, regulations of the U. S. Department of Labor and Federal Trade Commission, regulations issued by the SEC, accounting standards issued by the Financial Accounting Standards Board (“FASB”) or similar entities, and state and local zoning restrictions, building codes and contractors’ licensing regulations. More burdensome regulatory requirements in these or other areas may increase our general and administrative costs and adversely affect our financial condition, operating results, and cash flows. Moreover, failure to comply with the regulatory requirements applicable to our business could expose us to litigation and substantial fines and penalties that could adversely affect our financial condition, operating results, and cash flows. Our transportation operations, upon which we depend to distribute products from our distribution centers, are subject to the regulatory jurisdiction of the DOT and the FMCSA, which have broad administrative powers with respect to our transportation operations. More restrictive regulatory limitations, including those on vehicle weight and size, trailer length and configuration, or driver hours of service would increase our costs, which, if we are unable to pass these cost increases on to our customers, may increase our selling, general and administrative expenses and adversely affect our financial condition, operating results, and

cash flows. If we fail to comply adequately with such regulations or such regulations become more stringent, we could experience increased inspections, regulatory authorities could take remedial action, including imposing fines or shutting down our operations, or we could be subject to increased audit and compliance costs. If any of these events were to occur, our financial condition, operating results, and cash flows could be adversely affected. In addition, the residential and commercial construction industries are subject to various local, state and federal statutes, ordinances, codes, rules and regulations concerning zoning, building design and safety, construction, contractor licensing, energy conservation, and similar matters, including regulations that impose restrictive zoning and density requirements on the residential new construction industry or that limit the number of homes or other buildings that can be built within the boundaries of a particular area. Regulatory restrictions may increase our operating expenses and limit the availability of suitable building lots for our customers, any of which could negatively affect our business, financial condition and results of operations. We are subject to federal, state, and local environmental protection laws and may have to incur significant costs to comply with these laws and regulations in the future. Environmental liabilities could arise on the land that we have owned, **currently** own or lease, including as a result of the use of underground fuel storage tanks, and these liabilities could have a material adverse effect on our financial condition and performance. Federal, state, and local laws and regulations relating to the protection of the environment, including those regulating the use and maintenance of underground storage tanks, may require a current or previous owner or operator of real estate to investigate and remediate hazardous materials, substances and waste releases at or from the property. They may also impose liability for property damage and personal injury stemming from the presence of, or exposure to, hazardous substances. In addition, we could incur costs to comply with such environmental laws and regulations, the violation of which could lead to substantial fines and penalties. **Our operations could be subject to regulations related to climate change, enacted at the federal, state or local level relating to climate change, could result in changes to the way we conduct business or store or deliver products, and could result in significantly increased costs of compliance, including for transportation, environmental monitoring and reporting, capital expenditures, or insurance premiums and deductibles. These potential changes or increased costs could adversely impact our business and results of operations.** The effect of **epidemics, global pandemics or, such as COVID-19, and other widespread public health crises and governmental rules and regulations and could significantly disrupt our policies related to such may adversely affect our business and results from operations or those of our customers or suppliers. If an epidemic, global pandemic, or other widespread public-public health crises disrupts the worldwide economy or if similar widespread disease outbreaks occur in the future, pandemics our business, financial condition and epidemics, results of operations could be negatively affected to the extent such as event harms the economy or regions in which we operate. In particular, any outbreak or resurgence of COVID-19 or a similar variant or any other future variants, have impacted or governmental imposition of mandatory or voluntary closures in areas where our manufacturing facilities, suppliers or customers are located, could severely disrupt our operations. In addition to this potential direct impact on our facilities and operations, continuing outbreaks of the virus could negatively impact our industry and end markets as a whole or result in a longer- term economic recession. Any of these factors could negatively affect our business, financial performance.** The extent of the effect of COVID-19 variants on our operational and financial performance in future periods will depend on future developments, which cannot be predicted with confidence, including the duration, scope and severity and spread of such COVID-19 variants, the actions taken to contain- **condition** or mitigate its impact, and direct and indirect economic effects of such and related containment measures, among others. Additionally, implementation of these rules, future rules, or our own vaccination policies, as well as navigating conflicts between state, local and federal rules, could cause us to experience additional challenges in retaining our employees. Regulatory impacts from these rules, or future rules, requiring Company-wide policies could impact us in a significant way. If we fail to attract, motivate, train and retain qualified personnel, or if we experience excessive turnover, we may experience declining sales, manufacturing delays or other operating inefficiencies, increased recruiting, training and relocation costs and other difficulties, and our results of operations, cash flows and financial condition- **profitability, and results** the trading price of **operations** our common stock may be adversely impacted.

Financial Risks Our future operating results may fluctuate significantly, and our current operating results may not be a good indication of our future performance. Fluctuations in our quarterly financial results could affect our stock price in the future. Our revenues and operating results have historically varied from period- to- period and we expect that they will continue to do so as a result of a number of factors, many of which are outside of our control. If our quarterly financial results or our predictions of future financial results fail to meet the expectations of securities analysts and investors, our stock price could be negatively affected. Any volatility in our quarterly financial results may make it more difficult for us to raise capital in the future or pursue acquisitions that involve issuances of our stock. In addition, because of this variability, our operating results for prior periods may not be effective predictors of future performance. Factors associated with our industry, the operation of our business, and the markets for our products may cause our quarterly financial results to fluctuate, including:

- general economic conditions, including but not limited to housing starts, construction labor shortages, repair and remodel activity and commercial construction, foreclosure rates, interest rates, unemployment rates, and mortgage availability and pricing, as well as other consumer financing mechanisms, that ultimately affect demand for our products;
- supply chain disruptions, including those caused by the spread of contagious illness and geopolitical risks;
- the highly competitive nature of our industry;
- the commodity nature of many of our products and their price movements, which are driven largely by capacity utilization rates and industry cycles that affect supply and demand;
- the cessation or reduction of supplier incentive programs, such as supplier rebates and / or deviation programs, and / or our inability to collect supplier incentives due to us;
- disintermediation;
- the impact of actuarial assumptions and regulatory activity on pension costs and pension funding requirements;
- our creditworthiness in addition to the financial condition and creditworthiness of our customers;
- our indebtedness, including the possibility that we may not generate sufficient cash flows from operations or that future borrowings may not be available in

amounts sufficient to fulfill our debt obligations and fund other liquidity needs; • cost of compliance with government regulations; • adverse customs and tariff rulings including those relating to anti-dumping, countervailing duty, or circumvention investigations; • protectionist trade policies and import tariffs; • labor disruptions, shortages of skilled and technical labor, or increased labor costs; • the impact of inflation, which may arise from changes in the economic environment; • increased healthcare costs; • the need to successfully implement succession plans for our senior managers and other associates; • our ability to successfully complete potential acquisitions, achieve expected synergies from acquisitions, or efficiently integrate acquired operations; • disruption in our information technology systems; • **federal laws and regulations regarding the importation of products may cause us to incur significant costs to comply with such laws and regulations in the future**; • significant maintenance issues or failures with respect to our tractors, trailers, forklifts, and other major equipment; • severe weather phenomena such as drought, hurricanes, tornadoes, and fire; • condemnations of all or part of our real property; and • fluctuations in the market for our equity. Any one of the factors above or the cumulative effect of some of the factors referred to above may result in significant fluctuations in our quarterly financial and other operating results, including fluctuations in our key metrics. The variability and unpredictability could result in our failing to meet our internal operating plan or the expectations of securities analysts or investors for any period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our shares could fall substantially and we could face costly lawsuits, including securities class action suits. Our level of indebtedness could limit our financial and operating activities and adversely affect our ability to incur additional debt to fund future needs. As of December ~~31-30, 2022~~ **2023**, we had no outstanding debt under our revolving credit facility, and approximately \$ 300. 0 million of debt outstanding under our senior secured notes. Additionally, as of December ~~31-30, 2022~~ **2023**, outstanding commitments under our finance leases were approximately \$ ~~273-285. 1-4~~ million. Our level of indebtedness could still have considerable consequences to our financial condition and operating results. For example, our indebtedness could: • make us more vulnerable to general adverse economic and industry conditions; • limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions, and other general corporate requirements; • expose us to interest rate fluctuations because the interest rate on the debt under our revolving credit facility is variable; • require us to dedicate a substantial portion of our cash flows to payments on our debt, thereby reducing the availability of our cash flows for operations and other purposes; • limit our flexibility in planning for, or reacting to, changes in our business, and the industry in which we operate; and • place us at a competitive disadvantage compared to competitors that may have proportionately less debt, and therefore may be in a better position to obtain more favorable credit terms. If compliance with our debt obligations materially limits our financial or operating activities, or hinders our ability to adapt to changing industry conditions, we may lose market share, our revenue may decline and our operating results may be negatively affected. The instruments governing our indebtedness contain various covenants limiting the discretion of our management in operating our business, including requiring us to maintain a minimum level of excess liquidity. Our revolving credit facility and senior secured notes contain various covenants and restrictions, including customary financial covenants that limit management's discretion in operating our business. In particular, these instruments limit our ability to, among other things: • incur additional debt; • grant liens on assets; • make investments; • repurchase stock; • pay dividends and make distributions; • sell or acquire assets, including certain real estate assets, outside the ordinary course of business; • engage in transactions with affiliates; and • make fundamental business changes. These covenants and restrictions could affect our ability to operate our business, and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. Additionally, our ability to comply with these covenants may be affected by events beyond our control, including general economic and credit conditions and industry downturns. If we fail to comply with these covenants and restrictions, a default may allow the creditors under the relevant instruments to accelerate the related debts and to exercise their remedies under these agreements, which typically will include the right to declare the principal amount of that debt, together with accrued and unpaid interest, and other related amounts, immediately due and payable, to exercise any remedies the creditors may have to foreclose on assets that are subject to liens securing that debt, and to terminate any commitments they had made to supply further funds. Refer to Note **9-8, Long-Term Debt and Finance Leases**, in **Item 8 of this Annual Report** for further details. Despite our current levels of debt, we may still incur more debt, which would increase the risks described in these risk factors relating to indebtedness. The agreements relating to our debt significantly limit, but do not prohibit, our ability to incur additional debt. In addition, certain types of liabilities are not considered "Indebtedness" under the agreements relating to our debt. Accordingly, we could incur additional debt or similar liabilities in the future. If new debt or similar liabilities are added to our current debt levels, the related risks that we now face could increase. We have sold and leased back certain of our distribution centers under long- term non- cancelable leases; and may enter into similar transactions in the future. All of these leases are (or will be) finance leases, and our debt and interest expense may increase as a result. As a result of real estate financing transactions through sale- leaseback arrangements, a substantial number of our distribution centers are leased under non- cancelable leases. These leases typically have initial terms of approximately fifteen years, and most provide options to renew for specified periods of time. We may enter into additional sale and lease- back transactions in the future. The leases resulting from these transactions are generally recognized and accounted for as finance leases, which may be counted as indebtedness, including for purposes of financial covenants in the agreements governing our debt, and may significantly increase the stated interest expense that is recognized in our income statements. Many of our distribution centers are leased, and if we close a leased distribution center before expiration of the lease, we will still be obligated under the applicable lease. In addition, we may be unable to renew the leases at the end of their terms. If we close a distribution center that is subject to a non- cancelable lease, we would remain committed to perform our obligations under the applicable lease, which would include, among other things, payment of the base rent, insurance, taxes, and other expenses on the leased property for the balance of the lease term. Management may explore offsets to remaining obligations, such as subleasing opportunities or negotiated lease terminations, but there can be no assurance that we can offset remaining obligations on commercially reasonable terms or at all. Our obligation to continue **making rental payments to perform our obligations** with

respect to leases for closed distribution centers could have a material adverse effect on our business and results of operations. In addition, at the end of a lease term and any renewal period for a leased distribution center, or for those locations where we have no renewal options remaining, we may be unable to renew the lease without additional cost, if at all. If we are unable to renew our distribution center leases, we may close or, if possible, relocate the distribution center, which could subject us to additional costs and risks which could have a material adverse effect on our business. Additionally, the revenue and profit generated at a relocated distribution center may not equal the revenue and profit generated at the previous location. We may not have or be able to raise the funds necessary to finance a required repurchase of our senior secured notes. Subject to certain exceptions, upon the occurrence of a change in control under the indenture governing our senior secured notes, we are required to offer to repurchase all of the outstanding notes. It is possible that we would not have sufficient funds at the time that we are required to make any such repurchase of our senior secured notes, and we cannot assure the holders of the senior secured notes that we will have sufficient financial resources, or will be able to arrange financing, to pay the repurchase price in cash with respect to any such notes upon a change in control. Our failure to repurchase the senior secured notes when required would result in an event of default with respect to such notes which could, in turn, constitute a default under the terms of our other indebtedness, if any. Certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, may not constitute a change in control under the indenture governing our senior secured notes. A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital. Any rating assigned to our debt could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. A change in our product mix could adversely affect our results of operations. Our results may be affected by a change in our product mix. Our outlook, budgeting, and strategic planning assume a certain mix of product sales. If actual results vary from this projected mix of product sales, our financial results could be negatively impacted. Additionally, gross margins vary across our product lines. If the mix of products shifts from higher margin product categories to lower margin product categories, our overall gross margins and profitability may be adversely affected. Consequently, changes in our product mix could have a material adverse impact on our financial condition and operating results. Relatedly, our product sales to a customer may be dependent on the supplier and the brands we distribute. If we are unable to supply certain brands to our customers, then our ability to sell to existing customers and acquire new customers will be difficult to accomplish. As a result, our revenue, operating performance, cash flows, and net income may be adversely affected. If the **cost-costs** of fuel, third- party freight or other energy prices increase or availability of third- party freight providers is reduced, our results of operations could be adversely affected. Petroleum and energy prices and availability of petroleum products are subject to political, geopolitical, economic, and market factors that are outside our control. Political events in petroleum- producing regions as well as hurricanes and other weather- related events or natural disasters may cause the price of fuel to increase or the availability of fuel to decrease. Within our business units, we deliver products to our customers primarily via our fleet of trucks, which we fuel both onsite and through street fuel programs. We also utilize third- party freight providers to deliver our products and the costs associated with them could affect the expense incurred to deliver products to our customers. Our operating profit may be adversely affected if we are unable to obtain the fuel we require or to fully offset the anticipated impact of higher fuel prices or third- party freight costs through increased prices or fuel surcharges to our customers. Besides trying to pass fuel costs to customers, we have at times entered into forward purchase contracts for fuel used at some of our facilities that protect against fuel price increases. If shortages occur in the supply of necessary petroleum products and we are not able to pass along the full impact of increased petroleum prices to our customers or otherwise protect ourselves by entering into forward purchase contracts, then our results of operations would be adversely affected. We establish insurance- related deductible / retention **reserves-liabilities** based on historical loss development factors, which could lead to adjustments in the future based on actual development experience. We retain a significant portion of the accident risk under our vehicle liability and workers' compensation insurance programs; and we are self- insured for health insurance, the exposure of which is limited by stop- loss coverage. Our self- insurance accruals are based on actuarial estimated, undiscounted cost of claims, which includes claims incurred but not reported. While we believe our estimation processes are well designed, every estimation process is inherently subject to limitations. Fluctuations in the frequency or amount of claims make it difficult to precisely predict the ultimate cost of claims. The actual cost of claims can be different than the historical selected loss development factors because of safety performance, payment patterns, and settlement patterns. The value of our deferred tax assets could become impaired, which could materially and adversely affect our operating results. As of December **31-30, 2022-2023**, we had \$ **56-53. 2-3** million in net deferred tax assets. These deferred tax assets include temporary differences arising from such items as property, plant and equipment, accrued compensation, and accounting reserves related to inventory and other items in conjunction with net state operating loss carryovers that can be used to offset taxable income in future periods and reduce income taxes payable in those future periods. Each quarter, we determine the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings, and tax planning strategies. For example, we were required to evaluate and maintain reasonable valuation allowances against our remaining state net operating loss carryforwards against our U. S. deferred tax assets as of December **31-30, 2022-2023**. These valuation allowances are calculated based on the probability that we will not realize taxable income in the states in which we carry net operating loss carryforwards in a time suitable to take advantage of them. If we determine in the future that there is not sufficient positive evidence to support the remaining valuation of our deferred tax assets, either due to Part 1, Item 1A, Risk Factors described herein or other factors which may impact our net operating carryforwards or other components of our deferred tax assets such as our temporary differences which may arise from tax legislation which we cannot foresee, we may be required to further adjust the valuation allowance to reduce our deferred tax assets, in specific areas or in total. Such a reduction could result in material non- cash expenses in the period in which the valuation allowance is adjusted and

could have a material adverse effect on our results of operations. Our expected annual effective tax rate could be volatile and materially change as a result of changes in **the** mix of earnings and other factors. Our overall effective tax rate is equal to our total income tax expense, also referred to as provision for income taxes, as a percentage of our income or loss before provision for income taxes. However, tax expenses and benefits are determined separately for each tax paying entity or group of entities that is consolidated for tax purposes in each jurisdiction. Losses in certain jurisdictions may provide no current financial statement tax benefit. As a result, changes in the mix of profits and losses between jurisdictions, among other factors, could have a significant impact on our overall effective tax rate. New and unforeseen changes in tax legislation may impact our effective tax rate in future periods, both on a federal and state level, which may have an impact on our net income and result in material non-cash expenses in the relevant period.

~~Changes in actuarial assumptions for our pension plan could impact our financial results, and funding requirements are mandated by the Federal government. We sponsor a defined benefit pension plan. Most of the participants in our pension plan are inactive, with all remaining active participants no longer accruing benefits, and the pension plan is closed to new entrants. However, unfavorable changes in various assumptions underlying the pension benefit obligation could adversely impact our financial results. Significant assumptions include, but are not limited to, the discount rate, projected return on plan assets, and mortality rates. In addition, the amount and timing of our pension funding obligations are influenced by funding requirements that are established by the Employee Retirement Income and Security Act of 1974, the Pension Protection Act, Congressional Acts, or other governing bodies.~~ Costs and liabilities related to our participation in multi-employer pension plans could increase. We are involved in various multi-employer pension plans in the U. S. based on obligations arising under collective bargaining agreements. Some of these plans are significantly underfunded and may require increased contributions in the future. The amount of any increase or decrease in our required contributions to these multi-employer pension plans will depend upon the outcome of collective bargaining, actions taken by trustees who manage the plan, governmental regulations, the actual return on assets held in the plan, the continued viability and contributions of other employers which contribute to the plan, and the potential payment of a withdrawal liability, among other factors. Our cash flows and capital resources may be insufficient to make required payments on our indebtedness or future indebtedness. Our ability to make scheduled payments under our revolving credit facility and senior secured notes depends on our successful financial and operating performance, cash flows, and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business, and other factors, many of which are beyond our control. These factors include, among others: • economic and demand factors affecting the building products distribution industry; • external factors affecting availability of credit; • pricing pressures; • increased operating costs; • competitive conditions; and • other operating difficulties. 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 material assets or operations, obtain additional capital, or restructure our debt. There is no assurance that we could obtain additional capital or refinance our debt on terms acceptable to us, or at all. If we are required to dispose of material assets or operations to meet our debt service and other obligations, the value realized on the disposition of such assets or operations will depend on market conditions and the availability of buyers. Accordingly, any such sale may not, among other things, be for a sufficient dollar amount to repay our indebtedness. If we do not make scheduled payments on our debt, we will be in default and the outstanding principal and interest on our debt could be declared to be due and payable, in which case we could be forced into bankruptcy or liquidation or required to substantially restructure or alter our business operations or debt obligations. Borrowings under our revolving credit facility ~~bears~~ **bear** interest at a variable rate, which subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. Borrowings under our revolving credit facility bear interest at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on this variable rate indebtedness would increase even though the amount borrowed remained the same. Although we may elect in the future to take certain actions to reduce interest rate volatility in connection with our variable rate borrowings, we cannot provide assurances that we will be able to do so or that those actions will be effective. ~~Our revolving credit facility includes available interest rate options based on the London Inter-bank Offered Rate (“LIBOR”), which will be discontinued as an available rate option after June 30, 2023. Under the terms of the facility, LIBOR will be replaced with the Secured Overnight Financing Rate (“SOFR”) with respect to the applicable variable rate interest options thereunder, with effect on or before June 30, 2023. There can be no assurances as to whether SOFR will be a more or less favorable reference rate than LIBOR, and the consequences of replacing LIBOR with SOFR cannot be entirely predicted. However, at this time, we do not believe that the replacement of LIBOR by SOFR as a reference rate in our revolving credit facility will have a material adverse effect on our financial position or materially affect our interest expense.~~ Changes in, or interpretation of, accounting principles could result in unfavorable accounting changes. Our consolidated financial statements are prepared in conformity with U. S. generally accepted accounting principles and accompanying accounting pronouncements, implementation guidelines, and interpretations. These rules are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles. Changes in these rules or their interpretation, such as recent changes regarding lease accounting standards, could significantly change our reported results and may even retroactively affect previously reported transactions. Changes resulting from the adoption of new or revised accounting principles may result in materially different financial results and may require that we make changes to our systems, processes, and controls.

Risks Relating to Our Common Stock Our stock price may fluctuate significantly. The market price of our stock historically has experienced and may continue to experience significant price fluctuations similar to those experienced by the broader stock market in recent years. In addition, the price of our stock may fluctuate significantly in response to various factors, including: • actual or anticipated fluctuations in our operating results; • announcements by us or our competitors of significant acquisitions, dispositions or expansion plans; • market conditions in our industry; • changes in market valuation or earnings of our Company or other companies in our industry; • changes in accounting standards, policies, guidance, interpretations or principles; • the operating and stock price performance of other comparable companies; • investor perception of our Company; • results from material litigation or governmental investigation; • changes in

laws or regulations affecting our Company or significant products we sell ; and • general overall economic, political and market conditions. Broad market and industry factors may materially harm the market price of our common stock, regardless of our operating performance . **In addition, share repurchases pursuant to our new share repurchase program could affect our stock price and increase its volatility. The existence of a share repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. There can be no assurance that any share repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of common stock. Although our share repurchase program is intended to enhance long- term stockholder value, short- term stock price fluctuations could reduce the program’ s effectiveness. Furthermore, the program does not obligate the Company to repurchase any dollar amount or number of shares of common stock, and may be suspended or discontinued at any time and any suspension or discontinuation could cause the market price of our stock to decline** . We could be the subject of securities class action litigation due to stock price volatility, which could divert management’ s attention and adversely affect our results of operations. The stock market in general, and market prices for the securities of companies like ours in particular, have from time -to -time experienced volatility that often has been unrelated to the operating performance of the underlying companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating performance. In certain situations , in which the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the Company that issued the stock. If any of our stockholders were to bring a similar lawsuit against us, the defense and disposition of the lawsuit could be costly and divert the time and attention of our management and harm our operating results. If securities or industry analysts do not publish research or publish unfavorable research about our business, our stock price and trading volume could decline. The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about our business or us. If one or more of the analysts who ~~covers~~ **cover** us downgrades our stock or publishes unfavorable research about our business or our industry, our stock price would likely decline. If one or more of these analysts ceases coverage of our Company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline. The activities of activist stockholders could have a negative impact on our business and results of operations. While we seek to actively engage with stockholders and consider their views on business and strategy, we could be subject to actions or proposals from stockholders or others that do not align with our business strategies or the interests of our other stockholders. Responding to these stockholders could be costly and time- consuming, disrupt our business and operations, and divert the attention of our Board of Directors and senior management. Uncertainties associated with such activities could interfere with our ability to effectively execute our strategic plan, impact long- term growth, and limit our ability to hire and retain personnel. In addition, **the** actions of these stockholders may cause periods of fluctuation in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. The terms of our revolving credit facility and senior secured notes place restrictions on our ability to pay dividends on our common stock, so any returns to stockholders may be limited to the value of their stock. We have not declared or paid any cash dividends on our common stock since 2007, and we are subject to certain ~~condition~~ **conditions** in order to do so under the terms of our revolving credit facility and senior secured notes. As we have no current intention of paying dividends, unless we ~~should~~ decide to do so in the future, any return to stockholders may be limited to the appreciation in their stock.