**Risk Factors Comparison 2023-09-26 to 2022-09-27 Form: 10-K**

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

In addition to the other information contained in this Annual Report, you should carefully consider the following risk factors before investing in our ordinary shares. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect the business, financial condition and results of operations of the Company. If any of the possible events described below were to occur, the business, financial condition and results of operations of the Company could be materially and adversely affected. If that happens, the market price of our ordinary shares could decline, and holders of our ordinary shares could lose all or part of their investment. This Annual Report also contains forward- looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward- looking statements as a result of various factors, including the risks described below and elsewhere in this Annual Report. Market conditions, competition, financial Weakness in the economy, market trends, uncertainty and other conditions in the markets in which we operate, particularly in the United States, may adversely affect the profitability and financial stability of our customers, and could negatively impact our sales growth and results of operations. Our financial performance depends significantly on industry trends and general economic conditions, including the state of the residential and non- residential markets, as well as changes in gross domestic product in the geographic markets in which we operate, particularly in the United States where we generated 95 % of our net sales from continuing operations in fiscal ~~2022~~ **2023** . We serve several end markets in which the demand for our products is sensitive to the construction activity, capital spending and demand for products of our customers. Many of these customers operate in markets that are subject to cyclical fluctuations resulting from market uncertainty, costs of goods sold, **rising interest rates,** currency exchange rates **, labor shortages including a shortage of skilled trade professionals, work stoppages and strikes** , foreign competition, offshoring of production, oil and natural gas prices, geopolitical developments, wage inflation and a variety of other factors beyond our control. In addition, geopolitical conflicts, such as the current conflict in Ukraine or potential conflict between China and Taiwan and any related international response, may exacerbate inflationary pressures, including causing increases in commodity prices and energy costs. Any of these factors could cause customers to idle or close facilities, delay purchases, reduce production levels or experience reductions in the demand for their own products or services. Adverse conditions in, or uncertainty about, the markets in which we operate, the economy or the political climate could also adversely impact ~~the~~ **our** customers ~~of our end markets~~ and their confidence or financial condition, causing them to decide not to purchase our products or alter the timing of purchasing decisions or construction projects, and could also impact their ability to pay for products purchased from us. Other factors beyond our control, including but not limited to unemployment, interest rate and mortgage rate fluctuation, mortgage delinquency and foreclosure rates, inventory loss due to theft, foreign currency fluctuations, labor and healthcare costs, the availability of financing, **disruption in** the **financial and** ~~state of the~~ credit markets **, including as a result of instability in the banking sector and the failure of financial institutions** , changes in tax laws affecting the real estate industry, product availability constraints as a result of ineffectiveness of or disruption to our domestic or international supply chain or the fulfillment network, weather, cybersecurity incidents or network security breaches, natural disasters, acts of terrorism, global pandemics, international trade tensions, and geopolitical uncertainties, could have a material adverse effect on our business, financial condition and results of operations. Any of these events could impair the ability of our customers to make full and timely payments **for,** or reduce the volume of **,** products these customers purchase from us and could cause increased pressure on our selling prices and terms of sale. Accordingly, a significant or prolonged slowdown in activity in our relevant end markets could negatively impact net sales growth and results of operations. In addition, we **have closed and** may **in the future** have to close underperforming branches and / or showrooms from time to time as warranted by general economic conditions and / or weakness in the end markets in which we operate. Such closures could have a material adverse effect on our business, financial condition and results of operations. We could be adversely impacted by declines in the residential and non- residential markets, as well as the RMI and new construction markets. Our end markets focusing on the residential and non- residential markets as well as the RMI and new construction markets are dependent, in part, upon certain macroeconomic trends in these markets. In fiscal ~~2022~~ **2023** , the Company' s net sales in the residential and non- residential markets generated ~~54~~ **approximately 52** % and ~~46~~ **48** %, respectively, of net sales from continuing operations. Our sales within the residential and non- residential markets are divided further into RMI and new construction markets, which represent approximately 60 % and 40 %, respectively, of net sales from continuing operations. A slowdown in the residential and / or non- residential markets caused by inflation, higher interest or mortgage rates or other issues in the market, may cause unanticipated shifts in our end market 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 business, financial condition and results of operations. The industries in which we operate are highly competitive, and changes in competition, including as a result of consolidation, could result in decreased demand for our products and related service offerings and could have a material effect on our sales and profitability. We face competition in all markets we serve from wholesale distributors, supply houses, retail enterprises, online businesses that compete with price transparency, and from manufacturers (including some of our own suppliers) that sell directly to certain segments of the market. In particular, wholesale and distribution businesses in other industry sectors have been disrupted by the arrival of new competitors with lower- cost non- value added transactional business models or new technologies to aggregate demand away from incumbents. In the event that one or more online marketplace companies, which in some cases have larger customer bases, greater brand recognition and greater resources than we do, focus resources on competing in our markets, it could have a material adverse effect on our business, financial condition and results of operations. In addition, such competitors may use aggressive pricing and marketing tactics (such as paid search marketing) ~~and~~ **,** devote substantially more financial resources to website and systems development **, or respond more quickly to emerging technologies (such as generative AI) and changes in customer preferences** than we do. It is expected that competition could further intensify in the future as online commerce continues to grow worldwide. Increased competition may result in reduced net sales, lower operating margins, reduced profitability, loss of market share and diminished brand recognition. The industries in which we operate may be disrupted by non- traditional competitors through acquisitions of traditional competitors to expand their capabilities. The industries in which we operate are also consolidating as customers are increasingly aware of the total costs of fulfillment and of the need to have consistent sources of supply at multiple locations. This competitor consolidation could cause the industries to become more competitive as greater economies of scale are achieved. Additionally, we have experienced competitive pressure from certain of our suppliers who are now selling their products directly to customers. Suppliers can often sell their products at lower prices and maintain higher gross margins on their product sales than we can. Continued competition from our suppliers may negatively impact our business and results of operations, including through reduced sales, lower operating margins, reduced profitability, loss of market share and diminished brand recognition. In response to these competitive pressures, among other initiatives, we are applying technology as an important medium for delivering better customer service alongside the supply of our products, and to create dedicated tools to save customers time and money. However, we may not continue to realize benefits from such investments and such initiatives may not be successful. In addition, failure to effectively execute our strategies, including the development and acquisition of such new business models or technologies, or successfully identify future market and competitive pressures, could have a material adverse effect on net sales and profitability. Fluctuating product prices may adversely affect the Company' s business, financial condition and results of operations. Some of our products contain significant amounts of commodity- priced materials, predominantly plastic, copper and steel, and other components that are subject to price changes based upon fluctuations in the commodities market, which can arise from changes in domestic and international supply and demand, general inflationary pressures, labor costs, competition, tariff and trade restrictions and geopolitical conflict, among other factors. To a lesser extent, fluctuations in the price of fuel could affect transportation costs. In addition, shipping capacity constraints and related fluctuations in shipping rates and space availability further impact the product cost. Our ability to adjust prices in a timely manner to account for price fluctuations will often depend on market conditions, our fixed costs, inflation and deflation, and other factors. In the event that circumstances require us to adjust our product prices and operational strategies to reflect fluctuating prices (inflation / deflation), there can be no assurance that such adjustments will be effective ~~, which could have a material adverse effect on our business, financial condition and results of operations~~ . For example, ~~we increased inventory levels during the year to maintain product availability and~~ our inability to pass on all or a portion of product price inflation to our customers in a timely manner could reduce our profit margins. **Similarly, downward pressure on product prices due to deflation could cause profit margins to decline.** Moreover, our efforts to monitor for signs of moderation or deflation, which would present ~~risk~~ **risks** that we may not be able to totally mitigate, may be ineffective **. Any failure to appropriately address some or all of these risks could have a material adverse effect on our business, financial condition** and ~~result~~ **results** ~~in write- downs~~ of ~~inventories~~ **operations** . We have funding risks related to our defined benefit pension plans. The Company operates a variety of pension plans, including funded and ~~unfunded~~ **underfunded** defined benefit schemes in Canada and the United Kingdom. Our pension trustees and plan sponsors aim to match the liabilities with a portfolio of assets, comprising equity and debt securities alongside diversified growth assets and further investments designed to hedge the underlying interest and inflation risk inherent in the associated liabilities **. The market value of these assets can rise and fall over time which impacts the funding position of the plan** . The United Kingdom defined benefit pension plan (the " United Kingdom Plan "), the Company' s largest defined benefit plan, is closed to future service costs and has a buy- in insurance policy which covers a large proportion of the existing participants. ~~The market value of these assets can rise and fall over time which impacts the funding position of the plan.~~ Following the completion of the Company' s disposal of **Wolseley UK Limited (** the **"** U. K. business **")** on January 29, 2021, the Company retained future responsibility for the United Kingdom Plan, as the ongoing liabilities were not transferred to the purchaser ~~. On an accounting basis, the liabilities of the Company' s pension plans are measured using discount rates assessed by reference to corporate bond yields, which can also vary significantly between reporting periods. As of July 31, 2022, we had recognized on our balance sheet a net pension asset of $ 106 million compared to a net pension asset of $ 96 million as of July 31, 2021 for the United Kingdom Plan and the Canadian defined benefit plans combined~~ . As required by United Kingdom pensions regulation, the United Kingdom Plan **completed** ~~is currently going through~~ its triennial actuarial valuation exercise, which is measured on a technical provisions basis, based on the United Kingdom Plan' s financial position as of April 30, 2022. The ~~results of this~~ triennial valuation ~~could result~~ **resulted** in **a need for** deficit reduction contributions **by** ~~being required. We expect to know~~ the ~~results in~~ **Company of £ 133 million spread over the period to January 31, 2026, of which the Company has paid £ 26 million as of July 31,** 2023. In addition to required contributions, the Company makes voluntary contributions at the discretion of management. ~~There~~ -- **The** ~~are no deficit reduction contributions due to be made, however, a new deficit reduction plan will be agreed, if required, after the current triennial actuarial valuation is completed. Any~~ requirement to pay such additional sums, due to factors such as a deterioration in economic conditions or changes in actuarial assumptions, could have an adverse effect on our financial condition. In addition, actions by the U. K. Pensions Regulator or the trustees of our pension plans or any material revisions to the existing pension legislation could result in us being required to incur significant additional costs immediately or in short time frames. Such costs, in turn, could have an adverse effect on our financial condition. Changes in our credit ratings and outlook may reduce access to capital and increase borrowing costs. Our credit ratings are based on a number of factors, including our financial strength and factors outside of our control, such as conditions affecting our industry generally and the introduction of new rating practices and methodologies. A resurgence of the COVID- 19 pandemic or other ~~pandemic~~ **public health crisis** could negatively impact our credit ratings and thereby adversely affect our access to capital and cost of capital. We cannot provide assurances that our current credit ratings will remain in effect or that the ratings will not be lowered, suspended or withdrawn entirely by the rating agencies. If rating agencies lower, suspend or withdraw the ratings, the market price or marketability of our securities may be adversely affected. Pressure on the ratings could also arise from higher shareholder payouts or larger acquisitions than we have currently planned that result in increased leverage, or in a deterioration in the metrics used by the rating agencies to assess creditworthiness. In addition, any change in ratings could make it more difficult for the Company to raise capital on acceptable terms, impact the ability to obtain adequate financing and result in higher interest costs on future financings. We may not be able to access the capital and credit markets on terms that are favorable to us. We may seek access to the capital and credit markets to supplement our existing funds and cash generated from operations for working capital, capital expenditure and debt service requirements and other business initiatives. ~~The capital~~ **Capital** and credit markets **may** ~~are experiencing, and have in the past experienced~~ - **experience** ~~, extreme~~ volatility and disruption **from time to time** ~~, including as a result of the COVID- 19 pandemic~~ , which **can** ~~leads~~ - **lead** to uncertainty and liquidity issues for both borrowers and investors. In the event of adverse market conditions, we may be unable to obtain capital or credit market financing on favorable terms, which could materially adversely affect our business, financial condition and results of operations. Potential regional or global barriers to trade or a global trade war could increase the cost of our products, which could adversely impact the competitiveness of our products and our financial results. Trade tensions between the United States and China have escalated over the past several years which resulted in elevated tariffs. The current U. S. presidential administration has not taken action to roll these back. However, in May 2022, the Office of United States Trade Representative ( **the** " USTR ") commenced its quadrennial review of the tariffs imposed on China- origin goods pursuant to Section 301 of the Trade Act of 1974 (the " Trade Act "). **The** USTR initiated its review pursuant to Section 307 (c) of the Trade Act, which requires the USTR to review the " necessity of " Section 301 actions four years after their implementation **. In September 2022, the USTR announced that because requests for continuation were received, the tariff actions had not terminated and the USTR would conduct a review of the tariff actions. In October 2022, the USTR announced the public comment phase of its four- year, statutorily mandated review of the Section 301 tariffs** . This process may or may not change these tariff actions and it remains unclear what additional, new, or different actions, if any, will be taken by the United States, China, or other governments with respect to international trade agreements, the imposition of tariffs on goods imported into the United States, the erection of barriers to trade, tax policy related to international commerce, or other trade matters. The potential removal of some of the tariffs and trade actions and the respective deflationary impact could have an effect on our business, financial condition and results of operations. At this point in time, it remains to be seen what effects, if any, the current administration will have on a long- term comprehensive agreement on tariffs between the United States and China. The Company' s strategy could be materially adversely affected by its indebtedness. As of July 31, ~~2022~~ **2023** , we had total debt of $ 3. ~~9~~ **8** billion. We may incur substantial additional indebtedness in the future, in particular in connection with future acquisitions which remain a core part of our strategy, some of which may be secured by some or all of our assets. Our overall level of indebtedness from time to time may have an adverse effect on our strategy, including requiring us to dedicate portions of our cash flow to payments on our debt, thereby reducing funds available for reinvestment in the business; restricting us from securing the financing, if necessary, to pursue acquisition opportunities; limiting our flexibility in planning for, or reacting to, changes in our business and industry; **limiting our ability to purchase, redeem or retire our ordinary shares;** and placing us at a competitive disadvantage compared to our competitors that have lower levels of indebtedness **. In addition, our indebtedness exposes us to the risk of increased interest rates because a portion of our borrowings are at variable rates of interest** . We may need to refinance some or all of our debt upon maturity either on terms which could potentially be less favorable than the existing terms or under unfavorable market conditions, which may also have an adverse effect on our strategy. ~~Additionally,~~ **Our ability to generate the amount of cash needed to pay interest and principal** on **our indebtedness** ~~March 5, 2021, the UK' s Financial Conduct Authority (" FCA "), which regulates the London Interbank Offered Rate (" LIBOR "), issued an~~ **and** ~~announcement~~ **/ or our ability to refinance all or a portion of our indebtedness or obtain additional financing depends** on ~~the future cessation or loss of representativeness of LIBOR. That announcement confirmed that LIBOR will either cease to be provided by any~~ **many** ~~administrator~~ **factors beyond** ~~or~~ **our control** ~~will no longer be representative after December 31, 2021 for all non- U. S. Dollar LIBOR (" USD LIBOR ") reference rates, and for one- week and two- month USD LIBOR. In addition, that announcement stated that the ICE Benchmark Administration (" IBA "), the administrator of LIBOR, would continue to publish the remaining tenors of USD LIBOR for an additional 18 months, through June 30, 2023. These remaining tenors of USD LIBOR — overnight, one- month, three- month, six- month and 12- month — encompass the tenors referenced in certain of our borrowings and interest rate swaps. The Alternative Reference Rates Committee selected the Secured Overnight Financing Rate (" SOFR "), plus a recommended spread adjustment, as the rate recommended to replace USD LIBOR. There can be no assurance that the application of SOFR or any other alternative reference rate will not increase our interest expense or will not introduce operational risks in our accounting or financial reporting and other aspects of our business. We plan to transition away from LIBOR as a reference rate in the coming months. We will need to amend certain of our credit facilities to determine replacement rates, which may result in interest payments that differ from our original expectations and which may materially impact the amount of our interest payments under our variable rate debt. We will also need to consider any new contracts and whether they should reference an alternative benchmark rate or include suggested fallback language, as published by the Alternative Reference Rates Committee. The overall financial market and the ability to raise future indebtedness in a cost- effective manner may be disrupted as a result of the phase- out or replacement of LIBOR. The consequences of these developments with respect to LIBOR cannot be entirely predicted and span multiple future periods but could result in an increase in the cost of our variable rate debt which may adversely affect our financial position or operating results~~ . Fluctuations in foreign currency may have an adverse effect on reported results of operations. We are exposed to foreign currency exchange rate risk with respect to the U. S. dollar relative to the local currencies of our international subsidiaries, predominantly the Canadian Dollar (" CAD "), and the British Pound Sterling (" GBP "), arising from transactions in the normal course of business (such as sales and loans to wholly- owned subsidiaries, sales to third-party customers, and purchases from suppliers) ~~and the effects of any outbreak of a global pandemic~~. Our only significant foreign currency exchange exposure from a net sales perspective is CAD. We also have foreign currency exposure to the extent that receipts and expenditures are not denominated in the subsidiary' s functional currency, which could impact net sales, costs and cash flows. Fluctuations in foreign currency exchange rates could affect the Company' s results of operations and impact reported net sales and **net** income. Our ability to pay dividends or effect other returns of capital in the future depends, among other things, on our financial performance. There can be no guarantee that our historical performance will be repeated in the future, particularly given the competitive nature of the industry in which we operate, and our net sales, net income and cash flow may significantly underperform market expectations. If our cash flow underperforms market expectations, then our capacity to pay a dividend or effect other returns of capital (including, without limitation, share repurchases) may be negatively impacted. Any decision to declare and pay dividends or to effect other returns of capital will be made at the discretion of the Company' s Board of Directors (the " Board ") and will depend on, among other things, applicable law, regulation, restrictions (if any) on the payment of dividends and / or capital returns in our financing arrangements, our financial position, retained earnings / net income, working capital requirements, interest expense, general economic conditions, effects from the outbreak or resurgence of **a** global ~~pandemics~~ **health crisis**, and other factors that the Board deems significant from time to time. We cannot guarantee that our share repurchase program will be fully consummated or that our share repurchase program will enhance long- term shareholder value, and share repurchases could increase the volatility of the price of our ordinary shares and could diminish our cash reserves. We previously announced our intention to repurchase up to $ ~~2~~ **3. 0** billion of our ordinary shares. As of July 31, ~~2022~~ **2023**, we have completed $ ~~1~~ **2**. 5 billion of this share repurchase program with approximately $ 0. 5 billion remaining ~~. On September 27, 2022, we announced an extension of the current program by a further $ 0. 5 billion~~. The timing and actual number of shares repurchased will depend on a variety of factors including the price, cash availability and other market conditions. The share repurchase program, authorized by our Board and shareholders, does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. The share repurchase program could affect the price of our ordinary shares and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our ordinary shares. The existence of our share repurchase program could also cause the price of our ordinary shares to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our ordinary shares. Additionally, repurchases under our share repurchase program will diminish our cash reserves. The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends. The Company is a holding company with no independent operations and is dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to its shareholders. The Company' s ability to pay dividends to its shareholders therefore depends on the ability of its subsidiaries to distribute profits or pay dividends to the Company, general economic conditions and other factors that the Board deems significant from time to time. The Company' s distributable reserves can be affected by reductions in profitability, impairment of assets and severe market turbulence. Ownership of Ordinary Shares ~~We have relocated our primary listing to the United States, which could cause volatility in our share price and shareholder base. On May 12, 2022, we relocated our primary listing from the London Stock Exchange (the " LSE ") to the New York Stock Exchange (the " NYSE "). We previously maintained a premium listing on the LSE and were a member of the FTSE 100 index of listed companies. We currently maintain a standard listing on the LSE in addition to our listing on the NYSE. As a result of the transfer of our primary listing to the NYSE, there may be volatility in our share price as a result of turnover in our shareholder base. Certain holders of our ordinary shares may not be permitted to hold our ordinary shares in the long run depending on their investment mandate. Certain U. S. institutional investors may not be able to invest in our ordinary shares pursuant to their investment mandates, for example due to our lack of inclusion in U. S.- centric indices. We are currently ineligible for inclusion in certain U. S. indices in the near term until we achieve certain criteria such as, but not limited to, trading volume thresholds. Moreover, we cannot guarantee that, once eligible, we will be included in any index in the United States because inclusion is at the discretion of the indices. Our share price may be negatively affected by these circumstances.~~ The obligations associated with being a public company in the United States require significant resources and management attention **and increase our legal and financial compliance costs**, and changing laws, regulations and standards are creating uncertainty for United States public companies. As a public company with a recent U. S. listing of our ordinary shares in the United States, we continue to incur legal, accounting and other expenses that we did not previously incur. We are subject to the reporting requirements of the Exchange Act and the Sarbanes- Oxley Act of 2002 ( **the** " Sarbanes- Oxley Act "), the listing requirements of the **New York Stock Exchange (the "** NYSE **")**, and other applicable securities rules and regulations. The Exchange Act requires that we file annual and other reports with respect to our business, financial condition and results of operations. The Sarbanes- Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. ~~Furthermore~~ **In addition**, **as of January 31, 2023, we determined that we no longer qualify as a foreign private issuer, as defined under the Exchange Act. As a result, effective as of August 1, 2023, we were no longer eligible to use the rules designed for foreign private issuers and are considered a U. S. domestic issuer. As such, we are required to comply with, among** ~~the~~ **other things, U. S. proxy requirements and Regulation FD and our officers, directors and principal shareholders are subject to the beneficial ownership reporting and short- swing profit recovery requirements under Section 16 of the Exchange Act. We are also no longer eligible to rely upon exemptions from corporate governance requirements that are available to foreign private issuers or to benefit from other accommodations for foreign private issuers under the rules of the SEC or NYSE and have modified certain of our policies to comply with good governance practices applicable to U. S. domestic issuers. The** establishment and the maintenance of the corporate infrastructure demanded of a United States public company may, in certain circumstances, divert management' s attention from implementing our **strategy to drive profitable** growth ~~strategy~~ , which could prevent us from improving our business, financial condition and results of operations. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems in order to meet our reporting obligations as a public company in the United States **with domestic issuer status** . However, the measures we take may not be sufficient to satisfy these obligations. In addition, compliance with these rules and regulations have increased **, and following loss of foreign private issuer status have further increased,** our legal and financial compliance costs and have made some activities more time- consuming and costly. These additional obligations may have a material adverse impact on our business, financial condition, results of operations and cash flow. In addition, changing laws, regulations and standards relating to corporate governance, ESG matters, and public disclosure are creating uncertainty for public companies in the United States, increasing legal and financial compliance costs and making some activities more time- consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We have invested, and expect to continue to invest, resources to comply with evolving laws, regulations and standards, and this investment may result in increased operating expenses and a diversion of management' s time and attention from sales- generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business, financial condition, results of operations and cash flow could be adversely affected. Corporate responsibility, specifically related to ESG matters, may impose additional costs and expose us to new risks. Public ESG and sustainability reporting is becoming more broadly expected by regulators, investors, shareholders and other third parties. **Ongoing focus on ESG matters by investors and other parties as described below may impose additional costs or expose us to new risks. If we do not adapt to or comply with investor or other stakeholder expectations and standards on ESG matters as they continue to evolve, and as they may diverge, or if we are perceived to have not responded appropriately or quickly enough to growing concern for ESG and sustainability issues, regardless of whether there is a regulatory or legal requirement to do so, we may suffer from reputational damage and our business, financial condition and / or the market price of our ordinary shares could be materially and adversely affected.** Certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based upon ESG or " sustainability " metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company' s ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers **,** and if a company is perceived as lagging, these investors may engage with such company to improve ESG disclosure or performance and may also make voting decisions ~~,~~ or take other actions ~~,~~ to hold these corporations and their boards of directors accountable. Board diversity ~~is an~~ **and climate change** ESG ~~topic~~ **topics have** ~~that is~~ , in particular, ~~receiving~~ **received** heightened attention ~~by~~ **from** investors, shareholders, lawmakers and listing exchanges. In addition, the SEC has proposed rule changes that would require registrants to include certain climate- related disclosures in their registration statements and periodic reports, including greenhouse gas emission data with third- party attestation and climate- related financial statement metrics in a note to their audited financial statements. **The adoption and expansion of ESG- related legislation and regulation may also result in increased capital expenditures and compliance, operational and other costs to us.** We may face reputational damage in the event our corporate responsibility initiatives or objectives, including with respect to board diversity **or climate** , do not meet the standards set by our regulators, investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third- party rating services. A low ESG or sustainability rating by a third- party rating service could also result in the exclusion of our ordinary shares from consideration by certain investors who may elect to invest with our competition instead. ~~Ongoing focus on corporate responsibility matters by investors and other parties as described above may impose additional costs or expose us to new risks.~~ In addition, as we work to align with the recommendations of the Financial Stability Board ~~'~~**'** s Task Force on Climate- Related Financial Disclosures, the Sustainability Accounting Standards Board, and our own ESG assessments and priorities, we have expanded and, in the future, may continue to expand our disclosures in these areas. **These ESG reporting disclosure frameworks and reporting standards continue to evolve. Our selection of disclosure frameworks and reporting standards and information voluntarily disclosed may change from time to time and may result in a lack of consistent or meaningful comparative data from period to period, as well as significant revisions to ESG goals, initiatives, commitments, or objectives or reported progress in achieving the same.** Our failure to report accurately or achieve progress on our **ESG- related goals, targets or** metrics on a timely basis, or at all, could adversely affect our reputation, business, financial condition and results of operations **. Statements regarding our ESG- related goals reflect our current plans and aspirations; our ESG- related policies, practices and goals are voluntary and subject to change at our discretion. Further, our initiatives and goals may not be favored by certain stakeholders, whose priorities and expectations may not align or may be opposed to one another, and could impact the attraction and retention of investors, customers and employees. Efforts to achieve our initiatives and goals, including collecting, measuring and reporting ESG information, involve operational, reputational, financial, legal and other risks and may result in additional costs or delays, and as a result may have a negative impact on us, including our brand, reputation and the market price of our ordinary shares** . Our ordinary shares are subject to market price volatility and the market price may decline disproportionately in response to developments that are unrelated to our operating performance. The market price of our ordinary shares has been and may in the future be volatile and subject to wide fluctuations. The market price of our ordinary shares may fluctuate as a result of a variety of factors including, but not limited to, general economic **and political** conditions, period to period variations in operating results, changes in net sales or net income estimates by us, industry participants or financial analysts, our failure to meet our stated guidance, our failure to comply with the rules under the Sarbanes- Oxley Act related to accounting controls and procedures ~~or~~ **,** the discovery of material weaknesses and other deficiencies in our internal control and accounting procedures ~~. For example~~ , **and the** ~~in connection with the~~ **other factors discussed** ~~preparation of our fiscal 2020 consolidated financial statements, we and our independent registered public accounting firm identified two material weaknesses relating to: (i) a lack of segregation of duties and (ii) the presentation of deferred tax assets and deferred tax liabilities. While we believe we have fully remediated the material weaknesses~~ in **this Item 1A** ~~our internal controls, if we are unable to successfully maintain internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected. Further, we cannot assure you that the measures we have taken to date, and are continuing to implement, will be sufficient to prevent the occurrence of material weaknesses in the future~~ . If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, when required, investor confidence in us may be adversely affected and, as a result, the value of our ordinary shares may decline **. We currently maintain a standard listing on the London Stock Exchange (the " LSE ") in addition to our listing on the NYSE. As a result of the transfer of our primary listing to the NYSE, there may be volatility in our share price as a result of turnover in our shareholder base** . In addition, the market price of our ordinary shares could also be adversely affected by developments unrelated to our operating performance, such as the operating and share price performance of other companies that investors may consider comparable to us, speculation about us in the press or the investment community, unfavorable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions, regulatory changes, broader market volatility and movements and delay in our inclusion in **North American** ~~U. S.~~ indices. Any or all of these factors could result in material fluctuations in the **market** price of our ordinary shares, which could lead to investors getting back less than they invested or a total loss of their investment **. In addition, where the market price of a company' s shares have been volatile, the shareholders of such company may file securities class action litigation against that company based on various claims such as securities fraud and other violations of securities laws. While we have not been a target of this type of litigation, we may be in the future. The defense and disposition of litigation of this type could result in substantial costs and divert resources and the time and attention of our management, which could materially and adversely affect our business or financial condition** . The rights afforded to our shareholders are governed by Jersey law. Not all rights available to shareholders under U. S. law will be available to holders of our ordinary shares. The rights of holders of our ordinary shares are governed by Jersey law and our Memorandum of Association and Articles of Association (the " Articles "), which may not provide the level of legal certainty and transparency afforded by incorporation in a U. S. state. The Company is organized under the laws of Jersey, Channel Islands, a British crown dependency that is an island located off the coast of Normandy, France. Jersey is not a member of the European Union. Jersey legislation regarding companies is largely based on English corporate law principles. However, there can be no assurance that Jersey law will not change in the future or that it will serve to protect investors in a similar fashion afforded under corporate law principles in the United States, which could adversely affect the rights of investors. Rights afforded to shareholders under Jersey law differ in certain respects from the rights of shareholders in typical U. S. companies. In particular, Jersey law currently significantly limits the circumstances in which the shareholders of Jersey companies may bring derivative actions (i. e., legal actions brought by a shareholder on behalf of a company against a third party). Under Jersey law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against us (including breaches of directors' duties) and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. There are a number of judicially accepted exceptions to this general rule, including what is known as " fraud on the minority, " being where there is a prima facie case of equitable fraud on the part of the prospective defendant and the alleged wrongdoers themselves were in control of the company and improperly preventing it from bringing proceedings. Under Article 141 of the ~~Companies (Jersey) Law 1991, as amended ("~~ Jersey Companies Law ~~")~~ , a shareholder may, however, apply to court for relief on the grounds that the conduct of our affairs, including a proposed or actual act or omission by us, is " unfairly prejudicial " to the interests of our shareholders generally or of some part of our shareholders, including at least the shareholder making the application. Under Article 143 of the Jersey Companies Law (which sets out the types of relief a court may grant in relation to an action brought under Article 141 of the Jersey Companies Law), the court may make an order regulating the affairs of a company, requiring a company to refrain from doing or continuing to do an act complained of, authorizing civil proceedings or providing for the purchase of shares by a company or by any of its other shareholders. In addition, Jersey law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a U. S. company. Jersey law does not preclude a shareholder from alleging a violation of federal securities laws in the United States ~~. We are a foreign private issuer and, as a result, we are exempt from certain provisions of the Exchange Act that are applicable to U. S. domestic public companies. We currently qualify as a foreign private issuer under the Exchange Act. As a result, we are exempt from certain provisions of the Exchange Act that are applicable to U. S. public companies, including: (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and to return any profit from trades made in a short period of time and (iii) Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. Although we have voluntarily chosen to file annual reports on Form 10- K, quarterly reports on Form 10- Q and current reports on Form 8- K with the SEC instead of filing on the reporting forms available to foreign private issuers, as a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers. Additionally, if we lose our~~

~~foreign private issuer status in the future, it could result in additional costs and expenses related to full compliance with rules and regulations that apply to U. S. domestic issuers. As a foreign private issuer, we are permitted to follow certain home country corporate governance practices in lieu of certain requirements applicable to U. S. issuers. This may afford less protection to holders of our ordinary shares. As a foreign private issuer listed on the NYSE, we are permitted to follow certain home country corporate governance practices in lieu of certain NYSE requirements. We follow corporate governance standards which are substantially similar to those followed by U. S. domestic companies under NYSE listing standards, except that historically we have complied with the listing rules applicable to U. K. companies with a premium listing on the London Stock Exchange (" LSE Listing Rules ") in lieu of NYSE shareholder approval requirements for the adoption or material amendment of equity compensation plans. Under the LSE Listing Rules, shareholder pre- approval is not generally required for the adoption or material amendment of equity compensation plans, except with respect to either of the following two types of equity compensation plans: (i) equity compensation plans in which employees or former employees are entitled to participate and which permit the issue of new shares or transfer of treasury shares; or (ii) long- term equity compensation plans in which a director is entitled to participate, whether or not such plans involve new share issues or transfers of treasury shares, but excluding, for the purposes of (ii), long- term equity compensation plans in which all, or substantially all, of the company' s employees (who are not directors) are eligible to participate which are established specifically to recruit or retain a single director who is the only participant. Following the date that we cease to be a foreign private issuer (the " Transition Date "), we intend to fully comply with the NYSE shareholder approval requirements for the adoption or material amendment of equity compensation plans, except to the extent permitted by Section 303A. 08 of the NYSE Listing Manual with respect to any equity compensation plans that were in place prior to the Transition Date. These and other home country practices may afford less protection to holders of our ordinary shares than would be available to the shareholders of a United States corporation~~. Our ordinary shares are listed to trade on more than one stock exchange, and this may result in price variations. Our ordinary shares are listed on both the NYSE and the LSE. Dual- listing may result in price variations between the exchanges due to a number of factors. Our ordinary shares trade in U. S. dollars on the NYSE and in GBP on the LSE. In addition, the exchanges are open for trade at different times of the day and the two exchanges also have differing vacation schedules. Differences in the trading schedules, as well as volatility in the exchange rate of the two currencies, among other factors, may result different trading prices for our ordinary **shares** on the two exchanges. Other external influences may have different effects on the trading price of our ordinary shares on the two exchanges. Operations and technology If our domestic or international supply chain or our fulfillment network for our products is ineffective or disrupted for any reason, or if these operations are subject to trade policy changes, our business, financial condition and results of operations could be adversely affected. We source, distribute and sell products from domestic and international suppliers, and their ability to reliably and efficiently fulfill our orders is critical to our business success. We purchase from approximately ~~37~~ **36** , 000 suppliers located in various countries around the world. Financial instability among key suppliers, political instability **(including resulting from potential conflict between China and Taiwan)** and labor unrest in source countries or elsewhere in our supply chain, changes in the total costs in our supply chain (including, but not limited, to changes in fuel and labor costs and currency exchange rates), port or rail labor disputes and security, the outbreak or resurgence of pandemics, weather- or climate- related events, natural disasters, work stoppages or strikes, shipping capacity constraints or embargoes, changes in trade policy, trade restrictions imposed by the United States, Europe, China or another major source country, tariffs or duties, fluctuations in currency exchange rates and transport availability, capacity and costs are all beyond our control and could negatively impact our business if they seriously disrupted the movement of products through our supply chain or increased their costs. Additionally, as we add fulfillment capabilities or pursue strategies with different fulfillment requirements, our fulfillment network becomes increasingly complex and operating it becomes more challenging. If our fulfillment network does not operate properly or if a supplier fails to deliver on its commitments, we could experience delays in inventory **availability at our distribution facilities and branches** , increased delivery costs or lack of availability, any of which could lead to lower net sales and decreased customer confidence, and adversely affect our results of operations. Furthermore, our existing suppliers may decide to supply products directly to end users that are our existing or potential customers, which could have a detrimental effect on our ability to keep and procure customers, and maintain and win business, thereby having a material adverse effect on our business, financial condition and results of operations. Execution of our operational strategies could prove unsuccessful, which could have a material adverse effect on our business, financial condition and results of operations. To achieve our key priorities, we must drive profitable growth across our operational businesses by fulfilling customer ~~wants~~ **needs** , capitalizing on attractive **markets and** growth opportunities and achieving ~~excellent~~ **planned** execution. ~~Fulfilling~~ **Meeting** customer ~~wants~~ **needs** through **comprehensive and** differentiated ~~service offerings~~ **products and solutions** that support our customers' projects is a key part of our strategy to drive profitable growth. If service levels were to significantly decrease, customers might purchase from our competitors instead, resulting in reduced net sales, lower operating margins, reduced profitability, loss of market share and / or diminished brand recognition. Development of our operating model is a key part of driving profitable growth. **If** ~~There is a risk that~~ we are not sufficiently agile in adapting our operating model ~~and therefore cannot~~ **, we may be unable to** adapt to changing customer wants and / or ~~are unable~~ to flex our cost base when required **. Moreover, we may not successfully execute our strategic initiatives on expected timelines or at all, including through failure to have the right talent in place or to achieve internal alignment or coordination** . Any failure to appropriately address some or all of these risks could damage our reputation and have a material adverse effect on our business, financial condition and results of operations. We may not rapidly identify or effectively respond to direct and / or end customers' wants, expectations or trends, which could adversely affect our relationship with customers, our reputation, the demand for our products and our market share. The success of our business depends in part on our ability to identify and respond promptly to evolving trends in demographics, as well as customer wants, preferences and expectations, while also managing appropriate inventory levels and maintaining our focus on delivering an excellent customer experience. For example, our customers are currently facing challenges in the form of a shortage of skilled trade professionals and a need for improved construction productivity. It is also difficult to successfully predict the products and ~~services~~ **solutions** that customers will require. In addition, the customers in the markets we serve have different needs and expectations, many of which evolve as the demographics in a particular market change. Inventory levels in excess of customer demand due to the difficulty of calibrating demand for such products, the concentration of demand for a limited number of products, difficulties in product sourcing, or rapid changes in demand may result in inventory write- downs, and the sale of excess inventory at discounted prices could have an adverse effect on our operating results, financial condition and cash flows. Conversely, if we underestimate customer demand for our products or if our manufacturers fail to supply products we require at the time we need them, we may experience inventory shortages. Inventory shortages might delay shipments to customers and negatively impact customer relationships. We offer more localized assortments of our products to appeal to needs within each end market. If we do not successfully evolve and differentiate to meet the individual needs and expectations of, or within, a particular end market, we may lose market share. We are continuing to invest in our e- commerce and omni- channel capabilities and other technology solutions, including investments in significant upgrades to our enterprise- wide resource planning systems, to simplify our customer propositions and to optimize the supply chain and branch network to **be more efficient and to** deliver a more efficient business **for our customers** . The cost and potential problems and interruptions associated with these initiatives could disrupt or reduce the efficiency of our online and in- store operations in the near term, lead to product availability issues and negatively affect our relationship with our customers. Furthermore, accomplishing these initiatives will require a substantial investment in additional information technology associates and other specialized associates. We may face significant competition in the market for these resources and may not be successful in our hiring efforts. Failure to choose the right investments and implement them in the right manner and at the right pace could adversely affect our relationship with customers, our reputation, the demand for our products and ~~services~~ **solutions** , and our market share. In addition, our branch and omni- channel initiatives, enhanced supply chain, and new or upgraded information technology systems might not provide the anticipated benefits. **For example, in fiscal 2023, the Company determined that one of the solutions developed to target certain branch transactional processes did not meet our customer service, speed and efficiency goals and, as a result, chose not to proceed with that component and recorded a non- cash impairment charge of $ 107 million of previously capitalized software costs in the United States.** It might take longer than expected to realize the anticipated benefits, cost more than budgeted, or **all or part of** the initiatives might fail altogether, each of which could adversely impact our competitive position and our business, financial condition, results of operations or cash flows. Acquisitions, partnerships, joint ventures, dispositions and other business combinations or strategic transactions involve a number of inherent risks, any of which could result in the benefits anticipated not being realized and could have an adverse effect on our business, financial condition and results of operations. Acquisitions are an important part of our growth model and we regularly consider and enter into strategic transactions, including mergers, acquisitions, investments and other growth, market and geographic expansion strategies, with the expectation that these transactions will result in increases in sales, cost savings, synergies and various other benefits. During fiscal **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , we completed a total of **8,** 17 ~~, seven~~ and ~~six~~ **7** acquisitions, respectively ~~. In the early phases of the COVID- 19 pandemic in 2020 we halted acquisition activity to preserve liquidity and cash flow, but returned to normal acquisition activity by the beginning of fiscal 2021~~ . We may not realize any anticipated benefits from such transactions or partnerships, or any future ones, and we may be exposed to additional liabilities and risks from any acquired business or joint venture (including but not limited to risks associated with cybersecurity incidents ~~and~~ **,** unknown claims and disputes by third parties against the companies we acquire **, and business disruption related to inability to retain associates of the acquired entity** ). In addition, we may be exposed to litigation in connection with our acquisition and partnership transactions. Our due diligence investigations may fail to identify all of the problems, liabilities or other challenges associated with an acquired business which could result in an increased risk of unanticipated or unknown issues or liabilities, including with respect to environmental, competition and other regulatory matters, and our mitigation strategies for such risks that are identified may not be effective. Furthermore, we may have trouble identifying suitable acquisition targets in the future. Our ability to deliver the expected benefits from any strategic transactions that we do complete is subject to numerous uncertainties and risks, including our acquisition assumptions; our ability to integrate personnel, labor models, financial, **customer relationships,** supply chain and logistics, IT and other systems successfully; disruption of our ongoing business and distraction of management; hiring additional management and other critical personnel; product quality compliance of new suppliers; and increasing the scope, geographic diversity and complexity of our operations. Effective internal controls are necessary to provide reliable and accurate financial reports, and the integration of businesses may create complexity in our financial systems and internal controls and make them more difficult to manage. Integration of businesses into our internal control system could cause us to fail to meet our financial reporting obligations. Moreover, any failure to integrate, or delay in integrating, IT systems of acquired businesses could create an increased risk of cybersecurity incidents. Additionally, any impairment of goodwill or other assets acquired in a strategic transaction or charges to earnings associated with any strategic transaction, may materially reduce our profitability. Following integration, an acquired business may not produce the expected margins or cash flows. Our shareholders, vendors or customers may react unfavorably to substantial strategic transactions. Furthermore, we may finance these strategic transactions by incurring additional debt or raising equity, which could increase leverage or impact our ability to access capital in the future. If we fail to qualify for supplier rebates or are unable to maintain or adequately renegotiate our rebate arrangements, our results of operations could be materially adversely affected. Many of our products are purchased pursuant to rebate arrangements that entitle us to receive a rebate based on specified purchases. Some arrangements require us to purchase minimum quantities and result in higher rebates with increased quantities of purchases. These rebates effectively reduce the costs of our products, and we manage our business to take advantage of these programs. Rebate arrangements are subject to renegotiation with our suppliers from time to time. In addition, consolidation of suppliers may result in the reduction or elimination of rebate programs in which we participate. If we fail to qualify for these rebates or are unable to renew rebate programs on desirable terms, or a supplier materially reduces or stops offering rebates, our costs could materially increase, and our gross margins and **net** income could be materially adversely affected. If we are unable to protect our sensitive data and information systems against data corruption, cybersecurity incidents or network security breaches, or if we are unable to provide adequate security in the electronic transmission of sensitive data, it could adversely affect the operations of our business. We may face global cybersecurity threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures, known as advanced persistent threats, directed at us and our customers, suppliers, and ~~vendors~~ **service providers** . Cybersecurity incidents and network security breaches may include, but are not limited to, attempts to access or unauthorized access of information, exploitation of vulnerabilities (including those of third- party software or systems), computer viruses, ransomware, denial of service and other electronic security breaches. Cyber- attacks from computer hackers and cyber criminals and other malicious internet- based activity continue to increase generally, and our services and systems, including the systems of our outsourced service providers, have been and may in the future continue to be the target of various forms of cybersecurity incidents such as DNS attacks, wireless network attacks, viruses and worms, malicious software, ransomware, application centric attacks, peer- to- peer attacks, **business email compromises and** phishing attempts, backdoor trojans and distributed denial of service attacks. ~~The techniques~~ **Furthermore, given that new technologies continue to emerge, the methods** used by computer hackers and cyber criminals to obtain unauthorized access to data or to sabotage computer systems change frequently and ~~are growing~~ **continue to grow** in sophistication **. Accordingly** , ~~and these new techniques generally are not~~ **we may be unable to anticipate or** ~~detected~~ -- **detect** ~~until after~~ **such attacks or promptly** ~~an~~ **and** ~~incident has occurred~~ **effectively respond to them** . While we have instituted safeguards for the protection of our information systems and believe we use reputable third- party **service** providers, during the normal course of business, we **and our service providers** have experienced and expect to continue to experience cyber- attacks on our information systems, and we **and our service providers** may be unable to protect sensitive data and / or the integrity of our information systems. A cybersecurity incident could be caused by malicious third parties using sophisticated methods to circumvent firewalls, encryption and other security defenses. Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target. Accordingly, we may be unable to anticipate these techniques or implement adequate preventative measures. As a result, we or our service providers could experience errors, interruptions, delays, or cessations of service in key portions of our information technology infrastructure, which could significantly disrupt our operations and be costly, time- consuming and resource- intensive to remedy. As a result, we could forego net sales or profit margins if we are unable to operate. Furthermore, if critical information systems fail or otherwise become unavailable, our ability to process orders, maintain proper levels of inventories, collect accounts receivable and disburse funds could be adversely affected. Any such interruption of our information systems could also subject us to additional costs. Loss of customer, supplier, associate, or other business information could disrupt operations, damage our reputation, and expose us to claims from customers, suppliers, financial institutions, regulators, payment card associations, associates, and others, any of which could have a material adverse effect on our business, financial condition and results of operations. We are required to maintain the privacy and security of personal information in compliance with privacy and data protection regulations worldwide. Failure to meet the requirements could harm our business and damage our reputation with customers, suppliers, and associates. We rely on IT systems, networks, products, and services, some of which are managed by ~~third- party~~ service providers to protect our information. Increased information security threats and more sophisticated threat actors pose a risk to our information security program. Additionally, we collect, store, and process personal information relating to our customers, suppliers, and associates. This information is increasingly subject to a variety of U. S. and international laws and regulations that are constantly changing and becoming more complex, such as the General Data Protection Regulation, as enacted in the European Union and the United Kingdom, Canada' s Personal Information Protection and Electronic Documents Act, and the California Consumer Privacy Act (the " CCPA ") ~~,~~ **.** These laws and regulations may carry significant potential penalties for non- compliance. For example, in the United States the CCPA, which came into effect in January 2020, has given California consumers more control over the personal information that businesses collect about them. The law created new data privacy rights for California consumers and requires certain businesses who collect personal information from California consumers to comply with various data protection requirements. Further, on November 3, 2020, the California Privacy Rights Act (the " CPRA ") was voted into law by California residents. The CPRA significantly amends the CCPA and imposes additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt outs for certain uses of sensitive data. It also creates a new California data protection agency specifically tasked to enforce the law, which could result in increased regulatory scrutiny of businesses conducting activities in California in the areas of data protection and security. The substantive requirements for businesses subject to the CPRA **became** ~~will go into effect~~ **effective** on January 1, 2023, and ~~become~~ enforceable on July 1, 2023. Businesses like ours that are subject to the ~~CPRA~~ - **CCPA** who fail to comply with the ~~CPRA~~ - **CCPA** may be subject to **fines and penalties per incident of non- compliance and** class action lawsuits **in the event** ~~and fines per incident~~ of ~~non- compliance~~ **a data breach of sensitive personal information** . Other U. S. states **continue to enact or** are proposing or have enacted similar laws related to the protection of consumer personal information ~~, including the Virginia Consumer Data Protection Act, the Colorado Privacy Act, and the Utah Consumer Privacy Act, each of which goes into effect in 2023~~ . Data privacy and data protection laws and regulations are typically intended to protect the privacy of personal information that is collected, processed, transmitted, and stored in or from the governing jurisdiction. In many cases, these laws apply not only to third- party transactions, but also to transfers of information between a company and its subsidiaries, including associate information. While we have invested and continue to invest significant resources to comply with data privacy regulations, many of these regulations are new, complex, and subject to interpretation. To maintain compliance with these laws, we may incur increased costs to continually evaluate and modify our policies and processes and to adapt to new legal and regulatory requirements. Non- compliance with these laws could result in negative publicity, damage to our reputation, penalties, or significant legal liability. Our business and operations could also be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business. A failure of a key information technology system or process could adversely affect the operations of our business. Technology systems and data are fundamental to the operations, future growth and success of our business. In managing our business, we rely on the integrity and security of, and consistent access to, data from these systems such as sales, customer data, merchandise ordering, inventory replenishment and order fulfillment. A major disruption of the information technology systems and their backup mechanisms may cause us to incur significant costs to repair the systems, experience a critical loss of data and / or result in business interruptions. For these information technology systems and processes to operate effectively, we or our service providers must periodically maintain and update them **. Furthermore, we must retain and recruit information technology associates and other specialized associates that can operate, maintain and update these systems** . In addition, our systems and the third-party systems on which we rely are subject to damage or interruption from a number of causes, including: power outages; computer and telecommunications failures; cybersecurity incidents, including the use of ransomware; catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, or other natural disasters; a global pandemic outbreak or resurgence; acts of war or terrorism; and design or usage errors by our associates, contractors or ~~third- party~~ service providers. We and our ~~third-party~~ service providers seek to maintain our respective systems effectively and to successfully address the risk of compromise of the integrity, security and consistent operations of these systems, utilizing all reasonable and appropriate means available. However, such efforts may not be successful. We rely on data centers and other technologies and services provided by third parties in order to manage our cloud- based infrastructure and operate our business. If any of these services becomes unavailable or otherwise is unable to serve our requirements due to extended outages, interruptions, facility closure, or because it is no longer available on commercially reasonable terms, expenses could increase and our operations could be disrupted or otherwise impacted until appropriate substitute services, if available, are identified, obtained, and implemented, which could have a material adverse effect on our business, financial condition and results of operations. We are subject to payment- related risks that could increase our selling, general and administrative expenses, expose us to fraud or theft, subject us to potential liability, and potentially disrupt our business. We accept payments using a variety of methods, including ~~trade credit,~~ cash, checks, credit and debit cards, PayPal and ~~gift cards~~ **electronic payment** , and we may offer new payment options over time. Acceptance of these payment options subjects us to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. These requirements may change over time or be reinterpreted, making compliance more difficult or costly. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our selling, general and administrative expenses. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could potentially disrupt our business. The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment- related data is compromised due to a breach or misuse of data, we may be liable for costs incurred by payment card issuing banks and other third parties or be subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types ~~or~~ **,** potential changes to our payment systems that may result in higher costs **, or loss of business** . As a result, our business, financial condition and results of operations could be adversely affected. Also, certain of the Company' s customers, suppliers or other third parties may seek to obtain products fraudulently from, or submit fraudulent invoices to, the Company. The Company has sought to put in place a number of processes and controls to minimize opportunities for fraud. However, if the Company is unsuccessful in detecting fraudulent activities, it could suffer loss directly and / or lose the confidence of its customers and / or suppliers, which could have a material adverse effect on the Company' s business, financial condition and results of operations. In addition, our operations are working capital intensive, and our inventories, accounts receivable and accounts payable are significant components of our net asset base. We manage our inventories and accounts payable through our purchasing policies and our accounts receivable through our customer credit policies. We perform periodic credit evaluations of our customers' financial condition, and collateral is generally not required. We evaluate the collectability of accounts receivable based on numerous factors, including past transaction history with customers and their creditworthiness **based on reports we receive from independent external credit bureaus** , and we provide a reserve for accounts that we believe to be uncollectible. A significant deterioration in the economy, including as a result of **any public health crisis** ~~the ongoing COVID- 19 pandemic~~ or **any** ~~as a result of~~ geopolitical ~~conflicts~~ - **conflict** , including the current conflict in Ukraine **or potential conflict between China and Taiwan** , could have an adverse effect on collecting our accounts receivable, including longer payment cycles, increased collection costs and defaults. **In addition, if customers fail to pay within terms of our customer credit policies, we may enforce lien and bond rights, which could lead to customer dissatisfaction and loss.** If we fail to adequately manage our product purchasing or customer credit policies, our working capital and financial condition may be adversely affected. ~~The COVID- 19 pandemic has had an~~ **A public health crisis could have a material** adverse impact on **our business** ~~many sectors of the economy~~ and **results of operations. A public health crisis, and associated government restrictions to prevent** ~~it~~ **its spread,** could have a material ~~and~~ adverse impact on our business ~~and~~ **,** results of operations **and financial condition as well as** ~~. As a result of government measures in connection with~~ the ~~COVID- 19 pandemic, we took a number of protective measures, but have since returned to normal~~ operations ~~. However, due to the unpredictability~~ of **some** ~~the COVID- 19 pandemic, including the possibility~~ of ~~the spread of new variants of the coronavirus that may be resistant to currently approved vaccines, it~~

~~is possible that protective measures could be reinstated and that we may be required to close branches, showrooms, distribution centers, or~~ **our suppliers** ~~our other facilities~~ . **For example** ~~As a result, our net sales and operations could be disrupted and materially adversely affected. The COVID- 19 pandemic, which resulted in supply chain disruptions, could continue to cause supply chain disruption in the future. Moreover~~ , the COVID- 19 pandemic resulted in **supply chain disruptions and caused** significant ~~effects on~~ **disruption in** the U. S. and Canadian economies, including due to the restrictive measures adopted to prevent its spread and general market unpredictability. ~~Any prolonged continuation of~~ **A widespread public health crisis may decrease demand for our products and solutions due to public reaction to the health crisis or actions taken by governmental or** ~~the~~ **other** ~~COVID~~ **regulatory organizations to control or otherwise limit the effects of the public health crisis. This crisis may also limit labor availability that could adversely impact manufacturing and distribution throughout the supply chain and limit the availability of product from our suppliers. Depending on the ultimate scope and duration of the supply chain disruptions, we may experience increases in product costs which we may not be able to pass on to our customers, loss of sales due to lack of product availability or potential customer claims from the inability to provide products in accordance with contractual terms. In addition, if significant numbers of associates, key personnel and / or senior management become unavailable due to sickness, legal requirements or self** - ~~19 pandemic~~ **isolation, our operations could be disrupted and materially adversely affected. Measures taken in response to a public health crisis could adversely impact our ability to retain and attract associates, including key personnel. While we are unable to predict the likelihood, timing, magnitude and duration of a public health crisis and the associated effects to our business, a public health crisis** and any associated supply chain disruption, labor market impact, recession, or depression could have a material adverse effect on the Company' s business, financial condition and results of operations and may also have the effect of heightening many of the other risks described in this " Risk Factors " section. People, products and facilities In order to compete, we must attract, retain and motivate key associates, and the failure to do so could have an adverse effect on our business, financial condition and results of operations. We depend on our ~~Executive~~ **executive** ~~Officers~~ **officers** and ~~Senior~~ **senior** ~~Management~~ **management** to run our business. As we develop new business models and new ways of working, we will need to develop suitable skill sets within our organization. Furthermore, as we continue to execute **our operational** ~~strategic~~ **strategies** ~~change programs~~ it is important that existing skill sets, talent and culture are retained. Failure to do so could delay the execution of **our operational** ~~strategic~~ **strategies** ~~change programs~~ , result in loss of institutional knowledge and reduce our supply of future management skill. In addition, our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees **, including those that work remotely** . The current market for such positions is highly competitive. Qualified individuals are in high demand and we may incur significant costs to attract and retain them. Moreover, the loss of any of our ~~Senior~~ **senior** ~~Management~~ **management** or other key employees or our inability to recruit and develop mid- level managers could materially and adversely affect our ability to execute our business plan and we may be unable to find adequate replacements. We customarily negotiate employment agreements and non- competition agreements with key personnel of the companies we acquire in order to maintain key customer relationships and manage the transition of the acquired business. The loss of senior management and other key personnel, or the inability to hire and retain qualified replacements, both generally and in connection with the execution of key business strategies could adversely affect our business, financial condition and results of operations. Furthermore, our ability to provide high- quality products, advice and services on a timely basis depends, to a significant extent, on having an adequate number of qualified associates, including those in managerial, technical, sales, marketing and support positions. Accordingly, our ability to increase productivity and profitability and support our growth strategies may be limited by our ability to employ, train, motivate and retain skilled personnel, which in turn may be hindered by any present or future restructurings and cost savings initiatives. Due to the current tight labor market, we face significant competition in attracting and retaining skilled personnel, such as personnel with specialized skills and hourly workers, and our recruiting cycle may be longer as a result. While our retention rates have not changed materially, we have experienced, and may continue to experience, extended lead times in backfilling our more transient roles. If the tight labor market persists, this may increase our costs to maintain our workforce. Our workforce constitutes a significant proportion of our cost base. Current wage inflation, as well as potential changes in applicable laws and regulations or other factors, such as labor union activity, resulting in increased labor costs, could have a material adverse effect on our business, financial condition and results of operations. Failure to achieve and maintain a high level of product and service quality could damage our reputation and negatively impact our business, financial condition and results of operations. To continue to be successful, we must continue to preserve, grow and leverage the value of our brand in the marketplace. Reputational value is based in large part on perceptions of subjective qualities. Even an isolated incident, such as a high- profile product recall, or the aggregate effect of individually insignificant incidents, can erode trust and confidence, particularly if such incident or incidents result in adverse publicity, governmental investigations or litigation, and, as a result, could tarnish our brand and lead to adverse effects on our business. In particular, product quality and service issues, including as a result of our suppliers' or manufacturers' acts or omissions, could negatively impact customer confidence in our brands and our products. As we do not have direct control over the quality of the products manufactured or supplied by third- party suppliers, we are exposed to risks relating to the quality of the products we distribute. If our product or service offerings do not meet applicable safety standards or customers' expectations regarding safety or quality ~~,~~ or are alleged to have quality issues or to have caused personal injury or other damage **, or our supplier does not meet our expectations on responsible sourcing outlined in our supplier code of conduct** , we could experience lower net sales and increased costs and be exposed to legal, financial and reputational risks, as well as governmental enforcement actions. In addition, actual, potential or perceived product safety concerns could result in costly product recalls ~~. Additionally, our suppliers are required to meet our expectations on responsible sourcing outlined in our Supplier Code of Conduct which covers multiple areas of compliance, including health and safety, environmental standards, compensation, hours of work, and prohibitions on child and forced labor. If we need to seek alternative sources of supply from vendors with whom~~

~~we have less familiarity, the risk of our standards not being met may increase~~. We seek to enter into contracts with suppliers which provide for indemnification from any costs associated with the provision of defective products. However, there can be no assurance that such contractual rights will be obtained or adequate, or that related indemnification claims will be successfully asserted by us. The nature of our operations may expose our associates, contractors, customers, suppliers and other individuals to health and safety risks and we may incur property, casualty or other losses not covered by our insurance policies and damage to our reputation. The nature of our operations can expose our associates, contractors, customers, suppliers and other individuals to risks, including the motoring public to health and safety risks (including potential exposure to **public health crises** ~~COVID-19, related variants or other global pandemics~~, infectious diseases and viruses), which can lead to loss of life or severe injuries or illness. Such risks could harm our reputation and reduce customer demand and expose us to the potential for litigation from third parties. In the United States, in particular, the risk of litigation is generally higher than in other parts of our business in areas such as workers' compensation, general liability **,** and **other related** ~~environmental and asbestos~~ litigation. Although we maintain insurance we believe to be sufficient to cover estimated health and safety risks including product liability, health and safety in our operations, vehicle and driver related claims and other types of claims in various jurisdictions, there can be no assurance that such insurance will provide adequate coverage against potential claims. If we do not have adequate contractual indemnification or insurance available, such claims could have a material adverse effect on our business, financial condition and results of operations. We occupy most of our facilities under non- cancelable leases with terms of 10 years or less. We may be unable to renew leases on favorable terms or at all. Also, ~~if~~ **when** we close a facility, we may remain obligated under the applicable lease. Most of our branches are located in leased premises. Many of our current leases are non- cancelable and typically have **initial** terms of around ~~three~~ **5** to 10 years, with options to renew for specified periods of time. There can be no assurance that we will be able to renew our current or future leases on favorable terms or at all which could have an adverse effect on our ability to operate our business and on our results of operations. In addition, ~~if~~ **we make decisions to close certain facilities from time to time. When** we close or cease to use a facility, we generally remain committed to perform our obligations under the applicable lease, which include, among other things, payment of the base rent for the balance of the lease term. We have risks related to the management and protection of our facilities and inventory **, including risks of personal injury to customers, suppliers or associates**. We have office, showroom, counter, warehouse and distribution facilities located in all regions in which we operate which may be subject to a risk for crimes that could impact our operations, financial performance or reputation. No security or audit program is 100 % effective **.** ~~, and there~~ **There** is a risk that our security programs will not prevent the occurrences of crimes of break- ins, theft, property damage, and workplace violence **, including violent criminal acts such as interpersonal violence or an active shooter or mass casualty / damage event. Moreover, such programs may not be implemented as intended**. In the current climate of geopolitical uncertainty and social unrest, a security compromise could result in significant facility damage or loss, loss of inventory or personal injury to customers, suppliers or associates. There is a risk that inventory controls and facility security will fail resulting in inventory shrinkage or loss due to inadequate inventory tracking or misconduct of associates, customers, vendors or other third parties. Moreover, our inventory is located across the Company' s distribution facilities and branches and the disaggregated nature of our inventory could result in a failure to accurately record the existence and condition of our inventory. **Any such** ~~Security~~ **security** incidents, inventory loss or failure to maintain accurate records related to our inventory could have a negative effect on our business, financial condition, results of operations or reputation. Regulatory and legal Changes in, or interpretations of, United States, United Kingdom, Swiss or Canadian tax laws could have a material adverse effect on our business, financial condition, results of operations and cash flows. We are **primarily** subject to tax in the United States, the United Kingdom, Switzerland and Canada, and increases to ~~U. S. federal income~~ tax rates ~~and tax rates~~ in ~~other~~ -- **the** jurisdictions in which we operate or changes to the global tax framework could have an adverse effect on our business, financial condition and results of operations. Tax laws, regulations and administrative practices in various jurisdictions may be subject to significant change, with or without advance notice, due to economic, political and other conditions, including those resulting from an outbreak or resurgence of a ~~global pandemic, and~~ **public health crisis.** ~~significant~~ **Significant** judgment is required in evaluating and estimating our provision and accruals for these taxes. Our effective tax rates could be affected by ~~numerous factors, such as~~ changes in tax laws ~~,~~ **and** regulations, administrative practices, principles and interpretations, the mix and level of earnings in a given taxing jurisdiction or our ownership or capital structures ~~. Proposed and recently enacted changes to the tax rules that apply to corporate income tax rates, a minimum tax on book income and changes that generally will increase the tax rates applicable to a U. S. corporation' s international income, could materially affect our tax obligations and effective tax rate~~. In December 2021, the Organisation of Economic Co- operation and Development **(" OECD ")** published model rules that provided a template for countries to implement a new global minimum tax rate of 15 %. In ~~January 2022, the U. K. government opened a consultation on how the U. K. plans to implement the model rules, with guidance to accompany these rules published in March 2022. In~~ July 2022, the U. K. government issued draft legislation to implement these rules ~~and has confirmed that the final legislation will be~~ **, which was enacted (within Finance No 2 Act 2023) on July 11, 2023. The rules are** effective for accounting periods beginning on or after December 31, 2023. As a result, it is possible that the Company' s consolidated effective tax rate will increase in the short term. It is difficult to predict whether and when tax law changes that will be enacted or which have very recently been enacted without supporting regulations will have a material adverse effect on our business, financial condition, results of operations and cash flows. The Inflation Reduction Act was enacted on August 16, 2022. This law, among other provisions, provides a **U. S.** corporate alternative minimum tax on adjusted financial statement income, which is effective for us beginning with fiscal 2024, and an excise tax on ~~corporate~~ **certain** stock repurchases ~~after December 31~~ **by U. S. corporations (which the U. S. Department of Treasury indicated may also apply** , ~~2022~~ **in certain circumstances, to stock repurchases of foreign corporations deemed funded by their U. S. affiliates)**. While we ~~believe~~ **do not expect** that these tax law changes **will** ~~have no immediate effect and are not expected to~~ have a material adverse effect on our results of operations going forward, it is unclear how this legislation **or administrative guidance thereunder** will be implemented by the U. S. Department of Treasury and what, if any, impact it will have on **the Company, including** our tax rate. We will continue to evaluate its impact as further information becomes available. In addition, our location of tax residence could be challenged. If the Company were to cease, or failed, to maintain our place of central management and control in the location of our tax residency, our ability to rely on specific tax treaty benefits could be impacted, potentially causing withholding taxes on dividends and interest payments made by certain of our subsidiaries to increase while taxes on unrealized gains of the Company could possibly be imposed. The application of tax law is subject to interpretation. Additionally, administrative guidance can be incomplete or vary from legislative intent, and therefore the application of the tax law is uncertain. While we believe the positions reported by the Company comply with relevant tax laws and regulations, we could be subject to tax audits and taxing authorities could interpret our application of certain laws and regulations differently. Future tax controversy matters may result in previously unrecorded tax expenses, higher future tax expenses or the assessment of interest and penalties which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our own brand products subject us to certain increased risks such as regulatory, product liability and reputational risks that could have an adverse effect on our business, results of operations and financial condition. As we expand our own brand product offerings organically and through acquisitions, we may become subject to increased risks due to our greater role in the design, **sourcing,** marketing and sale of those products. The risks include greater responsibility to administer and comply with applicable regulatory requirements, increased potential product liability and product recall exposure, and increased potential **legal and** reputational risks related to the responsible sourcing of those products. To effectively execute on our own brand product differentiation strategy, we must also be able to successfully protect our proprietary rights and successfully navigate and avoid claims related to the proprietary rights of third parties. In addition, an increase in sales of our own brand products may adversely affect sales of our suppliers' products, which in turn could adversely affect our relationships with certain of our suppliers. **Further, the development of our own brand products may require us to make investments in specialized personnel and operating systems, increase marketing efforts and reallocate resources away from other uses.** Any failure to appropriately address some or all of these risks could damage our reputation and have an adverse effect on our business, results of operations and financial condition. We are and may continue to be involved in legal proceedings in the course of our business, and while we cannot predict the outcomes of those proceedings and other contingencies with certainty, some of these outcomes may adversely impact our business, financial condition, results of operations and cash flows. We are and may continue to be involved in legal proceedings such as consumer and employment and other litigation that arises from time to time in the course of our business ~~. For example, as a result of our past business activities, we are exposed, principally through indemnification claims, to various claims related to asbestos, for which we recognized environmental and legal provisions amounting to $ 61 million on our balance sheet as of July 31, 2022~~ . In future periods, we could be subject to cash costs or non- cash charges to earnings if any of these litigation matters are resolved on unfavorable terms, or if our estimates regarding legal provisions accounting or our insurance coverage are incorrect. Various factors could cause actual results to differ from these estimates. Litigation is inherently unpredictable, and the outcome of some of these proceedings and other contingencies could require us to take or refrain from taking actions which could adversely impact the business or could result in excessive verdicts. Any such outcome could have an adverse effect on our business, financial condition, results of operations and cash flows. Additionally, involvement in these lawsuits and related inquiries and other proceedings may involve significant expense, divert management' s attention and resources from other matters, and negatively affect our reputation. Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters, could significantly affect our financial results or financial condition. Accounting standards and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, such as revenue recognition and net sales, asset impairment, impairment of goodwill and other intangible assets, inventories, lease obligations, self- insurance, tax matters, pensions and litigation, are complex and involve many subjective assumptions, estimates and judgments. Changes in accounting standards or their interpretation or changes in underlying assumptions and estimates or judgments could significantly change our reported or expected financial performance or financial condition. We are subject to various risks related to the local and international nature of our business, including domestic and foreign laws, regulations and standards. Failure to comply with such laws and regulations or the occurrence of unforeseen developments such as litigation could adversely affect our business. Our business operates in the United States and Canada ~~,~~ and is subject to specific risks of conducting business in different jurisdictions across these countries and other parts of the world, including China, Taiwan, India, Thailand, Vietnam, Italy, Turkey, and South Korea. Our business is subject to a wide array of domestic and international laws, regulations and standards in jurisdictions where we operate, including advertising and marketing regulations, anti- bribery and corruption / money laundering laws, anti- competition regulations, **data privacy and** data protection (including payment card industry data security standards) and cybersecurity requirements (including protection of information and incident responses) **, consumer protection laws, cash and electronic payment regulations and industry standards** , environmental protection laws, foreign exchange controls and cash repatriation restrictions, government business regulations applicable to us as a government contractor selling to federal, state and local government entities, import and export requirements, intellectual property laws, labor laws, product compliance laws, fleet and driver related laws, supplier regulations regarding the sources of supplies or products, tax laws, zoning laws, unclaimed property laws and laws, regulations and standards applicable to other commercial matters. In particular, occupational health and safety or consumer product safety regulation may require that we take appropriate corrective action, including but not limited to product recall, in respect of products that we have distributed. Managing a product recall or other corrective action can be expensive and can divert the attention of management and other personnel for significant time periods. **Any product recall or other corrective action may negatively affect customer confidence in the Company' s products and the Company itself, regardless of whether it is successfully implemented.** Moreover, we are also subject to audits and inquiries by government agencies in the normal course of business **. In recent years, a number of new laws and regulations have been adopted, and there has been expanded enforcement of certain existing laws and regulations by federal, state and local agencies. These laws and regulations, and related interpretations and enforcement activity, may change as a result of a variety of factors, including political, economic or social events. Changes in, expanded enforcement of, or adoption of new federal, state or local laws and regulations could increase our costs of doing business or impact our operations, including, among other factors, as a result of required investments in technology and the development of new operational processes** . Failure to comply with any of these laws, regulations and standards could result in civil, criminal, monetary and non- monetary penalties as well as potential damage to the Company' s reputation. ~~Changes in these laws, regulations and standards, or in their interpretation, could increase the cost of doing business, including, among other factors, as a result of increased investments in technology and the development of new operational processes.~~ Furthermore, while we have implemented policies and procedures designed to facilitate compliance with these laws, regulations and standards, there can be no assurance that associates, contractors or agents will not violate such laws, regulations and standards or our policies. Any ~~product recall or other corrective action may negatively affect customer confidence in the Company' s products and the Company itself, regardless of whether it is successfully implemented. Any such~~ failure to comply **with** or violation **of the various laws, regulations and standards to which we are subject** could individually or in the aggregate materially adversely affect our business, financial condition, results of operations and cash flows. ~~28~~