

## Risk Factors Comparison 2025-02-20 to 2024-02-22 Form: 10-K

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You should carefully consider the following risks. However, the risks set forth below are not the only risks that we face, and we face other risks which have not yet been identified or which are not yet otherwise predictable. If any of the following risks occur or are otherwise realized, our business, financial condition, and results of operations could be materially adversely affected. You should carefully consider the risks described below and all other information in this Annual Report on Form 10-K, including our Consolidated Financial Statements and the related Notes to Consolidated Financial Statements and schedules thereto. Risks Relating to Our Products and Demand for our Products: **8 | December 28, 2024 Form 10-K** Our sales are dependent upon the health and stability of the general economy. Adverse changes in economic factors specific to the home improvement industry may adversely affect our sales and financial performance. Many North American and global economic factors may adversely affect our financial performance. These include, but are not limited to, periods of slow economic growth or recession, home price appreciation or decreasing housing turnover, volatility and / or lack of liquidity from time to time in U. S. and world financial markets and the consequent reduced availability and / or higher cost of borrowing to Hillman, its customers, and consumers, slower rates of growth in real disposable personal income that could affect the rate of growth in consumer spending, inflation and its impacts on discretionary spending and on our costs, shortages, and other disruptions in the labor supply, consumer debt levels, changes in tax rates and policy, outbreak of pandemics, fluctuations in fuel and energy costs, inflation or deflation of commodity prices, natural disasters, armed conflicts, and acts of both domestic and international terrorism. Sales of many of our products are driven by the activity level of home repair and remodel projects. Our customers, suppliers, and other parties with whom we do business are also impacted by the foregoing conditions and adverse changes may result in financial difficulties leading to restructurings, bankruptcies, liquidations, and other unfavorable events for our customers, consumers, suppliers, and other service providers. Adverse trends in any of the foregoing factors could reduce our sales, adversely impact the mix of our sales, or increase our costs, which could have a material adverse effect on our business, financial condition and results of operations. Large customer concentration and the inability to penetrate new channels of distribution could adversely affect our business. Our two largest customers constituted approximately \$ ~~640.603~~ **41** million of net sales and \$ ~~35.37~~ million of the year-end accounts receivable balance for ~~2023~~ **2024**. Both of these customers are big box chain stores. Our results of operations depend greatly on our ability to maintain existing relationships and arrangements with these big box chain stores. To the extent that the big box chain stores are materially adversely impacted by the changing retail landscape, this could have a negative effect on our results of operations. These two customers have been key components of our growth and failure to maintain fulfillment and service levels or relationships with these customers could result in a material loss of business. Our inability to penetrate new channels of distribution, including ecommerce, may also have a negative impact on our future sales and business. (See Note ~~20-17~~ - Concentration of Credit Risks of the Notes to Consolidated Financial Statements for additional information). **If a large customer experiences a material decline in its business, that could have a negative impact on our ability to collect outstanding accounts receivable or continue future sales and business with that customer, which could have a material adverse effect on our financial condition, results of operations, and ability to generate future sales and cash flow from that customer. This occurred on October 14, 2024, when True Value Company, LLC and certain of its affiliates (collectively, " True Value"), filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code that impaired the collectability of our accounts receivable and resulted in us recording a charge of \$ 8.6 million in 2024.** To compete successfully, we must develop and commercialize a continuing stream of innovative new products that create consumer demand. Our long- term success in the current competitive environment depends on our ability to develop and commercialize a continuing stream of innovative new products, ~~including those in our new mass merchant fastener program,~~ which create and maintain consumer demand. We also face the risk that our competitors will introduce innovative new products that compete with our products. Our strategy includes increased investment in new product development and continued focus on innovation. There are, nevertheless, numerous uncertainties inherent in successfully developing and commercializing innovative new products on a continuing basis, and new product launches may not provide expected growth results. ~~9 | December 30, 2023 Form 10-K~~ Acquisitions have formed a significant part of our growth strategy in the past and may continue to do so. If we are unable to identify suitable acquisition candidates, successfully integrate an acquired business, or obtain financing needed to complete an acquisition, our growth strategy may not succeed. Historically, our growth strategy has relied in part on acquisitions that either expand or complement our businesses and / or product offerings in new or existing markets. However, there can be no assurance that we will be able to identify or acquire acceptable acquisition candidates on terms favorable to us and in a timely manner. The process of integrating acquired businesses into our operations may result in unforeseen difficulties and may require a disproportionate amount of resources and management attention, and there can be no assurance that we will be able to successfully integrate acquired businesses into our operations. Additionally, we may not achieve the anticipated benefits from any acquisition. **9 | December 28, 2024 Form 10-K** Unfavorable changes in the current economic environment may make it difficult to acquire businesses in order to further our growth strategy. We will continue to seek acquisition opportunities both to expand into new markets and to enhance our position in our existing markets. However, our ability to do so will depend on a number of factors, including our ability to obtain financing that we may need to complete a proposed acquisition opportunity which may be unavailable or available on terms that are not advantageous to us. If financing is unavailable or on unfavorable terms, we may be forced to forego otherwise attractive acquisition opportunities which may have a negative effect on our ability to grow. Risks Related to our Operations: Our results of operations could be negatively impacted

by inflation or deflation in supply chain costs, including raw materials, sourcing, transportation and energy. Many of our products are manufactured out of metals, including but not limited to steel, aluminum, zinc, and copper. Additionally, we use other commodity-based materials in the manufacture of Letters, Numbers, and Signs (“LNS”) that are resin-based and subject to fluctuations in the price of oil. We source the majority of our products from third parties and are subject to changes in their underlying manufacturing costs. We also use third parties for transportation and are exposed to fluctuations in freight costs to transport goods from our suppliers to our distribution facilities and to our customers, as well as the price of diesel fuel in the form of freight surcharges on customer shipments and the cost of gasoline used by the field sales and service force. Inflation in these costs could result in significant cost increases. If we are unable to mitigate any cost increases from the foregoing factors through various customer pricing actions and cost reduction initiatives, our financial condition may be adversely affected. Conversely, in the event that there is deflation, we may experience, and in fact have experienced, pressure from our customers to reduce prices. There can be no assurance that we would be able to reduce our cost base (through negotiations with suppliers or other measures) to offset any such price concessions which could adversely impact our results of operations and cash flows. Our business is subject to risks associated with sourcing product from overseas, **including tariffs**. We import a majority of our products and rely on foreign sources, primarily China and Taiwan, to meet our supply demands at prices that support our current operating margins. Substantially all of our import operations are subject to customs requirements, tariffs, and quotas set by governments through mutual agreements or unilateral actions. The U. S. tariffs on steel, aluminum, and other imported goods have materially increased the costs of many of our foreign sourced products, and any escalation in the tariffs will increase the impact, **including without limitation recent tariffs against goods imported from China, Mexico, and Canada enacted on February 1, 2025 by the Trump Administration and any retaliatory tariffs issued in response thereto**. In order to sustain current operating margins while the tariffs are in effect, we must be able to increase prices with our customers and find alternative, similarly priced sources that are not subject to the tariffs. If we are unable to effectively implement these countermeasures, our operating margins will be impacted. In addition, the countries from which our products and materials are manufactured or imported may, from time to time, impose additional quotas, duties, tariffs, or other restrictions on their imports or adversely modify existing restrictions. Adverse changes in these import costs and restrictions, or our suppliers' failure to comply with customs regulations or similar laws, could harm our business. If any of our existing vendors fail to meet our needs, we believe that sufficient capacity exists in the open market to supply any shortfall that may result. However, it is not always possible to replace a vendor on short notice without disruption in our operations, which may require more costly expedited transportation expense and replacement of a major vendor is often at higher prices. Our ability to import products in a timely and cost-effective manner may also be affected by conditions at ports or issues that otherwise affect transportation and warehousing providers, such as port and shipping capacity, high demand for ocean freight, labor disputes, **hostilities or terrorism against ocean vessels or changes in shipping routes to avoid the same**, severe weather, or increased homeland security requirements in the U. S. and other countries. These issues could delay importation of products, increase our transit costs, or require us to ~~10 | December 30, 2023 Form 10-K~~ locate alternative ports or warehousing providers to avoid disruption to customers. These alternatives may not be available on short notice or could result in higher transit costs, which could have an adverse impact on our business and financial condition. ~~Further, COVID-19 outbreaks could cause temporary closures or labor shortages at our facilities, the facilities of our suppliers, or other disruptions throughout our supply chain. This may adversely affect our results of operations, financial position, and cash flows.~~ Additionally, in recent years, tensions between mainland China and Taiwan have further escalated. Conflict between China and Taiwan could disrupt our supply chain, including limiting access to key ports, disrupting the operations of our suppliers, or resulting in potential international sanctions, all of which could adversely affect our results of operations or increase our costs. **10 | December 28, 2024 Form 10-K** We are subject to inventory management risks: insufficient inventory may result in increased costs, lost sales and lost customers, while excess inventory may increase our costs. We balance the need to maintain inventory levels that are sufficient to maintain superior customer fulfillment levels against the risk and financial costs of carrying excess inventory levels. In order to successfully manage our inventories, we must estimate demand from our customers at the product level and timely purchase products in quantities that substantially correspond to that demand. If we overestimate demand and purchase too much of a particular product, we could have excess inventory handling costs, distribution center capacity constraints and inventory that we cannot sell profitably. In addition, we may have to write down such inventory if we are unable to sell it for its recorded value. In fact, in the fourth quarter of 2023, we recorded inventory revaluation charges of \$ 5. 0 million in connection with exiting certain retail locations and markets for a product line. By contrast, if we underestimate demand and purchase insufficient quantities of a product, and / or do not maintain enough inventory of a product, we may not be able to fulfill customer orders on a timely basis which could result in fines, the loss of sales and ultimately loss of customers for those products as they turn to our competitors. Our business, financial condition and results of operations could suffer a material adverse effect if either or both of these situations occur frequently or in large volumes. Because our business is working capital intensive, we rely on our ability to manage our product purchasing and customer credit policies. 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. In recent years, our lead times extended due to disruptions in the global supply chain. During ~~2021 and~~ 2022, we saw increased lead times for ocean freight from Asia, and we had to increase our inventory levels to maintain our high fill rates with our customers, which has increased our inventory costs and reduced our profitability. Our lead times and inventory levels normalized in 2023. However, there are no assurances that lead times will not increase in the future, and in such event our working capital and financial condition may be adversely affected. If we fail to adequately manage our product purchasing or customer credit policies, our working capital and financial condition may be adversely affected. We are subject to the risks of doing business internationally. A portion of our revenue is generated outside the United States, primarily from customers located in Canada, Mexico, Latin America, and the

Caribbean. Because we sell our products and services outside the United States, our business is subject to risks associated with doing business internationally, which include: • changes in a specific country' s or region' s political and cultural climate or economic condition; • unexpected or unfavorable changes in foreign laws and regulatory requirements; • difficulty of effective enforcement of contractual provisions in local jurisdictions; • inadequate intellectual property protection in foreign countries; • the imposition of duties and tariffs and other trade barriers **, including without limitation recent tariffs against goods imported from China, Mexico, and Canada enacted on February 1, 2025 by the Trump Administration and any retaliatory tariffs issued in response thereto**; • trade- protection measures, import or export licensing requirements such as Export Administration Regulations promulgated by the U. S. Department of Commerce, Economic Sanctions Laws and Regulations administered by the Office of Foreign Assets Control, and fines, penalties, or suspension or revocation of export privileges; • violations of the United States Foreign Corrupt Practices Act; ~~11 | December 30, 2023 Form 10- K~~ the effects of applicable and potentially adverse foreign tax law changes; • significant adverse changes in foreign currency exchange rates; and • difficulties associated with repatriating cash in a tax- efficient manner. Any failure to adapt to these or other changing conditions in foreign countries in which we do business could have an adverse effect on our business and financial results. Risks Related to our Workforce: **11 | December 28, 2024 Form 10- K** Successful sales and marketing efforts depend on our ability to recruit and retain qualified employees. The success of our efforts to grow our business depends on the contributions and abilities of key executives, our sales force, and other personnel, including the ability of our sales force to achieve adequate customer coverage. We must therefore continue to recruit, retain, and motivate management, sales, and other personnel to maintain our current business and to support our projected growth. A shortage of these key employees might jeopardize our ability to implement our growth strategy. Increases in labor costs, potential labor disputes and work stoppages or an inability to hire skilled distribution, sales and other personnel could adversely affect our business. An increase in labor costs, work stoppages or disruptions at our facilities or those of our suppliers or transportation service providers, or other labor disruptions, could decrease our sales and increase our expenses. In addition, although our employees are not represented by a union, our labor force may become subject to labor union organizing efforts, which could cause us to incur additional labor costs and increase the related risks that we now face. A significant increase in the salaries and wages paid by competing employers could result in a reduction of our labor force, increases in the salaries and wages that we must pay, or both. If we are unable to hire warehouse, distribution, sales and other personnel, our ability to execute our business plan and our results of operations would suffer. Risks Related to our Technology and Cybersecurity: Our success is highly dependent on information and our technology systems, as well as those of our third party vendors and business partners. We depend on our information systems, and those of our third party vendors and business partners, to process orders, to manage inventory and accounts receivable collections, to purchase, sell, and ship products efficiently and on a timely basis, to maintain cost- effective operations, and to provide superior service to our customers. If these systems are damaged, intruded upon, shutdown, or cease to function properly (whether by planned upgrades, force majeure, telecommunications failures, hardware or software break- ins or viruses, other cyber- security incidents, or otherwise), we may suffer disruption in our ability to manage and operate our business. In late May 2023, we experienced a ransomware attack relating to certain systems on our network (the “ Cybersecurity Incident ”). The Cybersecurity Incident affected certain of our information technology systems, and as part of the containment effort, we suspended affected systems and elected to temporarily suspend additional systems in an abundance of caution. We reactivated and restored our operational systems over the course of the week following the Cybersecurity Incident. ~~The~~ **In 2023, the** Cybersecurity Incident related costs net of an expected insurance receivable totaled \$ 1. 0 million. **In the fourth quarter of 2024, we received proceeds from our insurance claim that exceeded the amount recorded as a receivable by \$ 0. 6 million. These proceeds represented the cost associated with lost revenue and incremental expenses incurred.** While we have taken measures designed to protect the security of our information and technology systems, and any information handled by these systems, including personal, sensitive, confidential, and proprietary information, there can be no assurance that the measures which we have adopted to protect against certain events that could disrupt the operations of our information systems will prevent the occurrence of such a disruption. Any such disruption could have a material adverse effect on our business and results of operations. In addition, we plan to upgrade our existing information technology systems or choose to incorporate new technology systems from time to time in order for such systems to support our business **, including a conversion to a new enterprise resource planning system currently scheduled to occur in over the next several years**. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could disrupt or reduce the efficiency of our operations. Any such reduction in efficiency or disruption could have a material adverse effect on our business and results of operations. **Unauthorized disclosure of personal, sensitive or confidential customer, employee, supplier, or Company information, whether through a breach of our computer systems, or those of our third party vendors and business partners, including cyber- attacks or otherwise, could severely harm our business. As part of our business, we collect, process, and retain personal, sensitive and confidential personal information about our customers, employees, and suppliers. Despite the security measures we have in place, our facilities and** ~~12 | December 30-28, 2023-2024~~ **2024** Form 10- K ~~Unauthorized disclosure of personal, sensitive or confidential customer, employee, supplier, or Company information, whether through a breach of our computer systems, or those of our third party vendors and business partners, including cyber- attacks or otherwise, could severely harm our business. As part of our business, we collect, process, and retain personal, sensitive and confidential personal information about our customers, employees, and suppliers. Despite the security measures we have in place, our facilities and~~ systems, and those of the retailers and other third party distributors with which we do business, may be vulnerable to security breaches, cyber- attacks, acts of vandalism, computer viruses, misplaced or lost data, programming and / or human errors, or other similar events. In fact, in late May 2023, we experienced a ransomware attack relating to certain systems on our network, as is more fully described on the preceding page, and some confidential personal information of our employees and selected dependents was accessed by the

threat actor. In addition, employees may intentionally or inadvertently cause the unauthorized access to or release of personal, sensitive, or confidential customer, employee, supplier or Company information. Because the techniques used to circumvent security systems can be highly sophisticated, change frequently, are often not recognized until launched against a target, and may originate from less regulated and remote areas around the world, we may be unable to proactively anticipate or address all possible techniques or implement adequate preventive measures for all situations. Any security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential customer, employee, supplier, or Company information, whether by us or by the retailers and other third party distributors and business partners with which we do business, could result in losses, severely damage our reputation, expose us to the risks of litigation and liability, disrupt our operations, and have a material adverse effect on our business, results of operations, and financial condition. We anticipate that these threats will continue to grow in scope and complexity over time. Cybercrime and attacking techniques are constantly evolving, and we or our third party vendors and business partners may be unable to anticipate attempted security breaches, react in a timely manner, or implement adequate preventative measures, particularly given the increasing use of hacking techniques designed to circumvent controls, avoid detection, and remove or obfuscate forensic artifacts. The regulatory environment related to information security, data collection, and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs. As a result, our practices may not have complied in the past or may not comply now or in the future with all such laws, regulations, requirements and obligations. Our failure to take any steps perceived by the a-regulatory body as appropriate to protect certain information may result in claims under various data privacy and security laws, which could severely impact our business.

**Risks Related to Intellectual Property:** Failure to adequately protect intellectual property could adversely affect our business. Intellectual property rights are an important and integral component of our business. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright, and trade secret laws, as well as licensing agreements and third- party nondisclosure and assignment agreements. In the event that our trademarks or patents are successfully challenged and we lose the rights to use those trademarks or patents, or if we fail to prevent others from using them, we could experience reduced sales or be forced to redesign or rebrand our products, requiring us to devote resources to product development, advertising, and marketing new products and brands. In addition, we cannot be sure that any pending trademark or patent applications will be granted or will not be challenged or opposed by third parties or that we will be able to enforce our trademark rights against counterfeiters. Failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations, and financial condition. Our success depends in part on our ability to operate without infringing on or misappropriating the proprietary rights of others, and if we are unable to do so we may be liable for damages. We cannot be certain that United States or foreign patents or patent applications of other companies do not exist or will not be issued that would prevent us from commercializing our products. Third parties may sue us, and in fact have sued us (see Item 3- Legal Proceedings of this Annual Report and Note **18-15** - Commitments and Contingencies of the Notes to Consolidated Financial Statements for additional information), for infringing or misappropriating their patent or other intellectual property rights. Intellectual property litigation is costly. If we do **13 | December 30, 2023 Form 10-K** not prevail in litigation, in addition to any damages we might have to pay, we could be required to cease the infringing activity, obtain a license requiring us to make royalty payments, and / or enter into other settlement arrangements that temporarily preclude us from liability. It is possible that a required license may not be available to us on commercially acceptable terms, if at all. In addition, a required license may be non- exclusive, and therefore our competitors may have access to the same technology licensed to us. If we fail to obtain a required license or are unable to design around another company' s patent, we may be unable to make use of some of the affected products, which would reduce our revenue. **13 | December 28, 2024 Form 10-K**

The defense costs and settlements for patent infringement lawsuits are not covered by insurance. Patent infringement lawsuits can take years to settle. If we are not successful in our defenses or are not successful in obtaining dismissals of any such lawsuit, legal fees or settlement costs could have a material adverse effect on our results of operations and financial position. ~~Recent changes in United States patent laws may limit our ability to obtain, defend, and / or enforce our patents. The United States has recently enacted and implemented wide ranging patent reform legislation. The United States Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the United States Congress, the United States federal courts, and the United States Patent and Trademark Office, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce patents that we have licensed or that we might obtain in the future. Similarly, changes in patent law and regulations in other countries or jurisdictions, changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents that we have licensed or that we may obtain in the future.~~ **Risks Relating to Our Indebtedness:** We have significant indebtedness that could affect operations and financial condition and prevent us from successfully executing our strategy. We have a significant amount of indebtedness. On December **30-28**, **2023-2024**, our total indebtedness was \$ **760-718**, **9-6** million, of which, \$ **751-645**, **9-5** million is indebtedness issued under the term loan facility, and \$ **9-11**, **1** million is indebtedness under finance lease and other obligations. The Company also has an asset- based revolving credit facility with aggregate commitments of up to \$ 375. 0 million, ~~that does not have~~ **of \$ 62. 0 million**, and aggregate availability of \$ **246-188**, **8-7** million as of December **30-28**, **2023-2024**, subject to customary asset- backed loan borrowing base and availability provisions. Our substantial indebtedness could have important consequences. For example, it could: • make it more difficult for us to satisfy obligations to holders of our indebtedness; • increase our vulnerability to increases in interest rates; • increase our vulnerability to general adverse economic and industry conditions; • require the dedication of a substantial portion of cash flow

from operations to payments on indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, research and development efforts, and other general corporate purposes; • limit flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • place us at a competitive disadvantage compared to competitors that have less debt; and • limit our ability to borrow additional funds. In addition, the agreement governing our senior secured credit facilities contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long- term best interests. The failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all outstanding indebtedness. Despite current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage. We may be able to incur substantial additional indebtedness in the future. The terms of our senior secured credit facilities do not fully prohibit us from doing so. The senior secured credit facilities permit additional borrowing of ~~14~~ **December 30, 2023 Form 10-K** up to \$ ~~246.188~~ **8.7** million as of December ~~30-28, 2023-2024~~ **30-28, 2023-2024**, subject to customary asset-backed loan borrowing base and availability provisions. If new debt is added to our current debt levels, the related risks that we now face could intensify. We rely on available borrowings under the Asset- Based Revolving credit facility (“ ABL Revolver ”) for cash to operate our business, and the availability of credit under the ABL Revolver may be subject to significant fluctuation. In addition to cash we generate from our business, our principal existing source of cash is borrowings available under the ABL Revolver. Aggregate availability will be limited to the lesser of a borrowing base and \$ 375. 0 million. The borrowing base is calculated on a monthly (or more frequent under certain circumstances) valuation of our inventory, accounts receivable and certain cash balances. As a result, our access to credit under the ABL Revolver is potentially subject to significant fluctuation, depending on the value of the borrowing base- eligible assets as of any measurement date. The inability to borrow under the ABL Revolver may adversely affect our liquidity, financial position and results of operations. As of December ~~30-28, 2023-2024~~ **30-28, 2023-2024**, the ABL Revolver ~~had did not have~~ **had** an outstanding balance **of \$ 62. 0 million** and had outstanding letters of credit of \$ ~~40.41~~ **9.6** million, with \$ ~~246.188~~ **8.7** million of available borrowings as a source of liquidity based on the customary asset-backed loan borrowing base and availability provisions. We are subject to fluctuations in interest rates. All of our indebtedness incurred under our senior secured credit facilities have variable interest rates. Increases in borrowing rates will increase our cost of borrowing, which may adversely affect our results of operations and **14 | December 28, 2024 Form 10- K** financial condition. Our term loan and interest rate derivatives generally bear interest at a rate per annum equal to Daily Simple Secured Overnight Financing Rate (SOFR). We may, and have in the past, enter into interest rate derivatives that hedge risks related to floating for fixed rate interest payments in order to reduce interest rate volatility, however there are no assurances that we will do so, or that we will be able to do so on terms favorable to us. Further, we may choose not to maintain interest rate swaps with any of our variable rate indebtedness, or may only choose to maintain interest rate swaps with some, but not all, of our variable rate indebtedness. The failure to meet certain financial covenants required by our credit agreements may materially and adversely affect assets, financial position, and cash flows. Certain aspects of our credit agreements require the maintenance of a leverage ratio and limit our ability to incur debt, make investments, or undertake certain other business activities. In particular, our minimum allowed fixed charge coverage ratio requirement is 1. 0x as of December ~~30-28, 2023-2024~~ **30-28, 2023-2024**. A breach of the covenant, or any other covenants, could result in an event of default under the credit agreements. Upon the occurrence of an event of default under the credit agreements, all amounts outstanding, together with accrued interest, could be declared immediately due and payable by our lenders. If this happens, our assets may not be sufficient to repay in full the payments due under the credit agreements. The current credit market environment and other macro- economic challenges affecting the global economy may adversely impact our ability to borrow sufficient funds or sell assets or equity in order to pay existing debt. Volatility and weakness in bank and capital markets may adversely affect credit availability and related financing costs for us. Bank and capital markets can experience periods of volatility and disruption. If the disruption in these markets is prolonged, our ability to refinance, and the related cost of refinancing, some or all of our debt could be adversely affected. Additionally, during periods of volatile credit markets, there is a risk that lenders, even those with strong balance sheets and sound lending practices, could fail or refuse to honor their legal commitments and obligations under existing credit commitments. Although we currently can access the bank and capital markets, there is no assurance that such markets will continue to be a reliable source of financing for us. These factors, including the tightening of credit markets, could adversely affect our ability to obtain cost-effective financing. Increased volatility and disruptions in the financial markets also could make it more difficult and more expensive for us to refinance outstanding indebtedness and obtain financing. In addition, the adoption of new statutes and regulations, the implementation of recently enacted laws or new interpretations or the enforcement of older laws and regulations applicable to the financial markets or the financial services industry could result in a reduction in the amount of available credit or an increase in the cost of credit. Disruptions in the financial markets can also adversely affect our lenders, insurers, customers, and other counterparties. Any of these results could cause a material adverse effect to our business, financial condition, and results of operations. Legal, Regulatory, and Other External Risks: ~~15 | December 30, 2023 Form 10- K~~ We are exposed to adverse changes in currency exchange rates. Exposure to foreign currency risk exists because we, through our global operations, enter into transactions and make investments denominated in multiple currencies. Our predominant exposures are in Canadian, Mexican, and Asian currencies, including the Chinese Yuan (“ CNY ”). In preparing our Consolidated Financial Statements for foreign operations with functional currencies other than the U. S. dollar, asset and liability accounts are translated at current exchange rates and income and expenses are translated using weighted- average exchange rates. With respect to the effects on translated earnings, if the U. S. dollar strengthens relative to local currencies, our earnings could be negatively impacted. We do not make a practice of hedging our non- U. S. dollar earnings. We source many products from China and other Asian countries for resale in other regions. To the extent that the U. S. dollar declines relative to the CNY or other currencies, we may experience cost increases on such purchases. The U. S. dollar increased in value relative to the CNY by 2. **8 % in 2024, increased by 2.** 9 % in 2023 ~~;~~ **and** increased by 8. 3 % in 2022 ~~and decreased by 2. 6 % in 2021~~. Significant

appreciation of the CNY or other currencies in countries where we source our products could adversely impact our profitability. In addition, our foreign subsidiaries in Canada and Mexico may purchase certain products from their vendors denominated in U. S. dollars. If the U. S. dollar strengthens compared to the local currencies, it may result in margin erosion. We have a practice of hedging some of our Canadian subsidiary' s purchases denominated in U. S. dollars. We may not be successful at implementing customer pricing or other actions in an effort to mitigate the related cost increases which may adversely impact our results of operations. If we were required to write down all or part of our goodwill or indefinite- lived trade names, our financial condition and results of operations could be materially adversely affected. **15 | December 28, 2024 Form 10- K** We have \$ ~~825-828~~ **0-6** million of goodwill and \$ ~~85-84~~ **5-9** million of indefinite- lived trademarks recorded on our accompanying Consolidated Balance Sheets at December ~~30-28~~ **2023-2024**. We are required to periodically determine if our goodwill or indefinite- lived trademarks have become impaired, in which case we would write down the impaired portion. ~~While our fourth quarter 2023 impairment test determined the fair value of the Hardware Solutions and Protective Solutions reporting units exceeded their respective carrying by 4 % and 6 %, respectively, certain changes in the assumptions used for discount rate, projected revenue growth, and projected EBITDA growth could result in the fair value of either of these reporting units being less than its carrying value, in which case we would be required to write down goodwill to its fair value (see Management' s Discussion & Analysis- Critical Accounting Policies and Estimates- Goodwill for additional information). Additionally, a continued decline in our stock price may trigger an evaluation of the recoverability of the recorded goodwill and other long- lived assets.~~ If we were required to record additional write downs of all or part of our goodwill or indefinite- lived trademarks, our financial condition and net income could be materially adversely affected. We are subject to legal proceedings and legal compliance risks. We are involved in various legal proceedings, which from time to time may involve lawsuits, state and federal governmental inquiries, audits and investigations, environmental matters, employment, tort, state false claims act, consumer litigation, and intellectual property litigation. At times, such matters may involve executive officers and other management. Certain of these legal proceedings may be a significant distraction to management and could expose us to significant liability, including settlement expenses, damages, fines, penalties, attorneys' fees and costs, and non- monetary sanctions, any of which could have a material adverse effect on our business and results of operations. Our business may be adversely affected by seasonality. In general, we have experienced seasonal fluctuations in sales and operating results from quarter to quarter. Typically, the first calendar quarter is the weakest due to the effect of weather on home projects and the construction industry. If adverse weather conditions persist on a regional or national basis into the second or other calendar quarters, our business, financial condition, and results of operations may be materially adversely affected. Future tax law changes may materially increase our prospective income tax expense. We are subject to income taxation in many jurisdictions in the U. S., as well as foreign jurisdictions. Judgment is required in determining our worldwide income tax provision and, accordingly, there are many transactions and computations for which our final income tax determination is uncertain. We are occasionally audited by income tax authorities in various tax jurisdictions. Although we believe our recorded tax estimates are reasonable, the ultimate outcome from any audit (or related litigation) could be materially different from the amounts reflected in our income tax provisions and accruals. Future settlements of income tax audits may have a material effect on ~~16 | December 30, 2023 Form 10- K~~ earnings between the period of initial recognition of tax estimates in the financial statements and the point of ultimate tax audit settlement. Additionally, it is possible that future income tax legislation and regulations or interpretations thereof in any jurisdiction to which we are subject to taxation may be enacted and such changes could have a material impact on our worldwide income tax provision beginning with the period during which such changes become effective. In addition, our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • changes in the valuation of our deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • tax effects of stock- based compensation; • costs related to intercompany restructurings; and • lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.