

Risk Factors Comparison 2025-02-27 to 2024-02-22 Form: 10-K

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There are a number of business risks and uncertainties that affect our business. These risks and uncertainties could cause our actual results to differ from past performance or expected results. We consider the following risks and uncertainties to be most relevant to our business activities. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely impact our business, financial condition and results of operations. We urge investors to consider carefully the risk factors described below in evaluating the information contained in this report. For a summary of the following risks, please see "Information Regarding Forward-Looking Statements and Risk Factors Summary" which appears immediately prior to Item 1, Business, of this Form 10-K.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our business and the industry in which we operate are highly dependent on general and local economic conditions, the housing market, the level of new residential and commercial construction activity and other important factors, all of which are beyond our control. Our business is cyclical, seasonal and highly sensitive to economic and housing market conditions over which we have no control, including:

- the number of new home and commercial building construction starts;
- short- and long-term interest rates;
- inflation;
- employment levels and job and personal income growth;
- housing demand from population growth, household formation and other demographic changes;
- housing affordability;
- rental housing demand;
- availability and cost of labor;
- availability and cost of land;
- changes in material prices;
- local zoning and permitting processes, including the length of building cycles from permit to completion, based on local economic or environmental factors;
- federal, state and local energy efficiency programs, regulations, **building** codes and standards;
- availability and pricing of mortgage financing for homebuyers and commercial financing for developers of multi-family homes and commercial projects;
- foreclosure rates;
- consumer confidence generally and the confidence of potential homebuyers in particular;
- U. S. and global financial system and credit market stability;
- federal government economic, trade, and spending laws and policies;
- private party and government mortgage loan programs and federal and state regulation, oversight and legal action regarding lending, appraisal, foreclosure and short sale practices;
- federal and state personal income tax rates and provisions, including provisions for the deduction of mortgage loan interest payments, state and local income and real estate taxes and other expenses;
- general economic conditions, including in the markets in which we compete; and
- pandemics, natural disasters, war, acts of terrorism and response to these events.

Unfavorable changes in any of the above conditions could adversely affect consumer spending, result in decreased demand for homes and adversely affect our business generally or be more prevalent or concentrated in particular markets in which we operate. Any deterioration in economic or housing market conditions or continuation of uncertain economic or housing market conditions could have a material adverse effect on our business, financial condition, results of operations and prospects.

Adverse developments affecting a continued downturn in the new residential housing market could materially and unfavorably affect our business and financial results. The majority of revenue from our business comes from the installation of building products in the new residential housing market. Any decline in new home construction may result in lower demand for our services and products and may materially adversely affect our business and, financial condition, liquidity, results of operations and cash flows. In 2023-2024, the U. S. Census Bureau reported an estimated 1.42-37 million non-seasonally adjusted total housing starts, down from 1.55-42 million starts in 2022-2023. Mortgage interest rates are affected by the Federal Reserve's monetary policies and significantly impact the affordability of housing. The Federal Reserve has raised interest rates significantly since in 2022 and 2023 to stabilize slow rising inflation rates experienced in the last two years. This contributed to has resulted in higher mortgage interest rates which. The Federal Reserve began easing monetary policy in September 2024, however mortgage rates remained elevated due to other economic factors such as contributed treasury yields and sticky inflation concerns. According to a lower estimate of the January 2025 Fannie Mae forecast, 2025 housing starts for 2024 of are projected to decrease slightly to 1.37-32 million. There are many macroeconomic and regional economic conditions that can impact housing indicators. As a result, we began seeing a moderation in housing demand as evidenced by the 8.4% decline in same branch sales in our single-family subset of our new residential end housing market in 2023. Any continued decline in new home construction may result in lower demand for our services and products and may materially adversely affect our business, financial condition, liquidity, results of operations and cash flows.

In particular, prolonged periods of higher mortgage interest rates, rising home prices, sustained periods of inflation, or other economic factors can reduce home affordability and may lead to a continued decline in the home construction market. When mortgage rates increase, the cost of owning a home also increases, which can reduce the number of potential homebuyers who can afford to purchase a home. The demand for new home construction could be negatively impacted if the number of renting households increases or if a shortage in the supply of affordable housing occurs, either of which could result in lower home ownership rates. Demand can also be negatively impacted by changing consumer tastes and demographic changes. Other factors that might impact growth in the homebuilding industry include: uncertainty in financial, credit and consumer lending markets amid slow growth or recessionary conditions; levels of mortgage repayment; limited credit availability; federal and state personal income tax rates and changes to the deductibility of certain state and local taxes; Federal Reserve policy changes; shortages of suitable building lots in many regions; shortages of experienced labor; soft housing demand in certain markets; and rising materials prices. Given these factors, we can provide no assurance that recent growth trends will continue, whether overall or in our markets. The economic downturn in 2007-2010 severely affected our business. Another reduction in housing demand in the future could have a similar effect on our business. Our business relies on commercial construction activity, which has faced significant challenges and is dependent on business

investment. A portion of the products we install and sell are for the commercial construction market. If this market does not grow in the future, the growth potential of our business, and our financial condition, results of operations and cash flows could be adversely affected. The commercial construction market, as measured by investment dollars, increased ~~20-7~~ **7** % in **2024** ~~from 2023~~ ~~from 2022~~ per the U. S. Census Bureau. According to Dodge Data & Analytics, commercial building starts in **2024-2025**, measured by investment dollars, are expected to ~~decrease~~ **increase** ~~2-6~~ **2-6** % from ~~2023-2024~~ while institutional building starts (a subset of the nonresidential construction market in which we participate) are expected to increase ~~3-4~~ **3-4** % from 2023. ~~The primary driver of the projected decrease in 2024 per Dodge Data & Analytics is the forecasted sharp decrease in warehouse starts.~~ The strength of the commercial construction market depends on business investment which is a function of many national, regional and local economic conditions beyond our control, including capital and credit availability for commercial construction projects, material costs, interest rates, employment rates, demand for office space due to changes in employment practices, vacancy rates, labor and healthcare costs, fuel and other energy costs and changes in tax laws affecting the real estate industry. Adverse changes or continued uncertainty regarding these and other economic conditions could result in a decline or postponement in spending on commercial construction projects, which could adversely affect our financial condition, results of operations and cash flows. Weakness in the commercial construction market would have a material adverse effect on our business, financial condition and operating results. Continued uncertainty about current economic conditions will continue to pose a risk to our businesses that serve the non- residential markets. If participants in these industries postpone spending in response to tighter credit, negative financial news and declines in income or asset values or other factors, this could have a material negative effect on the demand for our products and services and on our business, financial condition and results of operations. A decline in the economy, a deterioration in expectations regarding the housing market or the commercial construction market, a failure to integrate acquisitions, especially within our distribution operations, and / or a general decline in operations or financial results of any of our segments could cause us to record significant non- cash impairment charges, which could negatively affect our earnings and reduce stockholders' equity. We review the goodwill maintained in each of our three reporting units for impairment annually during the fourth quarter. We also review our goodwill and other intangible assets when events or changes in circumstances indicate the carrying value may not be recoverable. In doing so, we either assess qualitative factors or perform a detailed analysis to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We did not record any goodwill impairment charges in **2024, 2023, or 2022, or 2021**; however, a decline in the expectation of our future performance, a decline in our market capitalization, sustained periods of economic inflation, prolonged periods of high interest rates, deterioration in expectations regarding the general economy and / or the timing and the extent of new home construction, home improvement and commercial construction activity may cause us to recognize non- cash, pre- tax impairment charges for goodwill or other long- lived assets, which are not determinable at this time. **We recorded a minor intangible asset impairment due to the wind down of a single branch in 2024.** In addition, as a result of our acquisition strategy, we have recorded goodwill and may incur impairment charges in connection with prior and future acquisitions. Our distribution businesses maintain significant goodwill balances in a separate reporting unit from our traditional installation business. If we are unable to successfully integrate this platform into our business model and compete effectively, we may be required to recognize impairment charges on our goodwill and other intangible assets within this reporting unit. If the value of goodwill or other intangible assets in this or other reporting units is impaired, our earnings and stockholders' equity would be adversely affected. As of December 31, ~~2023-2024~~, we had goodwill and other intangible assets in an aggregate amount of \$ ~~667-703~~ **5-1** million, or approximately 34 % of our total assets. Our industry is highly fragmented and competitive, and increased competitive pressure may adversely affect our business, financial condition, results of operations and cash flows. The building products installation industry is highly fragmented and competitive. We face significant competition from other national, regional and local companies. Any of these competitors may: (i) foresee the course of market development more accurately than we do; (ii) offer services that are deemed superior to ours; (iii) sell building products and services at a lower cost; (iv) develop stronger relationships with homebuilders and suppliers; ~~or (v) adapt more quickly to new technologies, new installation techniques, new types of materials or evolving customer requirements; or (vi) have access to financing on more favorable terms than we can obtain in the market.~~ As a result, we may not be able to compete successfully with them. If we are unable to compete effectively, our business, financial condition, results of operations and cash flows may be adversely affected. In the event that increased demand leads to higher prices for the products we use in our business, we may have limited, if any, ability to pass on price increases in a timely manner or at all due to the fragmented and competitive nature of our industry. Residential homebuilders have, in the past, placed pressure on their suppliers to keep prices low, also contributing to the possibility of not being able to pass on price increases. **Our industry may develop new product innovations, installation techniques or requirements for insulation materials that could adversely affect our business and financial results. Innovations and new technologies in the building materials we install or new installation techniques could negatively impact our business if we are unable to adapt to the changes quickly. These changes could rapidly evolve the requirements from our customers and could require additional capital outlays for equipment. New types of materials or changes in requirements in our existing markets could require us to develop relationships with unfamiliar vendors and suppliers and we may not be able to secure commercially advantageous pricing.** Product shortages or the loss of key suppliers could affect our business, financial condition, results of operations and cash flows. Our ability to offer a wide variety of products to our customers depends on our ability to obtain adequate product supply from manufacturers. We do not typically enter into long- term agreements with our suppliers but have done so from time to time. We currently have ~~one-two~~ **one-two** long- term ~~agreement agreements~~ **agreements** with ~~a supplier suppliers~~ **suppliers** and may enter into other short- or long- term supply agreements at any time. We have certain agreements that do not qualify as supply agreements due to a lack of a fixed price and / or lack of a fixed and determinable purchase quantity, but nonetheless may require us to purchase certain of our products from certain vendors, depending on the specific circumstances. Generally, our products are available from various sources and in sufficient quantities

to meet our operating needs. However, the loss of, or a substantial decrease in the availability of, products from our suppliers or the loss of key supplier arrangements could adversely impact our business, financial condition, results of operations and cash flows. Historically, unexpected events, such as incapacitation of supplier facilities due to extreme weather or fire, have temporarily reduced manufacturing capacity and production. ~~The overall global supply chain~~ **U. S. international trade policy** can impact ~~our the~~ suppliers **of as evidenced by disruptions we have experienced since 2021 for** certain materials we use in our business. ~~We expect these challenges to persist to a certain degree in 2024.~~ In addition, during prior economic downturns in the housing industry, manufacturers have reduced capacity by closing plants and production lines within plants. Even if such capacity reductions are not permanent, there may be a delay in manufacturers' ability to increase capacity in times of rising demand. If the demand for products from manufacturers and other suppliers exceeds the available supply, we may be unable to source additional products in sufficient quantity or quality in a timely manner and the prices for the products that we use in our business could rise. These developments could affect our ability to take advantage of market opportunities and limit our growth prospects. We continually evaluate our supplier relationships and at any given time may move some or all of our purchases from one or more of our suppliers. There can be no assurance that any such action would have its intended effect. Failure by our suppliers to continue to provide us with products on commercially favorable terms, or at all, could have a material adverse effect on our operating margins, financial condition, operating results and / or cash flows. Our inability to source materials in a timely manner could also damage our relationships with our customers. Changes in the costs of the products we use in our business, an inability to increase our selling prices or a delay in the timing of such increases can decrease our profit margins. The principal building products we use in our business have been subject to price changes in the past, some of which have been significant. For example, sudden changes in demand in our industry have resulted in insulation material allocation in the past, leading to increased market pricing. Increased market pricing, regardless of the catalyst, could impact our results of operations in the future to the extent that price increases cannot be passed on to our customers. We will continue to work with our customers to adjust selling prices to offset the aforementioned higher costs whenever prices rise, but there can be no assurance that any such action would have its intended effect. In addition, our results of operations for individual quarterly periods can be, and have been, adversely affected by a delay between when building product cost increases are implemented and when we are able to increase prices for our products and services, if at all. Our supplier purchase prices often depend on volume requirements. If we do not meet these volume requirements, our costs could increase and our margins may be adversely affected. In addition, while we have been able to achieve cost savings through volume purchasing and our relationships with suppliers, we may not be able to continue to receive advantageous pricing for the products that we use in our business, which could have a material adverse effect on our financial condition, results of operations and cash flows. Our success depends on our key personnel. Our business results depend largely upon the continued contributions of our senior management team. We do not have employment agreements with any of our executive officers other than Jeff Edwards, our Chairman, President and Chief Executive Officer. Although Mr. Edwards' employment agreement requires him to devote the amount of time necessary to conduct our business and affairs, he is also permitted to engage in other business activities that do not create a conflict of interest or substantially interfere with his service to us, including non- competitive operational activities for his real estate development business. If we lose members of our management team, our business, financial condition and results of operations, as well as the market price of our securities, could be adversely affected. Our business results also depend upon our branch managers and sales personnel, including those of companies recently acquired. While we customarily sign non- competition agreements, which typically continue for two years following the termination of employment, with our branch managers and sales personnel in order to maintain key customer relationships in our markets, such agreements do not protect us fully against competition from former employees. ~~In addition, in January 2023, the Federal Trade Commission~~ **enacted a rule which is currently set aside and subject to court challenges and an increasing number of states have** proposed ~~a new rule rules~~ that would prohibit non- competition agreements in most cases. ~~Our and an increasingly number of states have already banned non- competition agreements~~ **may prove**. ~~If the Federal Trade Commission's rule were to~~ **be unenforceable which** become effective, ~~or more states enact similar rules,~~ it could have a material adverse effect on our retention of key employees and our customer relationships. We are dependent on attracting, training and retaining qualified employees while controlling labor **and benefit** costs. The labor market for the construction industry is competitive, including within the sector in which we operate. We must attract, train and retain a large number of qualified employees to install our products while controlling related labor costs. We face significant competition for these employees from our industry as well as from other industries. Tighter labor markets may make it even more difficult for us to hire and retain installers and control labor costs. Our ability to attract qualified employees and control labor costs is subject to numerous external factors, including competitive wage rates and health and other insurance and benefit costs. **Our labor costs have increased in recent years and may continue to increase as a result of competition, health and other insurance and benefit costs. In addition, health care coverage requirements, changes in workplace regulations and any future legislation could cause us to experience higher health care and labor costs in the future.** Additionally, periods of economic inflation can cause wage expectations to increase and we may have difficulty retaining employees if we do not, or cannot, meet these expectations. A significant increase in competition, minimum wage or overtime rates in localities where we have employees could have a significant impact on our operating costs and may require that we take steps to mitigate such increases, all of which may cause us to incur additional costs, expend resources responding to such increases and lower our margins. ~~Higher labor and health care costs could adversely affect our business. Our labor costs have increased in recent years and may continue to increase as a result of competition, health and other insurance and benefit costs. In addition, health care coverage requirements, changes in workplace regulations and any future legislation could cause us to experience higher health care and labor costs in the future. Periods of economic inflation can cause these costs to rise more quickly and we may not be able to pass along these increased costs to our customers. Increased labor, health care and insurance costs could have an adverse effect on our business, financial condition and results of operations.~~ Variability in self- insurance liability estimates could adversely impact our results

of operations. We carry insurance for risks including, but not limited to, workers' compensation, general liability, vehicle liability, property and our obligation for employee-related health care benefits. In most cases, these risks are insured under high deductible and / or high- retention programs that require us to carry highly subjective liability reserves on our balance sheet. We estimate these insurance liabilities by considering historical claims experience, including frequency, severity, demographic factors and other actuarial assumptions, and periodically analyzing our historical trends with the assistance of external actuarial consultants. Our accruals for insurance reserves reflect these estimates and other management judgments, which are subject to variability. If our claim experience differs significantly from historical trends and actuarial assumptions and we then need to increase our reserves, our financial condition and results of operations could be adversely affected. Increases in union organizing activity and / or work stoppages could delay or reduce availability of products that we use in our business and increase our costs. Currently, less than 4 % percent of our employees are covered by collective bargaining or other similar labor agreements. However, if a larger number of our employees were to unionize, including in the wake of any future legislation that makes it easier for employees to unionize, or if we acquire an entity with a unionized workforce in the future, our business could be negatively affected. Any inability by us to negotiate collective bargaining arrangements could cause strikes or other work stoppages, and new contracts could result in increased operating costs. If any such strikes or other work stoppages occur, or if other employees become represented by a union, we could experience a disruption of our operations and higher labor costs. We participate in various multiemployer pension plans under collective bargaining agreements in Washington, Oregon, California and Illinois with other companies in the construction industry. We also participate in various multiemployer health and welfare plans that cover both active and retired participants. These plans cover most of our union- represented employees. If a participating employer stops contributing to the multiemployer plan, the unfunded obligations of the plan may be borne by the remaining participating employers. In addition, if a participating employer chooses to stop participating in these multiemployer plans, the employer may be required to pay those plans a withdrawal liability based upon the underfunded status of the plan. In addition, certain of our suppliers have unionized workforces and certain of our products are transported by unionized truckers. Strikes or work stoppages could result in slowdowns or closures of facilities where the products that we use in our business are manufactured or could affect the ability of our suppliers to deliver such products to us. Any interruption in the production or delivery of these products could delay or reduce availability of these products and increase our costs. Increases in fuel costs could adversely affect our results of operations. The price of oil has fluctuated **at times and has created over the last few years, creating** volatility in our fuel costs. We do not currently hedge our fuel costs. Increases in fuel costs can negatively impact our cost to deliver our products to our customers and thus increase our cost of sales. If we are unable to increase the selling price of our products to our customers to cover any increases in fuel costs, **our** net income may be adversely affected. Because we operate our business through highly dispersed locations across the United States, our operations may be materially adversely affected by inconsistent practices and the operating results of individual branches may vary. We operate our business through a network of highly dispersed locations throughout the United States, supported by executives and services at our corporate office, with local branch management retaining responsibility for day- to- day operations and adherence to applicable local laws. Our operating structure can make it difficult for us to coordinate procedures across our operations in a timely manner or at all. In addition, our branches may require significant oversight and coordination from our corporate office to support their growth. Inconsistent implementation of corporate strategy and policies at the local level could materially and adversely affect our overall profitability, business, results of operations, financial condition and prospects. In addition, the operating results of an individual branch may differ from those of another branch for a variety of reasons, including market size, management practices, competitive landscape, **building codes and other** regulatory requirements, state and local taxes and local economic conditions. As a result, certain of our branches may experience higher or lower levels of growth than other branches. Therefore, our overall financial performance and results of operations may not be indicative of the performance and results of operations of any individual branch. In the ordinary course of business, we are required to obtain performance bonds and licensing bonds, the unavailability of which could adversely affect our business, financial condition, results of operations and / or cash flows. We are often required to obtain performance bonds and licensing bonds to secure our performance under certain contracts and other arrangements. In addition, the commercial construction end market also requires higher levels of performance bonding. Our ability to obtain performance bonds and licensing bonds primarily depends on our credit rating, capitalization, working capital, past performance, management expertise and certain external factors, including the overall capacity of the surety market and the underwriting practices of surety bond issuers. The ability to obtain performance bonds and licensing bonds can also be impacted by the willingness of insurance companies to issue performance bonds and licensing bonds. If we are unable to obtain performance bonds and licensing bonds when required, our business, financial condition, results of operations and / or cash flows could be adversely impacted. Increasing scrutiny **and**, changing expectations from stakeholders **and government regulations** regarding our ESG practices **and disclosure** may impose additional costs on us or expose us to new or additional risks. Investor advocacy groups, certain institutional investors, investment funds, lenders and other market participants, shareholders, and customers have focused **increasingly** on the ESG or " sustainability " practices of companies and have placed **increasing** importance on the social cost of their investments. If our ESG practices do not meet investor, lender, or other industry stakeholder expectations and standards, which continue to evolve, our access to capital may be negatively impacted based on an assessment of our ESG practices. **These Any such** limitations, in both the debt and equity markets, may negatively affect our ability to manage our liquidity, our ability to refinance existing debt, grow our businesses, implement our strategies, our results of operations, and the price of our common stock . **Federal and state regulations are rapidly evolving in regards to ESG matters. The SEC introduced new rules regarding climate- related disclosures in 2024, and if they become effective, would require us to make additional climate- related disclosures. Additionally, the State of California and other states have enacted or are considering enacting legislation that would require more extensive climate- related disclosures that we would be subject to compliance. These laws and regulations will increase our ongoing costs of compliance** . We have

released our ESG report annually since 2021. The report includes our policies and practices on a variety of social and environmental matters, ~~including, diversity and inclusion initiatives, training and development programs, and employee health and safety practices as well as other sustainable business practices and environmental targets.~~ It is possible that stakeholders may not be satisfied with our ESG practices or the speed of their adoption. We could also incur additional costs and require additional resources to monitor, report, and comply with various ESG practices. Also, our failure, or perceived failure, to meet the standards or targets set forth in the sustainability report could negatively impact our reputation and stock price, employee retention, and the willingness of our customers and suppliers to do business with us.

RISKS TO OUR BUSINESS FROM EXTERNAL THREATS

A major public health issue could adversely impact the U. S. economy as well as our business, financial condition, operating results and cash flows. The United States has experienced, and may experience again in the future, outbreaks of contagious diseases that affect public health and public perception of health. For example, the COVID- 19 pandemic affected the global economy and caused our business significant supply chain disruptions, increased material costs and caused a slowdown in commercial construction demand. The full extent and scope of impact of an outbreak of any contagious disease, ~~including a resurgence of COVID-19,~~ on our business and industry, as well as national, regional and global markets and economies, depends on numerous evolving factors that we may not be able to accurately predict, including the duration and scope of the outbreak, additional government actions taken in response, the impact on construction activity and demand for homes (based on employment levels, consumer spending and consumer confidence). Accordingly, our ability to conduct our business could be materially and negatively affected, any of which could have a material adverse impact on our business, financial condition, operating results and cash flows. Our business is seasonal and may be affected by adverse weather conditions, climate change, natural disasters or other catastrophic events. We tend to have higher sales during the second half of the year as our homebuilder customers complete construction of homes placed under contract for sale in the traditionally stronger spring selling season. In addition, some of our larger branches operate in states impacted by winter weather and, as such, experience a slowdown in construction activity during inclement months. This winter slowdown contributes to traditionally lower sales and profitability in our first quarter. In addition, climate change and / or adverse weather conditions, such as unusually prolonged cold conditions, rain, blizzards, hurricanes, earthquakes, fires, other natural disasters, epidemics or other catastrophic events could accelerate, delay or halt construction or installation activity or impact our suppliers. The impacts of climate change may subject us to increased costs, regulations, reporting requirements, standards or expectations regarding the environmental impacts of our business. Most, if not all, of our locations may be vulnerable to the adverse effects of climate change. For example, we lease facilities in regions that experience extreme weather conditions. Changing market dynamics, global policy developments and increasing frequency and impact of extreme weather events on the U. S. and elsewhere have the potential to disrupt our business. The impact of these types of events on our business may adversely impact quarterly or annual net revenue, cash flows from operations and results of operations. Weather is one of the main reasons for annual seasonality cycles of our business, and any adverse weather conditions can enhance this seasonality. We may be adversely affected by disruptions in our information technology systems. Our operations are dependent upon our information technology systems, including our web- enabled internal software technology, jobCORE. The jobCORE software provides in- depth operational and financial performance data from individual branch locations to the corporate office. We rely upon such information technology systems to manage customer orders on a timely basis, coordinate our sales and installation activities across locations and manage invoicing. As a result, the proper functioning of our information technology systems is critical to the successful operation of our business. Although our information technology systems are protected through physical and software safeguards, our information technology systems are still vulnerable to natural disasters, power losses, unauthorized access, delays and outages in our service, system capacity limits from unexpected increases in our volume of business, telecommunication failures, **cybersecurity incidents**, computer viruses and other problems. A substantial disruption in our information technology systems for any prolonged time period could result in delays in receiving inventory and supplies or installing our products on a timely basis for our customers, which could adversely affect our reputation and customer relationships. In the event of a cybersecurity incident, we could experience operational interruptions, lose confidential and proprietary information that harms our business, incur substantial additional costs, become subject to legal or regulatory proceedings or suffer damage to our reputation. Cybersecurity threats and sophisticated cyberattacks pose a risk to our information technology systems and business operations. **Advancements in artificial intelligence could be used by threat actors to attack our systems by creating increasingly effective phishing emails, false images or voice cloning to access our data.** We have established security policies, processes and controls designed to help protect, identify and mitigate against the disruption of our operations and the intentional and unintentional misappropriation or corruption of our information technology systems and information in conjunction with identifying threats from new technologies that may disrupt our systems in the future. Despite these efforts, our information technology systems, including but not limited to jobCORE or other operational systems, **email environments**, financial systems, Human Resource and payroll systems, fleet management software, and risk management systems may be damaged, disrupted or shut down due to cyberattacks, unauthorized access to our systems, undetected intrusions, malicious software, computer viruses, ransomware, Trojan horses, worms, hardware or software failures or other events, and in these circumstances our disaster recovery plans may be ineffective or inadequate. These breaches or incidents could lead to business interruption, exposure of proprietary or confidential information, data corruption, **fraudulent money transfers**, damage to our reputation, exposure to legal and regulatory proceedings and other costs. Such events could impair our ability to conduct business and have a material adverse impact on our financial condition, results of operations and cash flows. As some of our systems are maintained or operated by third- party providers, including cloud- based systems, our information, operations and systems could be adversely affected if any of our significant providers, customers or suppliers experience a cybersecurity incident, data breach, reputational damage or disruption to their business operations. As risks associated with cybersecurity threats constantly evolve and become more sophisticated generally, we ~~may be required~~ **have incurred and will continue** to incur significant costs to strengthen our

systems to protect against or respond to such threats. The ~~continued~~ use of remote work environments **and virtual platforms**, ~~which significantly increased due to the COVID-19 pandemic~~, may increase our risk of cyberattacks or data breaches. We continue to mitigate these risks in a number of ways, including investing in industry- appropriate measures and technologies designed to protect and monitor data and information technology systems, testing our systems on an ongoing basis for any current or potential threats, training our employees, and assessing the continued appropriateness of insurance coverage. Nevertheless, the measures that we implement to reduce and mitigate these risks may not be effective, and there can be no assurance that our efforts will prevent breakdowns, intrusions, incidents or breaches of our or our third- party providers' databases or systems that could adversely affect our business. While these threats have not had a material impact on our business or operations to date, if such an event occurred, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. Terrorist attacks or acts of war against the United States or increased domestic or international instability could have an adverse effect on our operations. Adverse developments in the war on terrorism, terrorist attacks against the United States or any outbreak or escalation of hostilities between the United States and any foreign power may cause disruption to the economy. Since our business is dependent on the housing and construction industries, such adverse effects on the economy could negatively affect these industries and, therefore, our business, our employees and our customers, which could negatively impact our financial condition and results of operations.

RISKS ASSOCIATED WITH OUR GROWTH STRATEGY We may not be able to continue to successfully expand into new products or geographic markets and further diversify our business, which could negatively impact our future sales and results of operations. Generally, we seek to acquire businesses that will complement, enhance, or expand our current business or product offerings, or that might otherwise offer us growth opportunities into new or existing lines of business, including the expansion of our national footprint and end markets. Our business depends in part on our ability to diversify and grow our businesses and also expand the types of complementary building products that we install and sell. Our product and geographic expansion may not be successful and may not deliver expected results, which could negatively impact our future sales and results of operations. Our expansion into new geographic markets may present competitive, local market and other challenges that differ from current ones. We may be less familiar with the target customers and may face different or additional risks, as well as increased or unexpected costs, compared to existing operations. Expansion into new geographic markets may also bring us into direct competition with companies with whom we have little or no past experience as competitors. To the extent we rely upon expansion into new geographic markets for growth and do not meet the new challenges posed by such expansion, our future sales growth could be negatively impacted, our operating costs could increase, and our business operations and financial results could be adversely affected. We may be unable to successfully acquire and integrate other businesses and realize the anticipated benefits of acquisitions. Acquisitions are a core part of our strategy and we may be unable to continue to grow our business through acquisitions. In addition, acquired businesses may not perform in accordance with expectations, and our business judgments concerning the value, strengths and weaknesses of acquired businesses may not prove to be correct. We may also be unable to achieve expected improvements or achievements in businesses that we acquire. The value of our common stock following the completion of an acquisition could be adversely affected if we are unable to realize the expected benefits from the acquisition on a timely basis or at all. Future acquisitions may result in the incurrence of debt and contingent liabilities, legal liabilities, goodwill **or intangible asset** impairments, increased interest expense and amortization expense and significant integration costs. In addition, future acquisitions could result in dilution of existing stockholders if we issue shares of common stock as consideration. Acquisitions involve a number of special risks, including:

- our inability to manage acquired businesses or control integration costs and other costs relating to acquisitions;
- potential adverse short- term effects on operating results from increased costs, business disruption or otherwise;
- diversion of management' s attention;
- loss of suppliers, customers or other significant business partners of the acquired business;
- failure to retain existing key personnel of the acquired business and recruit qualified new employees at the location;
- failure to successfully implement infrastructure, logistics and systems integration;
- potential impairment of goodwill and other intangible assets;
- risks associated with new lines of business and business models;
- risks associated with the internal controls of acquired businesses;
- exposure to legal claims for activities of the acquired business prior to acquisition and inability to realize on any indemnification claims, including with respect to environmental, employment and immigration claims;
- the risks inherent in the systems of the acquired business and risks associated with unanticipated events or liabilities; and
- our inability to obtain financing necessary to complete acquisitions on attractive terms or at all.

Our strategy could be impeded if we do not identify, or face increased competition for, suitable acquisition candidates and our business, financial condition, results of operations and cash flows could be adversely affected if any of the foregoing factors were to occur. Our continued expansion into the commercial construction end market could affect our revenue, margins, financial condition, operating results and cash flows. Our existing branches or any branches we may start or acquire serving the commercial end market involve competitive, operational, financial and accounting challenges and other risks that differ from our traditional residential installation business. In addition, the typical contractual terms and arrangements and billing cycle for the commercial construction end market are different than the residential new construction end market. Our expansion into this market may include opening new branches that have higher start- up costs compared to our acquired branches. These factors and any other challenges we encounter could adversely affect our margins, financial condition, operating results and cash flows. As of December 31, ~~2023~~ **2024**, our estimated backlog associated with the commercial end market was approximately \$ ~~115~~ **126** ~~7~~ **3** million. In accordance with industry practice, many of our contracts are subject to cancellation, reduction, termination or suspension at the discretion of the customer in respect of work that has not yet been performed. In the event of a project cancellation, we would generally have no contractual right to the total revenue reflected in our backlog but instead would collect revenues in respect of all work performed at the time of cancellation as well as all other costs and expenses incurred by us through such date. Projects can remain in backlog for extended periods of time because of the nature of the project, delays in execution of the project and the timing of the particular services required by the project. Additionally, the risk of contracts in

backlog being cancelled, terminated or suspended generally increases at times, including as a result of periods of widespread macroeconomic and industry slowdown, weather, seasonality and many of the other factors impacting our business. Many of the contracts in our backlog are subject to changes in the scope of services to be provided as well as adjustments to the costs relating to the contracts. During periods of high inflation, cost escalators embedded in the contracts may not fully offset the total increase in our expenses which would negatively impact margins and results of operations. The revenue for certain contracts included in backlog are based on estimates. Therefore, the timing of performance on our individual contracts can affect our margins and future profitability. There can be no assurance that backlog will result in revenues within the expected timeframe, if at all. Our distribution businesses and continued expansion into other new lines of business could affect our revenue, margins, financial condition, operating results and cash flows. We operate ~~two~~ **three** distribution entities under a different business model than our traditional installation business. The distribution businesses, and any other future lines of business we may enter or acquire, involve competitive, operational, financial and accounting challenges and other risks that differ from our traditional ~~residential~~ installation business. For example, particular commodity pricing can affect selling prices and costs for certain products we sell through distribution. Our expansion into these businesses may include opening new branches that have higher start-up costs compared to our acquired branches. These factors and any other challenges we encounter could adversely affect our margins, financial condition, operating results and cash flows. In addition, a significant period of economic deflation could have an adverse impact on our business and financial results. Our ~~two~~ **three** distribution businesses have substantially higher inventory balances, and deflation could cause the value of our inventories to decline. Certain products our distribution businesses sell are composed of materials with prices that fluctuate based on current market pricing. Fluctuations in market pricing of these materials can affect our selling prices. For example, one of our distribution businesses uses aluminum in many of its products. Aluminum commodity prices have experienced volatile fluctuations in the recent past ~~including a significant decrease during 2022~~ which **has** reduced our selling prices while related inventory costs remained high. **For part of Aluminum prices may also be impacted in the near term as the tariffs imposed on imported aluminum are scheduled to increase from 10 % to 25 % on March 12, 2022-2025 . If our costs on aluminum rise , this may lead to a temporary decrease in margins, financial condition, operating results and cash flows for this business to the extent we are unable to pass along these price increases to our customers** . Our customers could purchase materials directly from manufacturers or other sources. We do not have any exclusivity agreements with the manufacturers of the products that we sell. The manufacturers from whom we acquire products could decide to sell their own products, impacting our ability to grow our business and negatively affecting our future net sales and earnings. Additionally, if we are unable to secure favorable arrangements on the products we sell from our suppliers, we may not be able to offer competitive pricing to our customers. We may be subject to claims arising from the operations of our various businesses for periods prior to the dates we acquired them. We have consummated ~~over 190~~ **approximately 200** acquisitions. From time to time we are subject to claims or liabilities arising from the ownership or operation of acquired businesses for the periods prior to our acquisition of them, including environmental, employee-related and other liabilities and claims not covered by insurance. Any future claims or liabilities could be significant. Our ability to seek indemnification from the former owners of our acquired businesses for these claims or liabilities may be limited by various factors, including the specific time, monetary or other limitations contained in the respective acquisition agreements and the financial ability of the former owners to satisfy our indemnification claims. In addition, insurance companies may be unwilling to cover claims that have arisen from acquired businesses or locations, or claims may exceed the coverage limits that our acquired businesses had in effect prior to the date of acquisition. If we are unable to successfully obtain insurance coverage of third-party claims or enforce our indemnification rights against the former owners, or if the former owners are unable to satisfy their obligations for any reason, including because of their financial position, we could be held liable for the costs or obligations associated with such claims or liabilities, which could adversely affect our financial condition and results of operations. **LEGAL AND REGULATORY RISKS** Changes in employment laws may adversely affect our business. Various federal and state labor laws govern the relationship with our employees and impact operating costs. These laws include: • employee classification as exempt or non-exempt for overtime and other purposes; • workers' compensation rates; • immigration status; • mandatory health benefits; • tax reporting; and • other wage and benefit requirements. We have significant exposure to changes in laws governing our relationships with our employees, including wage and hour laws and regulations, fair labor standards, minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements and payroll taxes, which likely would have a direct impact on our operating costs. Significant additional government-imposed increases in the preceding areas could have a material adverse effect on our business, financial condition and results of operations. Our business could be adversely affected by changes in immigration laws or failure to properly verify the employment eligibility of our employees. Some states in which we operate are considering or have already adopted new immigration laws or enforcement programs, and the federal government from time to time considers and implements changes to federal immigration laws, regulations or enforcement programs. These changes may increase our compliance and oversight obligations, which could subject us to additional costs and make our hiring process more cumbersome, or reduce the availability of potential employees. Although we verify the employment eligibility status of all our employees, including through participation in the "E-Verify" program in the states that require it, some of our employees may, without our knowledge, be unauthorized workers. In addition, use of the "E-Verify" program does not guarantee that we will properly identify all applicants who are ineligible for employment. Unauthorized workers are subject to deportation and may subject us to fines or penalties and, if any of our workers are found to be unauthorized, we could experience adverse publicity that negatively impacts our brand and may make it more difficult to hire and retain qualified employees. Termination of a significant number of employees due to work authorization or other regulatory issues may disrupt our operations, cause temporary increases in our labor costs as we train new employees and result in additional adverse publicity. We could also become subject to fines, penalties and other costs related to claims that we did not fully comply with all recordkeeping obligations of federal and state immigration laws. These factors could have a

material adverse effect on our reputation, business, financial condition and results of operations. Furthermore, immigration laws have been an area of considerable political focus in recent years, and the U. S. Congress, Department of Homeland Security and the Executive Branch of the U. S. government from time to time consider or implement changes to federal immigration laws, regulations or enforcement programs. Changes in immigration or work authorization laws may increase our obligations for compliance and oversight, which could subject us to additional costs and potential liability and make our hiring process more cumbersome, or reduce the availability of potential employees. We are subject to regulations of U. S. Immigration and Customs Enforcement, or ICE, and Department of Labor, and we are audited from time to time by these parties for compliance with work authentication requirements. While we believe we are in compliance with applicable laws and regulations, if we are found not to be in compliance as a result of any audits, we may be subject to fines or other remedial actions. Our results of operations, financial condition and cash flows could be adversely affected if pending or future legal claims against us are not resolved in our favor. We are subject to various claims and lawsuits arising in the ordinary course of business, including wage and hour lawsuits. The ultimate resolution of these matters is subject to inherent uncertainties. It is possible that the costs to resolve these matters could have a material adverse effect on our results of operations, financial condition or cash flows for the periods in which the matters are resolved. Similarly, if additional claims are filed against us in the future, the negative outcome of one or more of such matters could have a material adverse effect on our results, financial condition and cash flows. The nature of our business exposes us to product liability, workmanship warranty, casualty, negligence, health and safety incidents, construction defect, breach of contract and other claims and legal proceedings. We are subject to product liability, workmanship warranty, casualty, negligence, construction defect, breach of contract and other claims and legal proceedings relating to the products we install or manufacture that, if adversely determined, could adversely affect our financial condition, results of operations and cash flows. We rely on manufacturers and other suppliers to provide us with most of the products we use in our business. Other than for our manufacturer of cellulose insulation, we do not have direct control over the quality of such products manufactured or supplied by such third- party suppliers. As such, we are exposed to risks relating to the quality of such products. In addition, we are exposed to potential claims arising from the conduct of our employees, homebuilders and other subcontractors, for which we may be contractually liable. We have in the past been, and may in the future be, subject to fines, penalties and other liabilities in connection with injury or damage incurred in conjunction with the installation of our products. Construction sites are inherently dangerous, and any failure in health and safety performance may have adverse effects on our reputation and relationships with our employees or customers. The nature and extent to which we use hazardous or flammable materials in our manufacturing processes creates risk of damage to persons and property that, if realized, could be material. Although we currently maintain what we believe to be suitable and adequate insurance, we may be unable to maintain such insurance on acceptable terms or such insurance may not provide adequate protection against potential liabilities. In addition, some liabilities may not be covered by our insurance. We maintain our Lead with Safety program to help reduce jobsite, warehouse and plant injuries. Product liability, workmanship warranty, casualty, negligence, construction defect, breach of contract and other claims and legal proceedings can be expensive to defend and can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. In addition, lawsuits relating to construction defects typically have statutes of limitations that can run as long as ten years. Claims of this nature could also have a negative impact on customer confidence in us and our services. Current or future claims could have a material adverse effect on our reputation, business, financial condition and results of operations. For additional information, see Note 17, Commitments and Contingencies, in Part II, Item 8, Financial Statements and Supplementary Data, of this Form 10- K. Federal, state, local and other laws, **building codes, trade policies** and regulations could impose substantial costs and / or restrictions on our operations and could adversely affect our business. We are subject to various federal, state, local and other laws, **building codes** and regulations, including, among other things, worker and workplace health and safety regulations promulgated by the OSHA, employment regulations promulgated by the U. S. Equal Employment Opportunity Commission and tax regulations promulgated by the Internal Revenue Service and various other state and local tax authorities. Our primary manufacturing facility is also subject to additional laws and regulations which may increase our exposure to health and safety liabilities. In addition, we are subject to increased regulation of data privacy and information security, including the adoption of **and may be subject to certain** more stringent laws in states including California, Connecticut, Colorado, **Delaware, Iowa, Montana, Nebraska, New Hampshire, New Jersey, Oregon, Texas**, Utah and Virginia, with similar laws going into effect in other states ~~in and after~~ **later in 2024-2025 and beyond**. These types of data privacy and security laws, which continue to evolve, create a range of new compliance obligations for us and increase financial penalties for non- compliance. Additional or more burdensome regulatory requirements in these or other areas may increase our expenses, reduce demand for our services or restrict our ability to offer services in certain geographies, all of which could adversely affect our business, financial condition, results of operations and cash flows. Moreover, our failure to comply with any of the regulatory requirements applicable to our business could subject us to substantial fines and penalties that could adversely affect our business, financial condition, results of operations and cash flows. **Imposed tariffs could have an adverse effect on our business in the event we are unable to pass those direct cost increases to our customers or if it reduces demand for housing. The large majority of the materials we install and sell are sourced from domestic suppliers, but we also import a portion of the materials we install and sell from suppliers located in foreign countries. If our suppliers are subjected to additional tariffs and / or duties in the event U. S. foreign trade policies on imports were to change, we could experience increased pricing on some of the materials we install and sell if those tariff costs were passed on to us. The extent of these increases would depend on a variety of factors including the magnitude of each tariff, the extent our vendors pass on the tariffs they incur, and the number of countries subject to tariffs in the future. Additionally, other building materials not employed in our business but utilized in other facets of the homebuilding or commercial construction industries could also be subject to increased pricing due to tariffs. This could raise home and / or commercial building prices which would negatively impact demand and, as a result, our business.** Our transportation

operations, which we depend on to transport materials from our locations to job sites or customers, are subject to the regulatory jurisdiction of the DOT. The DOT has broad administrative powers with respect to our transportation operations. More restrictive limitations on vehicle weight and size, trailer length and configuration or driver hours of service would increase our costs, which may increase our expenses and adversely affect our financial condition, operating results and / or cash flows. If we fail to comply with DOT regulations or the regulations become more stringent, we could experience increased inspections, regulatory authorities could take remedial action, including imposing fines or shutting down our operations, and we could be subject to increased audit and compliance costs. We organize our transportation operations as a separate legal entity in certain states, including Ohio and Indiana, to take advantage of sales tax exemptions relating to vehicle operating costs. If legislation is enacted that modifies or eliminates these exemptions, our costs may increase. If any of these events were to occur, our financial condition, results of operations and cash flows may be adversely affected. In addition, the residential construction and commercial construction industries are subject to various federal, state and local statutes, ordinances, rules and regulations concerning zoning, building design and safety, construction, contractors' licensing, energy conservation and similar matters, including regulations that impose restrictive zoning and density requirements on the residential new construction industry or that limit the number of homes that can be built within the boundaries of a particular area. Regulatory restrictions and industry standards may require us to alter our installation processes and our sourcing, increase our operating expenses and limit the availability of suitable building lots for our customers, any of which could negatively affect our business, financial condition and results of operations. Changes in laws, regulations or rules, or a failure to comply with any laws, regulations or rules, may adversely affect our business. We are subject to laws, regulations and rules enacted by national, regional and local governments and the New York Stock Exchange ("NYSE"). In particular, we are required to comply with certain SEC, NYSE and other legal or regulatory requirements in the U. S. Compliance with, and monitoring of, applicable laws, regulations and rules may be difficult, time consuming and costly. For example, there is a growing concern from advocacy groups and the general public that the emissions of greenhouse gases and other human activities have caused, or will cause, significant changes in weather patterns and temperatures and the frequency and severity of natural disasters. These concerns have resulted in increasing governmental and societal attention to ESG matters, including expanding mandatory and voluntary reporting, diligence, and disclosure on topics such as climate change, waste production, water usage, human capital, labor, and risk oversight, and could expand the nature, scope, and complexity of matters on which we are required to control, assess, and report. These and other rapidly changing laws, regulations, policies and related interpretations, as well as increased enforcement actions by various governmental and regulatory agencies, may create challenges for us, including for our compliance and ethics programs and by increasing our ongoing costs of compliance, which could adversely impact our results of operations and cash flows. For example, we are subject to increased ESG regulation, including California Senate Bills 253 and 261 and 219 that go into effect in 2026 and mandating mandate certain climate disclosure and reporting, which go into effect in 2026. These laws, regulations or rules and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, a failure to comply with applicable laws, regulations or rules, as interpreted and applied, could have a material adverse effect on our business and financial statements. We are subject to environmental regulation and potential exposure to environmental liabilities. We are subject to various federal, state and local environmental laws and regulations. Although we believe that we operate our business, including each of our locations, in compliance with applicable laws and regulations and maintain all material permits required under such laws and regulations to operate our business, we may be held liable or incur fines or penalties in connection with such requirements. In addition, environmental laws and regulations, including those related to energy use and climate change, may become more stringent over time, and any future laws and regulations could have a material impact on our operations or require us to incur material additional expenses to comply with any such future laws and regulations. For instance, in many U. S. states, emerging regulations are beginning have been enacted to phase out hydrofluorocarbon based blowing agents which are widely used by our company and other industry participants in closed- cell spray foam applications, due to their high global warming potential. If additional legislation required an accelerated timeline regarding the phase out of hydrofluorocarbon blowing agents to hydrofluoro- olefin blowing agents, we could incur higher costs. Our primary manufacturing facility is also subject to additional laws and regulations which may increase our exposure to environmental liabilities. Despite providing a benefit to the environment by making structures more energy efficient, certain types of insulation, particularly spray foam applications, require our employees to handle potentially hazardous or toxic substances. While our employees who handle these and other potentially hazardous or toxic materials, including lead- based paint, receive specialized training and wear protective clothing, there is still a risk that they, or others, may be exposed to these substances. Exposure to these substances could result in significant injury to our employees and others, including site occupants, and damage to our property or the property of others, including natural resource damage. Our personnel and others at our work sites are also at risk for other workplace- related injuries, including slips and falls. In addition, as owners and lessees of real property, we may be held liable for, among other things, hazardous or toxic substances, including asbestos or petroleum products on, at, under or emanating from currently or formerly owned or operated properties, or any off- site disposal locations, or for any known or newly discovered environmental conditions at or relating to any of our properties, including those arising from activities conducted by previous occupants or at adjoining properties, without regard to whether we knew of or were responsible for such release. We may be required to investigate, remove, remediate or monitor the presence or release of such hazardous or toxic substances or petroleum products. We may also be held liable for fines, penalties or damages, including for bodily injury, property damage and natural resource damage in connection with the presence or release of hazardous or toxic substances or petroleum products. In addition, expenditures may be required in the future as a result of releases of, or exposure to, hazardous or toxic substances or petroleum products, the discovery of currently unknown environmental conditions or changes in environmental laws and regulations or their interpretation or enforcement and, in certain instances, such expenditures may be material. RISKS RELATED TO OUR

INDEBTEDNESS We have debt principal and interest payment requirements that may restrict our future operations and impair our ability to meet our obligations. Our degree of leverage and level of interest expense may have important consequences, including:

- our leverage may place us at a competitive disadvantage as compared with our less leveraged competitors and make us more vulnerable in the event of a downturn in general economic conditions or in any of our businesses;
- our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate may be limited;
- a substantial portion of our cash flow from operations will be dedicated to the payment of interest and principal on our indebtedness, thereby reducing the funds available to us for operations, capital expenditures, acquisitions, future business opportunities or obligations to pay rent in respect of our operating leases; and

Our ability to service our debt and other obligations will depend on our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategies. See Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Liquidity and Capital Resources, Debt." of this Form 10- K. Restrictions in our existing credit facilities, senior notes, and any future facilities or any other indebtedness we may incur in the future, limit our ability to take certain actions and could adversely affect our business, financial condition, results of operations, and the value of our common stock. Our credit facilities, or any future facilities we may enter into, the indenture governing our senior notes, or other indebtedness we may incur, impose certain restrictions and obligations on us. Under certain of these instruments, we must comply with defined covenants that limit our ability to, among other things:

- incur or guarantee additional debt and issue preferred stock;
- make distributions or dividends on or redeem or repurchase shares of common stock;
- make certain investments and acquisitions;
- make capital expenditures;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- acquire, merge or consolidate with another company; or
- transfer, sell or otherwise dispose of all or substantially all of our assets.

Our credit facilities contain, and any future facilities or other debt instruments we may enter into may contain, covenants requiring us to maintain certain financial ratios and meet certain tests, such as an excess cash flow test, fixed charge coverage ratio, leverage ratio or debt to earnings ratio. See Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Liquidity and Capital Resources, Credit Facilities." of this Form 10- K. Our ability to comply with those financial ratios and tests can be affected by events beyond our control, and we may not be able to comply with those ratios and tests when required to do so under the applicable debt instruments. The provisions of our credit facilities, or other debt instruments, may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of our credit facilities, any future credit facility, the indenture governing our senior notes, or other debt instruments could result in a default or an event of default that could enable our lenders or other debt holders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and our stockholders could experience a partial or total loss of their investment. Our use of interest rate hedging instruments could expose us to risks and financial losses that may adversely affect our financial condition, liquidity and results of operations. From time to time, we utilize interest rate derivatives to hedge the cash flows associated with existing variable- rate debt. The purpose of these instruments is to substantially reduce exposure to market risks on our Term Loan. We designated our interest rate swaps in existence at the time of this Form 10- K as a cash flow hedge in accordance with Accounting Standards Codification ("ASC") 815, Derivatives and Hedging. However, in the future, we may fail to qualify for hedge accounting treatment under these standards for a number of reasons, including if we fail to satisfy hedge documentation and hedge effectiveness assessment requirements or if our derivative instruments are not highly effective. If we fail to qualify for hedge accounting treatment, losses on the swaps caused by the change in its fair value would be recognized as part of net income, rather than being recognized as part of other comprehensive income. Any such adverse developments could result in material liabilities and expense and could have a material adverse effect on our business. Interest rate derivative instruments can be expensive and we could incur significant costs associated with the settlement or early termination of the agreements. In addition, our hedging transactions may expose us to certain risks and financial losses, including, among other things:

- the risk that the other parties to the agreements would not perform;
- the risk that the duration or amount of the hedges may not match the duration or amount of the related liability;
- the risk that hedging transactions may be adjusted from time to time in accordance with accounting rules to reflect changes in fair values including downward adjustments which would affect our stockholders' equity; and
- the risk that we may not be able to meet the terms and conditions of the hedging instruments, in which case we may be required to settle the instruments prior to maturity with cash payments that could significantly affect our liquidity.

If we default on our obligations under the instruments governing our indebtedness, we may not be able to make payments on our debt and our business and financial condition could be adversely affected. A failure by us to comply with the agreements governing our indebtedness, including, without limitation, our existing credit facilities or any future facilities, the indenture governing our senior notes and our other contractual obligations (including restrictive, financial and other covenants included therein), to pay our indebtedness and fixed costs or to post collateral (including under hedging arrangements) could result in a variety of material adverse consequences, including a default under our indebtedness and the exercise of remedies by our creditors, lessors and other contracting parties, and such defaults could trigger additional defaults under other indebtedness or agreements. Any such default under the agreements governing our existing or future indebtedness and the remedies sought by the holders of such indebtedness could make us unable to make payments to pay principal of, or premium, if any, and interest on the senior notes, substantially decrease the market value of the senior notes and result in a cross- default under the senior notes. In the event of a default under our existing credit facilities or any future facilities or in respect of other indebtedness, the holders of such indebtedness may be able to cause all of our available cash flow to be used to pay such indebtedness, may be able to terminate outstanding credit commitments and / or may be able to cease making loans to us and, in any event, could elect to declare all of

the funds borrowed under the applicable agreement to be immediately due and payable, together with accrued and unpaid interest, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may need to seek waivers from the holders of our indebtedness to avoid being in default under the instruments governing such indebtedness. If we breach our covenants under our indebtedness, we may not be able to obtain a waiver from the holders of such indebtedness on terms acceptable to us or at all. If this occurs, we would be in default under such indebtedness, the holders of such indebtedness and other lenders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. Adverse credit ratings could increase our costs of borrowing money and limit our access to capital markets and commercial credit. Moody's Investor Service and Standard & Poor's routinely evaluate our credit profile on an ongoing basis and have assigned ratings for our long-term debt. If these rating agencies downgrade any of our current credit ratings, our borrowing costs could increase and our access to the capital and commercial credit markets could be adversely affected. ~~Additionally, these rating agencies have started to incorporate ESG factors into their credit ratings. Unfavorable ESG ratings could have a negative impact on our access to and costs of capital.~~ Our indebtedness exposes us to interest expense increases if interest rates increase. If interest rates increase, our debt service obligations on our variable rate indebtedness, if any exists at the balance sheet date, would increase even though the amount borrowed would remain the same, and our net income and cash flows would correspondingly decrease. Specifically, we had no outstanding borrowings on our Revolver, as hereinafter defined, as of December 31, ~~2023~~ 2024, but should we have a balance in the future, we would incur interest based on a rate that varies per the conditions set forth in our agreement. In addition, advances under our Revolver generally bear interest based on, at our election, either a forward-looking term rate based on the Secured Overnight Financing Rate ("Term SOFR") or the base rate (which approximated the prime rate) plus a margin based on the type of rate applied and leverage ratio. Our Term Loan, as hereinafter defined, bears interest at either Term SOFR or an alternative base rate plus a margin based on the type of rate applied. Our Term Loan bears interest at a variable rate, however interest rate hedges in place mitigate the risk of interest rate fluctuations associated with a portion of the outstanding debt balance. These derivative instruments are indexed to Term SOFR. We may require additional capital in the future, which may not be available on favorable terms or at all. Our future capital requirements will depend on many factors, including industry and market conditions, our ability to successfully complete future business combinations and expansion of our existing operations. We anticipate that we may need to raise additional funds in order to grow our business and implement our business strategy. We anticipate that any such additional funds may be raised through equity or debt financings. Any equity or debt financing, if available at all, may be on terms that are not favorable to us and will be subject to changes in interest rates and the capital markets environment. Even if we are able to raise capital through equity or debt financings, as to which there can be no assurance, the interest of existing stockholders in our company may be diluted, and the securities we issue may have rights, preferences and privileges that are senior to those of our common stock or may otherwise materially and adversely affect the holdings or rights of our existing stockholders. If we cannot obtain adequate capital, we may not be able to fully implement our business strategy and our business, results of operations and financial condition could be adversely affected.

RISKS RELATED TO OUR SECURITIES The price of our common stock may fluctuate substantially and your investment may decline in value. The market price of our common stock may be significantly affected by factors, such as:

- market conditions affecting the residential construction, commercial construction and building products industries;
- quarterly variations in our results of operations;
- changes in government regulations;
- the announcement of acquisitions by us or our competitors;
- changes in general economic and political conditions;
- volatility in the financial markets;
- results of our operations and the operations of others in our industry;
- changes and volatility in interest rates;
- the reduction, suspension or elimination of dividend payments;
- threatened or actual litigation and government investigations;
- the addition or departure of key personnel;
- actions taken by our stockholders, including the sale or disposition of their shares of our common stock;
- the extent of short-selling of shares of our common stock and the stock of our competitors; and
- differences between our actual financial and operating results and those expected by investors and analysts and changes in analysts' recommendations or projections.

These and other factors may lower the market price of our common stock, regardless of our actual operating performance. Furthermore, in recent years the stock market and the price of our common stock has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with our performance, and these fluctuations could materially reduce the price of our common stock and materially affect the value of your investment. Our internal controls over financial reporting may not be effective, which could have a significant and adverse effect on our business and reputation. As a public company, we are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. To comply with the requirements of being a public company, we may undertake various actions, such as implementing additional internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal controls can divert our management's attention from other matters that are important to the operation of our business. If we identify material weaknesses in our internal controls over financial reporting or are unable to comply with the requirements of Section 404 or are unable to assert that our internal controls over financial reporting are effective, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the SEC or other regulatory authorities, which could require additional financial and management resources. Future sales of our common stock, or the perception in the public markets that these sales may occur, may depress our stock price. The market price of our common stock could decline significantly as a result of sales of a large number of shares of our common stock. These sales, or the perception that these sales might occur, could depress the market price of our common stock or make it more difficult for us to sell equity securities in the

future at a time and at a price that we deem appropriate. We have approximately ~~28.27~~ **4.8** million shares of common stock outstanding as of December 31, ~~2023~~ **2024**. The shares of common stock are freely tradable, except for any shares of common stock that may be held or acquired by our directors, executive officers and other affiliates, the sale of which will be restricted under the Securities Act of 1933, as amended. As of December 31, ~~2023~~ **2024**, approximately 1. ~~9~~ **8** million of the 2. 1 million shares of common stock authorized for issuance under the 2023 Omnibus Incentive Plans were available for issuance. These shares will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. **If Installed Building Systems, Inc. (“ IBS ”), an investment vehicle owned by Jeff Edwards and his siblings, is a party to certain prepaid variable forward sale contracts with an unaffiliated third party buyer. These contracts include 1, 150, 000 shares of our common stock in the aggregate, with various settlement dates in August 2025, March 2026, November 2026, May 2027 and June 2027. For 2025, an aggregate amount of 350, 000 shares will be sold on the settlement dates occurring from August 14, 2025 to August 22, 2025, unless IBS elects to settle for cash. In addition, if** our existing stockholders sell substantial amounts of our common stock in the public market, or if the public perceives that such sales could occur, this could have an adverse impact on the market price of our common stock, even if there is no relationship between such sales and the performance of our business. Jeff Edwards has significant ownership of our common stock and may have interests that conflict with those of our other stockholders. As of December 31, ~~2023~~ **2024**, Jeff Edwards beneficially owned approximately ~~16.15~~ **0.7** % of our outstanding common stock. As a result of his beneficial ownership of our common stock, he has sufficient voting power to significantly influence all matters requiring stockholder approval, including the election of directors, amendment of our amended and restated certificate of incorporation and approval of significant corporate transactions, and he has significant influence over our management and policies. This concentration of voting power may have the effect of delaying or preventing a change in control of us or discouraging others from making tender offers for our shares of common stock, which could prevent stockholders from receiving a premium for their shares of common stock. These actions may be taken even if other stockholders oppose them. The interests of Jeff Edwards may not always coincide with the interests of other stockholders. In addition, under our amended and restated certificate of incorporation, Jeff Edwards is permitted to pursue corporate opportunities for himself, rather than for us. Provisions of our charter documents and Delaware law could delay, discourage or prevent an acquisition of us, even if the acquisition would be beneficial to our stockholders, and could make it more difficult for our stockholders to change our management. Our amended and restated certificate of incorporation and bylaws may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares of our common stock. In addition, these provisions may frustrate or prevent any attempt by our stockholders to replace or remove our current management by making it more difficult to replace or remove members of our board of directors. These provisions include a classified board of directors with three- year staggered terms; no cumulative voting in director elections; the exclusive right of our board of directors to fill vacancies on our board; the ability of our board to authorize the issuance of shares of preferred stock and to determine the price and other terms without stockholder approval; a prohibition on stockholder action by written consent; a requirement that a special meeting of stockholders be called only by a resolution duly adopted by our board; and advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders’ meeting. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prohibits a person who owns 15 % or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired 15 % or more of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Any delay or prevention of a change of control transaction or changes in our board of directors and management could deter potential acquirers or prevent the completion of a transaction in which our stockholders could receive a substantial premium over the then- current market price for their shares of our common stock. We pay dividends to holders of our common stock, but may reduce, suspend, or eliminate dividend payments in the future. Our board of directors approves any quarterly or annual cash dividend. However, part of our business strategy includes retaining our future earnings, if any, in order to reinvest in the development and growth of our business, including our continued growth by acquisition strategy, and, therefore, we may reduce, suspend or eliminate dividend payments in the future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, the limits imposed by the terms of our credit facilities, or any then- existing debt instruments, and such other factors as our board of directors deems relevant. Accordingly, investors in our common stock may need to sell their shares to realize a return on their investment in our common stock, and investors may not be able to sell their shares at or above the prices paid for them. If securities analysts do not publish favorable reports about us or if we, or our industry, are the subject of unfavorable commentary, the price of our common stock could decline. The trading price for our common stock depends in part on the research and reports about us that are published by analysts in the financial industry. Analysts could issue negative commentary about us or our industry, or they could downgrade our common stock. We may also not receive sufficient research coverage or visibility in the market. Any of these factors could result in the decline of the trading price of our common stock, causing investors in our common stock to lose all or a portion of their investment.