Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

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The following is a summary of the principal risks that could adversely affect our business, operations, and financial results: Risks Related to Our Business and Our Industry • Cyclicality in our business could result in lower Net sales and reduced cash flows and profitability. • Our business is affected by general business, financial market, and economic conditions. • Seasonality affects the demand for our products and services and our results of operations and cash flows. • Our operations are substantially dependent on weather and climate conditions. • The prices and costs of the products we purchase may be subject to large and significant price fluctuations. • Market variables and other events outside of our control could cause our Cost of goods sold and operating costs to grow more rapidly than Net sales. • Inflation and increases in operating costs ~~could~~ **have adversely impacted, and may in the future continue to** adversely impact **,** our business ~~. • The COVID- 19 pandemic or other public health emergencies have, and may in the future, adversely affect our business and the business of our customers and suppliers~~ . • Public perceptions that the products we use and the services we deliver are not environmentally friendly or safe or that our practices are not sustainable may result in significant costs and adversely impact the demand for our products or services **. • Compliance with, or liabilities under, environmental, health and safety laws and regulations, including laws and regulations pertaining to the use and application of our products and climate change legislation, could result in significant costs. • Our business exposes us to risks associated with hazardous materials and related activities, not all of which are covered by insurance. • Laws and government regulations applicable to our business could increase our legal and regulatory expenses, and impact our business** . • Increased competitive pressures could reduce our market share. • We may face supply chain delays or interruptions, product shortages, or the loss of key suppliers or fail to develop relationships with qualified suppliers. • We are subject to inventory management risks. • We may not successfully implement our business strategies, including achieving our growth objectives. • We may be unable to successfully acquire and integrate other businesses or increased competition for those businesses may result in less favorable acquisition terms. • We face risks associated with our labor force and our customers' labor force. • We may not be able to attract or retain key executives. • We are exposed to construction defect and product liability claims as well as other legal proceedings. • An impairment of goodwill and / or other intangible assets could reduce Net income. • We may face adverse credit and financial market events and conditions. • We may be inefficient or ineffective in capital allocation. • We may fail to collect monies owed by our credit sale customers. • The operating results of individual branches may vary. • ~~Compliance with, or liabilities under, environmental, health and safety laws and regulations, including laws and regulations pertaining to the use and application of fertilizers, herbicides, insecticides, and fungicides, could result in significant costs. • Our business exposes us to risks associated with hazardous materials and related activities, not all of which are covered by insurance. • Laws and government regulations applicable to our business could increase our legal and regulatory expenses, and impact our business. •~~ We could experience operational interruptions, incur substantial additional costs, become subject to legal or regulatory proceedings or suffer damage to our reputation in the event of a cybersecurity incident. • A large- scale malfunction or failure in our information technology systems could disrupt our business, create potential liabilities for us, or limit our ability to effectively monitor, operate, and control our operations. • We may fail to protect the security of personal information about our customers. • We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business. • We may be subject to unanticipated changes in our tax provisions. • We may face acts or threats of terrorism, public health emergencies, violence, or unfavorable or uncertain political conditions. Risks Related to Our Indebtedness • We have outstanding indebtedness and may incur substantial additional indebtedness, which could adversely affect our financial health and our ability to obtain financing in the future, react to changes in our business, or satisfy our obligations. • ~~Increases in~~ **Significant or prolonged periods of higher** interest rates **would increase the costs of servicing our indebtedness and could reduce our profitability** . • The agreements and instruments governing our indebtedness contain restrictions and limitations that could significantly impact our ability to operate our business. • Our ability to generate the significant amount of cash needed to pay interest and principal on our indebtedness and our ability to refinance all or a portion of our indebtedness or obtain additional financing depends on many factors beyond our control. Risks Related to Our Common Stock **• The market price of our common stock may be volatile.** • Holdings is a holding company with no operations of its own, and it depends on its subsidiaries for cash to fund all of its operations and expenses, including to make future dividend payments, if any. • **Our organizational documents contain certain** ~~The market price of our common stock may be volatile. • Anti- takeover~~ provisions **that may** ~~in our third amended and restated certificate of incorporation and third amended and restated by- laws could~~ discourage, delay, or prevent a change of control of our ~~company~~ **Company** and may ~~affect the trading price of our common stock. • Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could~~ limit our stockholders' ability to obtain ~~a~~ favorable judicial forum for **certain** disputes ~~with us~~ . Cyclicality in our business could result in lower Net sales and reduced cash flows and profitability. We have been, and in the future may be, adversely impacted by declines in the new residential and commercial construction sectors, as well as in spending on repair and upgrade activities. We sell a significant portion of our products for landscaping activities associated with new residential and commercial construction sectors, which have experienced cyclical downturns in the past and may experience cyclical downturns in the future, some of which have been, or could in the future be, severe. The strength of these markets depends on, among other things, housing starts, consumer spending, non- residential construction spending activity and business investment, which are a function of many factors beyond our control, including interest rates, employment levels, changes in the tax laws, availability of credit, geopolitics, consumer confidence, and capital spending. Weakness or downturns in residential and commercial construction markets could have a material adverse effect on our business, operating results, or financial condition. Sales of landscape supplies to contractors serving the residential construction sector represent a significant portion of our business, and demand for our products is highly correlated with residential construction, including repairs and upgrades. Housing starts are dependent upon a number of factors, including housing demand, housing inventory levels, housing affordability and mortgage rates, foreclosure rates, demographic changes, the availability of land, local zoning and permitting processes, the availability of construction financing, and the overall health of the economy. Unfavorable changes in any of these factors could adversely affect consumer spending, result in decreased demand for homes, and adversely affect our business. ~~Recently~~ **In the 2023 Fiscal Year** , we **experienced a** ~~have seen early signs of~~ softening of the residential construction sector, including as a result of home price inflation and higher mortgage rates, which we anticipate may continue in the ~~2023~~ **2024** Fiscal Year. If **the softening of** the residential construction sector ~~does continue~~ **continues** ~~to soften~~ , the timing and extent of any such reduction in homebuilding activity and the resulting impact on demand for landscape supplies are uncertain. Our Net sales also depend, in significant part, on commercial construction, which is cyclical in nature and subject to downturns, which can be severe. Previously, downturns in the commercial construction market have typically lasted about two to three years, resulting in market declines of approximately 20 % to 40 %, while the " Great Recession " downturn in the commercial construction market lasted over four years, resulting in a market decline of approximately 60 %. We cannot predict the duration of the current market conditions, including the impacts that, among others, inflation and rising interest rates may have or the timing or strength of any future recovery of commercial construction activity in our markets. We also rely, in part, on repair and upgrade of existing landscapes. High unemployment levels, high mortgage delinquency and foreclosure rates, lower home prices, limited availability of mortgage and home improvement financing, and significantly lower housing turnover, may restrict consumer spending, particularly on discretionary items such as landscape projects, and adversely affect consumer confidence levels and result in reduced spending on repair and upgrade activities. Our business is affected by general business, financial market **,** and economic conditions, which could adversely affect our financial position, results of operations, and cash flows. Our business and results of operations are significantly affected by general business, financial market, and economic conditions. General business, financial market, and economic conditions that could impact the level of activity in the wholesale landscape supply industry include the level of new home sales and construction activity, interest rate fluctuations, inflation, unemployment levels, geopolitics, tax rates, capital spending, bankruptcies, volatility in both the debt and equity capital markets, liquidity of the global financial markets, the availability and cost of credit, investor and consumer confidence, global economic growth, local, state and federal government regulation, and the strength of regional and local economies in which we operate. With respect to the residential construction sector in particular, spending on landscape projects is largely discretionary and lower levels of consumer spending or the decision by homeowners to perform landscape upgrades or maintenance themselves rather than outsource to contractors, or to focus less on outdoor projects may adversely affect our business. For example, **in the 2023 Fiscal Year and the 2022 Fiscal Year, we experienced historic levels of** inflation ~~has recently increased at its fastest pace in nearly forty years. In response~~ , **resulting in** the Federal Reserve **raising** ~~has raised~~ benchmark interest rates multiple times ~~over~~ **. While** the ~~past year and is expected to continue to raise such rates~~ **rate** ~~in the near term~~ **of inflation has slowed** , **we** ~~which could lead to a prolonged economic recession. We~~ cannot predict whether these and ~~other~~ adverse economic conditions will continue, the impact that future economic developments will have on consumers, or the manner in which these economic trends will impact consumer demand or preferences over the long term. The demand for our products and services and our results of operations are affected by the seasonal nature of our irrigation, outdoor lighting, nursery, landscape accessories, fertilizers, turf protection products, grass seed, turf care equipment, and golf course maintenance supplies. Such seasonality causes our results of operations to vary considerably from quarter to quarter. Typically, our Net sales and Net income **are** ~~have been~~ higher in the second and third quarters of each fiscal year due to favorable weather and longer daylight conditions during these quarters. Our Net sales and Net income are typically significantly lower in the first and fourth quarters due to lower landscaping, irrigation, and turf maintenance activities in these quarters. Accordingly, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year. We supply landscape, irrigation, and turf maintenance products, the demand for each of which is affected by weather conditions, including, without limitation, potential impacts, if any, from climate change. In particular, droughts could cause shortages in the water supply, which may have an adverse effect on our business. For instance, our supply of plants could decrease, or prices could rise, due to such water shortages, and customer demand for certain types of plants may change in ways in which we are unable to predict. Such water shortages may also make irrigation or the maintenance of turf uneconomical. Governments may implement limitations on water usage, such as those enacted in California, that make effective irrigation or turf maintenance unsustainable, which could negatively impact the demand for our products. There is a risk that demand for landscaping products will decrease overall due to persistent or severe drought conditions in some of the geographic markets we serve, or that demand will change in ways that we are unable to predict. Furthermore, natural disasters, adverse weather conditions and / or climate change- related events, such as droughts, severe storms, wildfires, hurricanes, and significant rain or snowfall, can adversely impact the demand for our products, availability of products, timing of product delivery, or our ability to deliver products at all. For example, **demand** ~~severe winter storms and wildfires can cause hazardous road conditions, which may prevent personnel from traveling or~~ **for** ~~delivering to service locations~~ **our products in the first quarter of the 2023 Fiscal Year was limited by unusually cold and rainy weather in our western and northern markets, including unprecedented precipitation in California** . Other types of unexpected severe weather conditions, such as excessive heat or cold, may result in certain applications in the maintenance product cycle being omitted for a season or damage to or loss of nursery goods, sod, and other green products in our inventory, which could result in losses requiring write- downs. In addition, our business and operating results could be impacted to a greater degree than we previously experienced to the extent that unfavorable weather conditions are exacerbated by global climate change or otherwise. The prices and costs of the products we purchase may be subject to large and significant price fluctuations. We might not be able to pass cost increases through to our customers, and we may experience losses in a rising price environment. In addition, we might have to lower our prices in a declining price environment, which could also lead to losses. We purchase and sell a wide variety of products, the price and availability of which may fluctuate, and may be subject to large and significant price increases, especially in periods of high inflation. For example, ~~many~~ **certain** of our contracts with suppliers include prices for commodities such as grass seed and chemicals used in fertilizer that are not fixed or tied to an index, which allows our suppliers to change the prices of their products as the input prices fluctuate. Conversely, we may experience lower Net sales in a deflationary environment. Our business is exposed to these fluctuations, as well as to fluctuations in our costs for transportation and distribution. Changes in prices for the products that we purchase affect our Net sales and Cost of goods sold, as well as our working capital requirements, levels of debt, and financing costs. We might not always be able to reflect increases in our costs in our own pricing, especially in times of extreme price volatility. Any inability to pass cost increases on to customers may adversely affect our business, financial condition, and results of operations. In addition, if market prices for the products that we sell decline, we may realize reduced profitability levels from selling such products and lower revenues from sales of existing inventory of such products. Market variables and other events outside of our control could cause our Cost of goods sold and operating costs to grow more rapidly than Net sales, which could result in lower Gross profit and gross margin as well as lower Net income. Market variables, such as inflation of product costs, labor and fuel rates, and freight and energy costs, as well as other events outside of our control, such as supply shortages, geopolitical conflicts, trade disputes, or **public** health **emergencies** ~~matters like the COVID-19 pandemic~~, could adversely impact the management of our Cost of goods sold and operating costs in a manner that would prevent us from leveraging our Net sales growth into higher Net income. For example, the ongoing ~~conflict~~ **conflicts** between Russia and Ukraine **, the conflict in the Gaza Strip, and unrest in the Middle East** , as well as the international response related thereto (e. g., sanctions, export controls, etc.), has and may continue to create economic instability, including, among other things, inflationary pressures causing increases in fuel and other energy costs. In addition, our inability to pass on such increases in costs to customers in a timely manner, or at all, could cause our Cost of goods sold and operating costs to grow, which could result in lower Gross profit and gross margin as well as lower Net income. Inflation and increases in operating costs have adversely ~~affected~~ **impacted** , and ~~could~~ **may** in the future ~~,~~ **continue to** adversely impact **,** our business, financial position, results of operations, and cash flows. Our financial performance is affected by the level of our operating expenses, such as occupancy costs associated with the leases for our branch locations and costs of fuel, vehicle maintenance, equipment, parts, wages and salaries, employee benefits, health care, self- insurance costs and other insurance premiums, as well as various regulatory compliance costs, all of which may be subject to inflationary pressures. In particular, our financial performance is adversely affected by increases in these operating costs. Given the inflation rates ~~in~~ **over** the **past few years** ~~2021 Fiscal Year and the 2022 Fiscal Year~~, we ~~also~~ experienced ~~rising~~ **elevated** product and logistics costs as well as increased commodity costs. Most of our facilities are located in leased premises. Many of our current leases are non- cancelable and typically have terms ranging from three to five years, with options to renew for specified periods of time. We believe that leases we enter into in the future will likely be long- term and non- cancelable and have similar renewal options. However, we may be unable to renew our current or future leases on favorable terms or at all, which could have an adverse effect on our operations and costs. In addition, if we close a location, we generally remain committed to perform our obligations under the applicable lease, which include, among other things, payment of the base rent for the balance of the lease term. We deliver a substantial volume of products to our customers by truck. Petroleum prices have continued to fluctuate significantly in recent years. Prices and availability of petroleum products are subject to political, economic, and market factors that are outside our control. Political and military events in petroleum- producing regions, including the Middle East, U. S. energy policy, and hurricanes and other weather-related events may cause the price of fuel to increase. Our operating profit will be adversely affected if we are unable to obtain the fuel we require or to fully offset the anticipated impact of higher fuel prices through increased prices or fuel surcharges to our customers. We have not entered into any hedging arrangements that protect against fuel price increases and we do not have any long- term fuel purchase contracts. If shortages occur in the supply of necessary petroleum products and we are not able to pass along the full impact of increased petroleum prices to our customers, our results of operations would be adversely affected. We cannot predict the extent to which we may experience future increases in costs of occupancy, fuel, vehicle maintenance, equipment, parts, wages and salaries, employee benefits, health care, self- insurance costs and other insurance premiums, as well as various regulatory compliance costs and other operating costs. To the extent such costs increase as a result of inflation or otherwise, we may be prevented, in whole or in part, from passing these cost increases through to our existing and prospective customers, and the rates we pay to our suppliers may increase, any of which could have a material adverse impact on our business, financial position, results of operations, and cash flows ~~The COVID- 19 pandemic has led to periods of significant volatility, uncertainty, and economic disruption since its onset. The COVID- 19 pandemic has had impacts on our business, operations, financial results, and financial condition in the past and the future impacts and consequences of the pandemic will depend on numerous evolving factors which are uncertain and cannot be predicted, including the scope, duration, and severity of the pandemic, the possibility of further surges or variants of COVID- 19, and governmental, business, and individuals' actions taken in response. Implementation of these actions could materially adversely affect our ability to adequately staff, manage, and maintain our operations, impair our ability to sustain sufficient financial liquidity, and impact our financial results. Additionally, the emergence of future variants or other public health emergencies may cause the disruption or closure of our customers' and / or suppliers' facilities and supply chains, which could materially and adversely impact demand for our products, our ability to obtain or deliver inventory, and our ability to collect accounts receivable as customers and suppliers face higher liquidity and solvency risks. During the 2022 Fiscal Year, supply chain disruptions, labor shortages, and rising commodity and product costs were, and may continue to be, exacerbated by the COVID- 19 pandemic. The COVID- 19 pandemic, as well as future public health emergencies, could also negatively impact our business over the medium- to- longer term if disruptions related to~~

~~COVID- 19 or future public health emergencies, among other things: limit the ability of our suppliers to manufacture, or procure from manufacturers, the products we sell, or to meet delivery requirements and commitments; limit the ability of our employees to perform their work due to impacts caused by the pandemic or local, state, or federal orders that restrict our operations or the operations of our customers; limit the ability of carriers to deliver our products to our branches and customers; limit the ability of our customers to conduct their business and purchase our products and services; decrease demand for our customers' services; limit the ability of our customers to pay us on a timely basis; precipitate a prolonged economic downturn and / or an extended rise in unemployment or tempering of wage growth, any of which could lower demand for our products; impair our ability to operate in a typical manner or at all, generate revenues and cash flows, and / or access the capital or lending markets (or significantly increase the costs of doing so), as may be necessary to sustain our business. Any of these factors could amplify the other risks and uncertainties described herein and could materially adversely affect our business, operations, financial results, and financial condition. The future impacts of the COVID- 19 pandemic or future public health emergencies may be difficult to predict and may affect us differently than we have previously experienced~~ . We sell, among other things, fertilizers, herbicides, fungicides, pesticides, rodenticides, and other chemicals. Public perception that the products we use and the services we deliver are not environmentally friendly or safe or are harmful to humans or animals, whether justified or not, or the improper application of these chemicals, could reduce demand for our products and services, increase regulation or government restrictions or actions, result in fines or penalties, impair our reputation, involve us in litigation that may result in significant costs, damage our brand names, and otherwise have a material adverse impact on our business, financial position, results of operations, and cash flows. Customers are also using social media to provide feedback and information about our Company and products and services in a manner that can be quickly and broadly disseminated. To the extent a customer has a negative experience with, or view of, our Company and shares it over social media, it may adversely impact our brand and reputation. In addition, companies across many industries are facing increasing interest from stakeholders related to their environmental, social, and governance (" ESG ") practices **, particularly as it relates to perceived effects of climate change** . Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and ~~in recent years~~ have placed increasing importance on the implications and social cost of their investments. While we believe that we currently hold a favorable view from stakeholders related to our ESG practices, there can be no assurance that we will be able to meet the future expectations of our stakeholders, which are evolving rapidly. As a result, we may suffer from reputational damage and our business or financial condition could be adversely affected. Compliance with,or liabilities under,environmental,health and safety laws and regulations,including laws and regulations pertaining to the use and application of ~~our products as well as climate change legislation~~ **fertilizers,herbicides,insecticides,and fungicides** ,could result in significant costs that adversely impact our reputation,business,financial position,results of operations,and cash flows.We are subject to federal,state,provincial,and local environmental,health and safety laws and regulations,including laws that regulate the emission or discharge of materials into the environment,govern the use,packaging,labeling,transportation,handling,treatment,storage,disposal,and management of chemicals and hazardous substances and waste,and protect the health and safety of our associates and users of our products.Such laws also impose liability for investigation and remediation failures,and damages resulting from,present and past releases of hazardous substances,including releases at sites we have ever owned,leased or operated,or used as a disposal site.We could be subject to fines,penalties,civil or criminal sanctions,personal injury,property damage,or other third- party claims as a result of violations of,or liabilities under,these laws and regulations.We could also incur significant investigation and cleanup costs for contamination at any currently or formerly owned or operated facilities,including LESCO' s manufacturing and blending facilities.In addition,changes in,or new interpretations of,existing laws,regulations,or enforcement policies as a result of the current presidential administration or otherwise,the discovery of previously unknown contamination,or the imposition of other environmental liabilities or obligations in the future,including obligations with respect to any potential health hazards of our products,may lead to additional compliance or other costs that could have a material adverse effect on our business,financial position,results of operations,and cash flows.In addition,in the United States,products containing herbicides and pesticides generally must be registered with the U.S.Environmental Protection Agency (" EPA ") and similar state agencies before they can be sold or distributed.The failure to obtain or the cancellation of any such registration,or the withdrawal from the marketplace of such products,could have an adverse effect on our business,the severity of which would depend in part on the products involved,whether other products could be substituted,and whether our competitors were similarly affected.The herbicides and pesticides we use are manufactured by independent third parties and are evaluated by the EPA as part of its ongoing exposure risk assessment.The EPA may decide that a herbicide or pesticide we use will be limited or will not be re- registered for use in the United States.We cannot predict the outcome or the severity of the effect of the EPA' s continuing evaluations.The use of certain herbicide and pesticide products is also regulated by various federal,state,provincial,and local environmental and public health agencies.We may be unable to prevent violations of these or other regulations from occurring.Even if we are able to comply with all such regulations and obtain all necessary registrations and licenses,the herbicides and pesticides or other products we supply could be alleged to cause injury to the environment,to people or to animals,or such products could be banned in certain circumstances.We are subject to such allegations from time to time.The regulations may also apply to customers who may fail to comply with environmental,health and safety laws and subject us to liabilities.Costs to comply with environmental,health and safety laws,or to address liabilities or obligations thereunder,could have a material adverse impact on our reputation,business,financial position,results of operations,and cash flows.Further, **there may also be** new legislation or regulatory change in response to the perceived effects of climate change ~~has been~~ , ~~or is expected to be,adopted at both~~ the ~~state and federal level~~ **occurrence of which may be elevated due to the current presidential administration** . ~~These changes~~ **Changes** in environmental and climate change laws or regulations,including laws relating to greenhouse gas emissions,could lead to **new or** additional ~~operational and~~ **investment in product designs that could increase our environmental** compliance

expenditures ~~burdens,and collecting,measuring,and analyzing information relating to such matters can be costly,time-consuming,dependent on third- party cooperation,and unreliable~~ .Such changes in climate change laws or regulations could further subject us to additional costs and restrictions,including ~~additional investment in product designs and~~ increased energy and raw material costs **.The possible effects** ~~,as well as increased risk~~ of ~~litigation concerning~~ **climate change could include changes in rainfall patterns,water shortages,changing storm patterns and intensities,and changing temperature levels that could adversely impact** our ~~disclosures~~ **costs and business operation and the supply and demand for weather-sensitive products.Because of the uncertainty of weather volatility** related ~~thereto.We~~ **to climate change and any resulting unfavorable weather conditions,we** cannot predict **its** ~~how managing our climate change- related reporting obligations,as well as the consumer and retail impacts~~ - **impact** ~~of climate change,could have a material adverse effect~~ on our financial condition,results of operations,or cash flows.Because our business includes the managing,handling,storing,selling and transporting,and disposing of certain hazardous materials,such as fertilizers,herbicides,pesticides,fungicides,and rodenticides,we are exposed to environmental,health,safety,and other risks.We carry insurance to protect us against many accident- related risks involved in the conduct of our business and we maintain insurance coverage in accordance with our assessment of the risks involved,the ability to bear those risks,and the cost and availability of insurance.Each of these insurance policies is subject to exclusions,deductibles,and coverage limits.We do not insure against all risks and may not be able to insure adequately against certain risks and may not have insurance coverage that will pay any particular claim.We also may be unable to obtain adequate insurance coverage at commercially reasonable rates in the future for the risks we currently insure against,and certain risks are or could become completely uninsurable or eligible for coverage only to a reduced extent.Our business,financial condition,and results of operations could be materially impaired by environmental,health,safety,and other risks that reduce our revenues,increase our costs,or subject us to other liabilities in excess of available insurance.Laws and government regulations applicable to our business could increase our legal and regulatory expenses,and impact our business,financial position,results of operations,and cash flows.Our business is subject to significant federal,state,provincial,and local laws and regulations.These laws and regulations include laws relating to consumer protection,wage and hour requirements,the employment of immigrants,labor relations,permitting and licensing,building code requirements,workers' safety,the environment,employee benefits,marketing and advertising,and the application and use of herbicides,pesticides,and other chemicals.In particular,we anticipate that various federal,state,provincial,and local governing bodies may propose additional legislation and regulation that may be detrimental to our business,may decrease demand for the products we supply,or may substantially increase our operating costs,including proposed legislation,such as environmental regulations related to chemical or nutrient use,water use,climate change,equipment efficiency standards,and other environmental matters;other consumer protection laws or regulations;or health care coverage.It is difficult to predict the future impact of the broad and expanding legislative and regulatory requirements affecting our businesses and changes to such requirements may adversely affect our business,financial position,results of operations,and cash flows.In addition,if we were to fail to comply with any applicable law or regulation,we could be subject to substantial fines or damages,be involved in litigation,suffer losses to our reputation,or suffer the loss of licenses,or incur penalties that may affect how our business is operated,which,in turn,could have a material adverse impact on our business,financial position,results of operations,and cash **flows.** Our industry and the markets in which we operate are highly competitive and fragmented, and increased competitive pressures could reduce our share of the markets we serve and adversely affect our business, financial position, results of operations, and cash flows. We operate in markets with relatively few large competitors, but barriers to entry in the landscape supply industry are generally low, and we may have several competitors within a local market area. Competition varies depending on product line, type of customer, and geographic area. Some local competitors may be able to offer higher levels of service, lower prices, or a broader selection of inventory than we can in particular local markets. As a result, we may not be able to continue to compete effectively with our competitors. Any of our competitors may foresee the course of market development more accurately than we do, provide superior service, sell or distribute superior products, have the ability to supply or deliver similar products and services at a lower cost, or on more favorable credit terms, develop stronger relationships with our customers and other consumers in the landscape supply industry, adapt more quickly to evolving customer requirements than we do, develop a superior network of distribution centers in our markets, or access financing on more favorable terms than we can obtain. As a result, we may not be able to compete successfully with our competitors. In addition, we may face increased competition from new market entrants or companies in adjacent industries expanding into the landscape supply industry. Such competition may result in the diminution of our market share or the loss of one or more of our major customers, either of which would adversely affect our business, financial position, results of operations, and cash flows. Further, existing and future competitors, and private equity firms, increasingly compete with us for acquisitions, which can increase prices and reduce the number of suitable opportunities available to us; the acquisitions they make may also adversely impact our market position. Competition can also reduce demand for our products and services, negatively affect our product sales and services or cause us to lower prices. Consolidation of professional landscape service firms may result in increased competition for their business. Certain product manufacturers that sell and distribute their products directly to landscapers may increase the volume of such direct sales. Our suppliers may also elect to enter into exclusive supplier arrangements with other distributors. We also face increased competition for our talent base from other employers, particularly competitors. If we are unable to retain our talent or lose talent to a competitor, our ability to achieve our strategic objectives may be adversely affected. In addition, former associates may start landscape supply businesses similar to ours, in competition with us. Given the low barriers to entry in our industry, the possibility of former associates starting similar businesses may be more likely. Increased competition from businesses started by former associates may reduce our market share and adversely affect our business, financial position, results of operations, and cash flows. Our customers consider the performance of the products we distribute, our customer service, and price when deciding whether to use our services or purchase the products we distribute. Excess industry capacity for certain products in several geographic markets could lead to increased price competition. We may be unable to maintain our operating costs or product prices at a level that is sufficiently low for us to compete effectively. If we are unable to compete effectively with our existing competitors or new competitors enter the markets in which we operate, our financial condition, operating results, and cash flows may be adversely affected. Supply chain delays or interruptions, product shortages, loss of key suppliers, failure to develop relationships with qualified suppliers or dependence on third- party suppliers and manufacturers could affect our financial health. Our ability to offer a wide variety of products to our customers is dependent upon our ability to obtain adequate product supply from manufacturers and other suppliers. Any disruption in our sources of supply, particularly of the most commonly sold items, could result in a loss of revenues, reduced margins, and damage to our relationships with customers. Supply shortages may occur as a result of unanticipated increases in demand or difficulties in production or delivery. In addition, we may be materially adversely impacted by disruptions within our supply chain network. Such disruptions may result from weather- related events, natural disasters, international trade disputes or trade policy changes or restrictions, tariffs or import- related taxes, third- party strikes, lock- outs, work stoppages or slowdowns, shortages of supply chain labor and truck drivers, shipping capacity constraints, military conflicts, acts of terrorism, public health issues (including ~~pandemics~~ **public health emergencies and related shut- downs, re- openings, or other actions by the government), civil unrest, or other factors beyond** ~~or~~ **our** ~~quarantines (such as~~ **control. For example, in the 2022 Fiscal Year, our supply chains were negatively impacted by** the COVID- 19 pandemic ~~) and related shut- downs, re- openings, or other actions by the government), civil unrest, or other factors beyond our control. For example, in the 2022 Fiscal Year, our supply chains have been and may continue to be negatively impacted by the COVID- 19 pandemic~~ , especially with respect to freight and labor availability. **Although our supply chains stabilized in the 2023 Fiscal Year,** ~~When~~ **when** shortages occur, our suppliers often allocate products among distributors. 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 financial condition, operating results, and cash flows, as well as our ability to benefit from ongoing supply chain initiatives. Our ability to continue to identify and develop relationships with qualified suppliers who can comply with our Supplier Code of Conduct and satisfy our high standards for quality and our need to be supplied with products in a timely and efficient manner is a ~~significant~~ challenge. Our suppliers' ability to provide us with products can also be adversely affected in the event they become financially unstable, fail to comply with applicable laws, encounter supply disruptions, shipping interruptions, trade restrictions, tariffs or increased costs, or face other factors beyond our control, including, for example, as a result of the ~~conflict~~ **conflicts** between Russia and Ukraine ~~or~~ **,** the ~~COVID- 19 pandemic~~ **conflict in the Gaza Strip, and unrest in the Middle East** . Our agreements with suppliers are generally terminable by either party on limited notice, and in some cases we do not have written agreements with our suppliers. If market conditions change or worsen, suppliers may stop offering us favorable terms, including volume- based incentive terms. Our suppliers may increase prices or reduce discounts on the products we distribute and we may be unable to pass on any cost increase to our customers, thereby resulting in reduced margins and profits. Failure by our suppliers to continue to supply us with products on favorable terms, commercially reasonable terms, or at all, could put pressure on our operating margins or have a material adverse effect on our financial condition, results of operations, and cash flows. We are subject to inventory management risks; insufficient inventory may result in lost sales opportunities or delayed revenue, while excess inventory may harm our gross margins. We balance the need to maintain inventory levels that are sufficient to ensure competitive lead times against the risk of inventory obsolescence because of changing customer requirements, fluctuating commodity prices, or the life- cycle of nursery goods, sod, and other green products. **For example, while we increased our inventory levels in the 2022 Fiscal Year to mitigate the adverse impact of supply chain disruptions, we were able to normalize inventory levels in the 2023 Fiscal Year.** In order to successfully manage our inventories, including grass seed, chemicals used in fertilizers, and nursery goods, sod, and other green products, we must estimate demand from our customers and purchase products that substantially correspond to that demand. If we overestimate demand and purchase too much of a particular product, we face a risk that the price of that product will fall, leaving us with inventory that we cannot sell profitably. In addition, we may have to write down such inventory if we are unable to sell it for its recorded value. Contracts with certain suppliers require us to take on additional inventory or pay a penalty, even in circumstances where we have excess inventory. By contrast, if we underestimate demand and purchase insufficient quantities of a product and the price of that product were to rise, we could be forced to purchase that product at a higher price and forego profitability in order to meet customer demand. Insufficient inventory levels may lead to shortages that result in delayed revenue or loss of sales opportunities altogether as potential end- customers turn to competitors' products that are readily available. Our business, financial condition, and results of operations could suffer a material adverse effect if either or both of these situations occur frequently or in large volumes. Many factors, such as weather conditions, agricultural limitations and restrictions relating to the management of pests and disease, affect the supply of nursery goods, grass seed, sod, and other green products. If the supply of these products available is limited, prices could rise, which could cause customer demand to be reduced and our revenues and gross margins to decline. For example, nursery goods, sod, and grass seed are perishable and have a limited shelf life. Should we be unable to sell our inventory of nursery goods, grass seed, sod, and other green products within a certain time frame, we may face losses requiring write- downs. In contrast, we may not be able to obtain high- quality nursery goods and other green products in an amount sufficient to meet customer demand. Even if available, nursery goods from alternate sources may be of lesser quality or may be more expensive than those currently grown or purchased by us. If we are unable to effectively manage our inventory and that of our distribution partners, our business, financial condition, and results of operations could be adversely affected. We may not be able to fully implement our business strategies or realize, in whole or in part within the expected time frames, the anticipated benefits of our various growth, or other initiatives, such **as our procurement and supply chain management initiatives, as well** as our transportation and customer relationship management systems. Our various business strategies and initiatives, including our growth, operational, and management initiatives, are subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control. The execution of our business strategy and our financial performance will continue to depend in significant part on our executive management team and other key management personnel, and our executive management team' s ability to execute the operational initiatives that they are undertaking. In addition, we may incur certain costs as we pursue our growth, operational, and management initiatives, and we may not meet anticipated implementation timetables or stay within budgeted costs. As these initiatives are undertaken, we may not fully achieve our expected efficiency improvements or growth rates, or these initiatives could adversely impact our customer retention, supplier relationships, or operations. Also, our business strategies may change from time to time in light of our ability to implement our business initiatives, competitive pressures, economic uncertainties or developments, or other factors. We may be unable to successfully acquire and integrate other businesses. Our historical growth has been driven in part by acquisitions, and future acquisitions are an important element of our business strategy. We may be unable to continue to grow our business through acquisitions. We may not be able to continue to identify suitable acquisition targets and may face increased competition for these acquisition targets by both existing competitors as well as new market entrants. 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. At any given time, we may be evaluating or in discussions with one or more acquisition targets, including entering into non- binding letters of intent. Future acquisitions may result in the incurrence of debt and contingent liabilities, legal liabilities, goodwill impairments, increased interest and amortization expense, and significant integration costs. 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 or otherwise; • diversion of management' s attention; • failure to retain existing customers or key personnel of the acquired business and recruit qualified new associates at the location; • failure to successfully implement infrastructure, logistics, and systems integrations which could, among other things, increase the risk of a cybersecurity incident; • potential impairment of goodwill; • our inability to obtain financing necessary to complete acquisitions on attractive terms or at all; • risks associated with the internal controls of acquired companies; • 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 and immigration claims; and • the risks inherent in the systems of the acquired business and risks associated with unanticipated events or liabilities. Our strategy could be impeded if we do not identify, or face increased competition for, suitable acquisition targets, and such increased competition could result in higher purchase price multiples we have to pay for acquisition targets or reduce the number of suitable targets. Our business, financial condition, results of operations, and cash flows could be adversely affected if any of the foregoing factors were to occur. Risks associated with our labor force and our customers' labor force could have a significant adverse effect on our business. We have an employee base of approximately 7, ~~000~~ **800** associates. Various federal and state labor laws govern our relationships with our associates and affect our operating costs. These laws include employee classifications as exempt or non- exempt, minimum wage requirements, unemployment tax rates, workers' compensation rates, overtime, family leave, anti- discrimination laws, safety standards, payroll taxes, citizenship requirements, and other wage and benefit requirements for employees classified as non- exempt. As our associates may be paid at rates that relate to the applicable minimum wage, further increases in the minimum wage could increase our labor costs. Associates may make claims against us under federal or state laws, which could result in significant costs. Significant additional government regulations, including the Employee Free Choice Act, the Paycheck Fairness Act, and the Arbitration Fairness Act, could materially affect our business, financial condition, and results of operations. In addition, we compete with other companies for many of our associates in hourly positions, and we invest significant resources to train and motivate our associates to maintain a high level of job satisfaction. Like many companies in our industry, our hourly employment positions have historically had high turnover rates, which can lead to increased spending on training and retention and, as a result, increased labor costs. If we are unable to effectively retain highly qualified associates in our key positions to deliver the customer experience, particularly our transportation and supply chain associates, it could adversely impact our business, financial position, results of operations, and cash flows. None of our associates are currently covered by collective bargaining or other similar labor agreements. However, if a larger number of our associates were to unionize, including as a result of any future legislation that makes it easier for associates to unionize, 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 associates become represented by a union, we could experience a disruption of our operations and higher labor costs. In addition, certain of our suppliers have unionized work forces and certain of our products are transported by unionized truckers. Strikes, work stoppages, or slowdowns could result in slowdowns or closures of facilities where the products that we sell 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. Further, a large portion of our customers are in the landscape services industry, which is labor intensive. Demand for our products may be impacted by our customers' ability to attract, train, and retain workers. Restrictive immigration policies, trends in labor migration, and increases in our customers' personnel costs or the inability of our customers to hire sufficient personnel, which may be amplified in tight labor market conditions, could adversely impact our business, financial position, results of operations, and cash flows. We depend on a limited number of key personnel. We may not be able to attract or retain key executives, which could adversely impact our business and inhibit our ability to operate and grow successfully. We depend upon the ability and experience of a number of our executive management and other key personnel who have substantial experience with our operations and within our industry, including Doug Black, our Chairman, President, and Chief Executive Officer. The loss of the services of one or a combination of our senior executives or key employees could have a material adverse effect on our results of operations. Our business may also be negatively impacted if one of our senior executives or key employees is hired or recruited by a competitor. Our success also depends on our ability to continue to identify, attract, manage, motivate, and retain other qualified management personnel as we grow. We may not be able to continue to attract or retain such personnel in the future. The nature of our business exposes us to construction defect and product liability claims as well as other legal proceedings. We rely on manufacturers and other suppliers to provide us with the products we sell and distribute. As we do not have direct control over the quality of the products manufactured or supplied by such third- party suppliers, we are exposed to risks relating to the quality of the products we distribute. It is possible that inventory from a manufacturer or supplier could be sold to our customers and later be alleged to have quality problems or to have caused personal injury, subjecting us to potential claims from customers or third parties. We are subject to such claims from time to time. We operate a large fleet of trucks and other vehicles. From time to time, the drivers of these vehicles are involved in accidents which could result in material personal injuries and property damage claims and in which goods carried by these drivers may be lost or damaged. We cannot make assurances that we will be able to obtain insurance coverage to address a portion of these types of liabilities on acceptable terms in the future, if at all, or that any such insurance will provide adequate coverage against potential claims. Further, while we seek indemnification against potential liability for products liability claims from relevant parties, including but not limited to manufacturers and suppliers, we do not have written indemnification agreements from all of our suppliers and we may be unable to recover under such indemnification agreements that exist. An unsuccessful product liability defense could be highly costly and accordingly result in a decline in revenues and profitability. Finally, even if we are successful in defending any claim relating to the products we distribute, claims of this nature could negatively impact customer confidence in our products and our company. **Due to the highly regulated nature of certain of our products,** ~~From~~ **from** time to time, we may be involved in government inquiries and investigations, as well as tort proceedings, including toxic tort and product liability actions, and employment and other litigation. We cannot predict with certainty the outcomes of these legal proceedings and other contingencies, including environmental investigation, remediation, and other proceedings commenced by government authorities. The outcome of some of these legal proceedings and other contingencies could require us to take, or refrain from taking, actions which could adversely affect our operations or could require us to pay substantial amounts of money. Additionally, defending against lawsuits and proceedings may involve significant expense and diversion of management' s attention and resources from other matters regardless of the ultimate outcome. Acquisitions frequently result in the recording of goodwill and other intangible assets. As of ~~January 1~~ **December 31** , 2023, goodwill represented approximately ~~16~~ **17** % of our total assets. Goodwill is currently not amortized for financial reporting purposes and is subject to impairment testing at least annually using a fair- value based approach. The identification and measurement of goodwill impairment involves the estimation of the fair value of our reporting units. Our accounting for impairment contains uncertainty because management must use its judgment in determining appropriate assumptions to be used in the measurement of fair value. We determine the fair values of our reporting units by using both a market and income approach. We evaluate the recoverability of goodwill for impairment in between our annual tests when events or changes in circumstances, including a sustained decline in our market capitalization, indicate that the carrying amount of goodwill may not be recoverable. Any impairment of goodwill or other intangible assets, including as a result of market dynamics beyond our control, will reduce Net income in the period in which the impairment is recognized. Adverse credit and financial market events and conditions could, among other things, impede access to, or increase the cost of, financing or cause our customers to incur liquidity issues that could lead to some of our products not being purchased or orders being canceled, or result in reduced operating revenue and Net income, any of which could have an adverse impact on our business, financial position, results of operations, and cash flows. Disruptions in credit or financial markets could, among other things, lead to impairment charges, make it more difficult for us to obtain, or increase our cost of obtaining, financing for our operations or investments or to refinance our indebtedness, cause our lenders to depart from prior credit industry practice and not give technical or other waivers under the Credit Facilities (as defined under " — Risks Related to Our Current Indebtedness " below), to the extent we may seek them in the future, thereby causing us to be in default under one or more of the Credit Facilities. These disruptions could also cause our customers to encounter liquidity issues that could lead to a reduction in the amount of our products purchased or services used, could result in an increase in the time it takes our customers to pay us, or could lead to a decrease in pricing for our products, any of which could adversely affect our accounts receivable, among other things, and, in turn, increase our working capital needs. In addition, adverse developments at federal, state, and local levels associated with budget deficits resulting from economic conditions could result in federal, state, and local governments increasing taxes or other fees on businesses, including us, to generate more tax revenues, which could negatively impact spending by customers on our products. Inefficient or ineffective allocation of capital could adversely affect our operating results and / or stockholder value. We strive to allocate capital in a manner that enhances stockholder value, lowers our cost of capital, or demonstrates our commitment to return excess capital to stockholders, while maintaining our ability to invest in strategic acquisition opportunities. In October 2022, our Board of Directors approved a share repurchase authorization for up to $ 400. 0 million of the Company' s common stock. The Company **has, and** intends to **continue to,** purchase shares under the repurchase authorization from time to time on the open market at the discretion of management, subject to strategic considerations, market conditions, and other factors. Repurchases under our share repurchase program will reduce the market liquidity for our stock, potentially affecting its trading volatility and price. Future share repurchases will also diminish our cash reserves, which may impact our ability to pursue attractive strategic opportunities. Therefore, if we do not properly allocate our capital, including with respect to returning value to our stockholders through this share repurchase authorization, we may fail to produce optimal financial results and experience a reduction in stockholder value. The majority of our Net sales are derived from credit sales, which are made primarily to customers whose ability to pay is dependent, in part, upon the economic strength of the geographic areas in which they operate, and the failure to collect monies owed from customers could adversely affect our working capital and financial condition. The majority of our Net sales in our ~~2022~~ **2023** Fiscal Year were derived from the extension of credit to our customers whose ability to pay is dependent, in part, upon the economic strength of the areas where they operate. We offer credit to customers, generally on a short- term basis, either through unsecured credit that is based solely upon the creditworthiness of the customer, or secured credit for materials sold for a specific project where we establish a security interest in the material used in the project. The type of credit we offer depends on the customer' s financial strength. If any of our customers are unable to repay credit that we have extended in a timely manner, or at all, our working capital, financial condition, operating results, and cash flows would be adversely affected. Further, our collections efforts with respect to non- paying or slow- paying customers could negatively impact our customer relations going forward. Because we depend on certain of our customers to repay extensions of credit, if the financial condition of our customers declines, our credit risk could increase as a result. Significant contraction in the residential and non- residential construction markets, coupled with limited credit availability and stricter financial institution underwriting standards, could adversely affect the operations and financial stability of certain of our customers. Should one or more of our larger customers declare bankruptcy, it could adversely affect the collectability of our accounts receivable, bad debt reserves, and Net income. Because we operate our business through highly dispersed locations across the United States and Canada, 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 and Canada, supported by executives and services from our headquarters, with local area and branch management retaining responsibility for day- to- day operations and adherence to applicable local laws. Our operating structure could make it difficult for us to coordinate procedures across our operations in a timely manner or at all. We may have difficulty attracting and retaining local personnel. In addition, our branches may require significant oversight and coordination from headquarters to support their growth. Inconsistent implementation of corporate strategy and policies at the local level could materially and adversely affect our overall profitability, prospects, business, results of operations, financial condition, and cash flows. In addition, the operating results of an individual branch may differ from that of another branch for a variety of reasons, including market size, management practices, competitive landscape, regulatory requirements, and local economic conditions. As a result, certain of our branches may experience higher or lower levels of growth and profitability than other branches. Compliance with, or liabilities under,...... of operations, and cash flows. In the event of a cybersecurity incident, we could experience operational interruptions, incur substantial additional costs, become subject to legal or regulatory proceedings, or suffer damage to our reputation. In addition to the disruptions that may occur from interruptions in our information technology systems, cybersecurity threats and sophisticated and targeted cyberattacks pose a risk to our information technology systems, as well as those of our third- party service providers and other third parties with whom we do business and communicate. In connection with the ~~COVID- 19 pandemic, and the related~~ increase in work- from- home arrangements, there has been a spike in cybersecurity attacks as work- from- home measures have led businesses to increase reliance on virtual environments and communications systems, which have been subject to increasing third- party vulnerabilities and security risks. In addition, the technology systems of businesses that we have acquired or may acquire, as well as their practices related to the collection, use, maintenance, and disclosure of data, could present issues that we were not able to identify prior the acquisition or other issues that continue to pose risk to use, such as cybersecurity vulnerabilities or past cybersecurity or privacy incidents. We have established security policies, processes, and defenses designed to help identify and protect against intentional and unintentional misappropriation or corruption of our information technology systems and information and disruption of our operations. Despite these efforts, and especially in light of increasingly sophisticated techniques used in cybersecurity attacks, our information technology systems and those of third parties with whom we do business or communicate may be damaged, disrupted, or shut down due to attacks by unauthorized access, malicious software, computer viruses, undetected intrusion, hardware failures, or other events, and in these circumstances where we cannot fully anticipate, detect, repel, or implement fully effective preventative measures, our disaster recovery plans may be ineffective or inadequate. These breaches or intrusions could lead to business interruption, exposure of proprietary or confidential information, data corruption, damage to our reputation, exposure to legal and regulatory proceedings, and other costs. A security breach might also lead to violations of privacy laws, regulations, trade guidelines or practices related to our customers and associates, and could result in potential claims from customers, associates, shareholders, or regulatory agencies. Such events could adversely impact our reputation, business, financial position, results of operations, and cash flows. In addition, we could be adversely affected if any of our significant customers or suppliers experiences any similar events that disrupt their business operations or damage their reputation. Furthermore, our increased use of mobile and cloud technologies, including as a result of changes in working environments such as work- from- home arrangements, has heighted these cybersecurity and privacy risks, including risks from cyber- attacks such as phishing, spam emails, hacking, social engineering, and malicious software **. Additionally, to the extent artificial intelligence capabilities improve and are increasingly adopted, they may be used to identify vulnerabilities and craft increasingly sophisticated cybersecurity attacks. Attachments crafted with artificial intelligence tools could directly attack information systems with greater speed and / or efficiency than a human threat actor or create more effective phishing emails. Vulnerabilities may also be introduced from the use of artificial intelligence by us, our customers, suppliers, and other business partners and third- party providers. Use of artificial intelligence by us or such third parties, whether authorized or unauthorized, increases the risk that our intellectual property and other proprietary information will be unintentionally disclosed** . While we maintain monitoring practices and protections of our information technology to reduce these risks and test our systems on an ongoing basis for potential threats, there can be no assurance that these efforts will prevent a cyber- attack or other security breach. We have not always been able in the past and may be unable in the future to anticipate or prevent techniques used to obtain unauthorized access or to compromise our systems because the techniques used change frequently and are generally not detected until after an incident has occurred. In July 2020, we experienced a ransomware attack on our information technology systems. There can be no guarantees that the attack will not lead to the disclosure of customer data, our trade secrets, or other intellectual property, or personal information of our employees. There can be no guarantee that the release of any of this information will not have a material adverse effect on our business, reputation, financial condition, and results of operations. In addition, the July 2020 ransomware attack could result in potential claims from customers, associates, stockholders, or regulatory agencies, which could result in significant judgements against us, penalties, and fines. The cost of investigating, mitigating, and responding to potential data security breaches and complying with applicable breach notification obligations to individuals, regulators, partners, and others could be significant. We carry cybersecurity insurance to help mitigate the financial exposure and related notification procedures in the event of intentional intrusion, including the July 2020 ransomware attack; however, there can be no assurance that our insurance will adequately protect against potential losses that could adversely affect our business. We rely on our computer and data processing systems, and a large- scale malfunction or failure in our information technology systems could disrupt our business, create potential liabilities for us, or limit our ability to effectively monitor, operate, and control our operations and adversely impact our reputation, business, financial position, results of operations, and cash flows. Our ability to keep our business operating effectively depends on the functional and efficient operation of our enterprise resource planning, telecommunications, inventory tracking, billing, and other information systems. We rely on these systems and the systems of certain third- party vendors to track transactions, billings, payments, and inventory, as well as to make a variety of day- to- day business decisions. We may experience system malfunctions, interruptions, or security breaches from time to time. Some of our systems run older generations of software that may be unable to perform as efficiently as, and fail to communicate well with, newer systems. As we implement or develop new systems in the future, we may elect to modify, replace, or discontinue certain technology initiatives. Changes or modifications to our information technology systems could cause disruptions to our operations or cause challenges with respect to our compliance with laws, regulations, or other applicable standards. A significant or large- scale malfunction or interruption of our systems or the systems of third- party vendors could adversely affect our ability to manage and keep our operations running efficiently and damage our reputation. A malfunction that results in a wider or sustained disruption to our business could have a material adverse effect on our business, financial condition, and results of operations, as well as on the ability of management to align and optimize technology to implement business strategies. If our disaster recovery plans do not work as anticipated, or if any third- party vendors to which we have outsourced certain information technology or other services fail to fulfill their obligations to us, our operations may be adversely impacted and any of these circumstances could adversely impact our reputation, business, financial position, results of operations, and cash flows. If we fail to protect the security of personal information about our customers, we could be subject to interruption of our business operations, private litigation, reputational damage, and costly penalties. We rely on, among other things, commercially available systems, software, tokenization, tools, and monitoring to provide security for collecting, processing, transmitting, and storing confidential customer information, such as payment card and personally identifiable information. The systems we currently use for payment card transactions, and the technology utilized in payment cards themselves, all of which can put payment card data at risk, are central to meeting standards set by the payment card industry, or PCI. We continue to evaluate and modify our systems and protocols for PCI compliance purposes; however, PCI data security standards may change from time to time. Activities by third parties, advances in computer and software capabilities and encryption technology, new tools and discoveries, and other events or developments may facilitate or result in a compromise or breach of our systems. Any compromises, breaches, or errors in applications related to our systems or failures to comply with data security standards set by the PCI, could cause damage to our reputation and interruptions in our operations, including our customers' ability to pay for our products and services by credit card or their willingness to purchase our products and services, and could further result in a violation of applicable laws, regulations, orders, industry standards, or agreements and subject us to costs, penalties, litigation, and liabilities which could have a material adverse impact on our reputation, business, financial position, results of operations, and cash flows. Our ability to compete effectively depends in part on our rights to service marks, trademarks, trade names, and other intellectual property rights we own or license, particularly our registered trademarks SiteOne ®, LESCO ®, SiteOne Green Tech ®, and Pro- Trade ®. We have not sought to register or protect every one of our marks or brand names either in the United States or in every country in which they are or may be used. Furthermore, because of the differences in foreign trademark, patent, and other intellectual property or proprietary rights laws, we may not receive the same protection in other countries as we would in the United States. If we are unable to protect our proprietary information and brand names, we could suffer a material adverse impact on our reputation, business, financial position, results of operations, and cash flows. Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products, services, or activities infringe their intellectual property rights. We may be subject to unanticipated changes in our tax provisions, including further changes to applicable U. S. tax laws. We are subject to income and other taxes in U. S. federal and state jurisdictions, as well as Canada. Changes in applicable U. S. or Canadian tax laws and regulations, or their interpretation and application, including the possibility of retroactive effect, could impact our tax expense and profitability. There may also be technical corrections or superseding legislation proposed with respect to tax laws, the risk of which may be elevated due to the current presidential administration, and the effect and timing cannot be predicted and may be adverse to us or our business, financial position, results of operations, and cash flows. For example, on August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 **(" IRA ")** , which contains a number of tax- related provisions, including, among others, a 15 % corporate alternative minimum tax on book income of certain large corporations effective for tax years beginning after December 31, 2022, and a 1 % excise tax on corporate stock repurchases. The 1 % excise tax on share repurchases applies to shares repurchased after December 31, 2022, subject to certain exceptions. **We are unable** ~~It is not possible~~ to predict ~~whether~~ the ~~Inflation Reduction Act of 2022~~ **full extent to which the IRA** or other potential changes in the tax laws or changes in their interpretation could have a material adverse impact on our operating results. We have filed our tax returns in prior years based upon certain filing positions we believe are appropriate. If the Internal Revenue Service or state taxing authorities disagree with these filing positions, we may owe additional taxes. Acts or threats of terrorism, public health emergencies, violence, or unfavorable or uncertain political conditions could harm our business. Acts of terrorism or war, public health emergencies, political or civil unrest and uncertainty, ~~pandemics~~ **public health emergencies** , and other catastrophes may disrupt commerce and undermine consumer confidence, which could negatively affect our sales by causing consumer spending to decline. Also, an act of terrorism or war, or the threat thereof, political or civil unrest or uncertainty, ~~pandemies~~ **public health emergencies** (such as the COVID- 19 pandemic), and other catastrophes, could negatively affect our business by interfering with our ability to obtain products from our suppliers or distribute products to our customers. As of ~~January 1~~ **December 31** , 2023, we had $ ~~356~~ **379** . ~~1~~ **0** million of total long- term consolidated indebtedness outstanding and $ ~~58~~ **91** . ~~7~~ **6** million of finance lease obligations excluding interest. SiteOne Landscape Supply Holding, LLC (" Landscape Holding ") and SiteOne Landscape Supply, LLC (" Landscape ") are parties to **(i)** a credit agreement dated December 23, 2013 ~~, which has been amended pursuant to the First Amendment dated June 13, 2014, the Second Amendment dated January 26, 2015, the Third Amendment dated February 13, 2015, the Fourth Amendment dated October 20, 2015, the Omnibus Amendment dated May 24, 2017, the Sixth Amendment dated February 1, 2019, and the Seventh Amendment dated July 22, 2022 (such agreement, as so amended, the " ABL Credit Agreement ")~~ , providing for an asset- based loan facility in the amount of up to $ 600. 0 million, subject to availability under a borrowing base **(** ~~, with JPMorgan Chase Bank, N. A.,~~ as **so amended** ~~administrative agent and collateral agent~~ , ~~and the other financial institutions and lenders from time to time party thereto (~~ the " ABL Facility ") ~~. As of January 1, 2023, we had available borrowing capacity of $ 487. 4 million under the ABL Facility. The ABL Facility matures on July 22, 2027. Landscape Holding~~ and **(ii)** ~~Landscape are parties to~~ an amended and restated credit agreement dated April 29, 2016, providing for a syndicated senior secured term loan facility **, which had an outstanding balance of $ 369. 6 million as of December 31, 2023** (~~which was~~ - **as so** amended ~~on November 23~~ , **"** ~~2016, May 24, 2017, December 12, 2017, August 14, 2018, and March 23, 2021 and as may be further amended, supplemented, waived, or otherwise modified from time to time,~~ the **New** ~~term~~ **Term** ~~loans~~ **Loans "** and, together with the ABL Facility, the " Credit Facilities ") ~~. On March 23, 2021, we entered into the Fifth Amendment to the Amended and Restated Credit Agreement (" the Fifth Amendment "), with JPMorgan Chase Bank, N. A., as administrative agent and collateral agent, and the other financial institutions and lenders from time to time party thereto, in order to, among other things, incur $ 325. 0 million of term loans (" the New Term Loans "). The New Term Loans mature on March 23, 2028. In addition, we are able to incur additional indebtedness in the future, subject to the limitations contained in the agreements governing our indebtedness~~ . Our current indebtedness could have important consequences. Because of our current indebtedness: • our ability to engage in acquisitions without raising additional equity or obtaining additional debt financing is limited; • our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements, or general corporate purposes, and our ability to satisfy our obligations with respect to our indebtedness may be impaired in the future; • a large portion of our cash flow from operations must be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available to us for other purposes; • although we enter into interest rate hedging transactions periodically, we are exposed to the risk of increased interest rates because borrowings under the Credit Facilities and certain floating rate operating and finance leases are at variable rates of interest; • it may be more difficult for us to satisfy our obligations to our creditors, resulting in possible defaults on, and acceleration of, such indebtedness; • we may be more vulnerable to general adverse economic and industry conditions; • we may be at a competitive disadvantage compared to our competitors with proportionately less indebtedness or with comparable indebtedness on more favorable terms and, as a result, they may be better positioned to withstand economic downturns; • our ability to refinance indebtedness may be limited or the associated costs may increase; • our flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited; and • we may be prevented from carrying out capital spending and restructurings that are necessary or important to our growth strategy and efforts to improve operating margins of our businesses. ~~Increases~~ **Although the Credit Facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and additional indebtedness incurred** in **compliance with these restrictions may be significant. If additional indebtedness is added to our current debt levels, the risks to our financial health, our ability to react to changes in our business, or satisfy our obligations may intensify. Significant or prolonged periods of higher** interest rates would increase the cost of servicing our indebtedness and could reduce our profitability. Our indebtedness under the Credit Facilities bears interest at variable rates, and as a result, ~~increases in~~ **significant or prolonged periods of higher** interest rates ~~could~~ **would** increase the cost of servicing our indebtedness and could materially reduce our profitability and cash flows. The impact of ~~increases in~~ **significant or prolonged periods of higher** interest rates could be more significant for us than it would be for some other companies because of our current indebtedness. As of ~~January 1~~ **December 31** , 2023, an increase of one percentage point in interest rates would result in an increase of approximately $ 1. ~~1~~ **9** million in projected interest payments for the ~~2023~~ **2024** Fiscal Year based on the amounts outstanding under the ABL Facility and the New Term Loans that were not covered by our interest rate swap contracts ~~. In addition, in certain circumstances, our variable rate indebtedness uses the London Interbank Offer Rate (" LIBOR ") as a benchmark for establishing the interest rate. In July 2017, the UK' s Financial Conduct Authority, which regulates LIBOR, announced its intent to phase out LIBOR by the end of 2021. Publication of the one- week and two- month USD LIBOR ceased at December 31, 2021. The cessation date for submission and publication of rates for all other tenors of USD LIBOR has been extended by the ICE Benchmark Administration until mid- 2023. While this announcement extends the transition period, the United States Federal Reserve issued a statement advising banks to stop new USD LIBOR issuances by the end of 2021 and, as a result, in connection with our most recent amendment to the ABL Credit Agreement, dated July 22, 2022, we established an alternate rate of interest to LIBOR under the ABL Credit Agreement. Accordingly, the potential effect of the phase- out or replacement of LIBOR cannot yet be determined, and it is not possible to predict the effect of this transition, including the impact of utilizing alternative reference rates and how LIBOR will be determined for purposes of existing loans, securities, and derivative instruments currently referencing it when LIBOR ceases to exist~~ . We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the Investment Company Act of 1940. Additionally, we cannot assure you that financing will be available on acceptable terms, if at all. Deterioration in the credit markets, which could delay our ability to sell certain of our loan investments in a timely manner, could also negatively impact our cash flows. Our Credit Facilities contain customary representations and warranties and customary affirmative and negative covenants that restrict some of our activities. The negative covenants limit the ability of Landscape Holding and Landscape to: incur additional indebtedness; pay dividends, redeem stock, or make other distributions; repurchase, prepay or redeem subordinated indebtedness; make investments; create restrictions on the ability of Landscape Holding' s restricted subsidiaries to pay dividends or make other intercompany transfers; create liens; transfer or sell assets; make negative pledges; consolidate, merge, sell, or otherwise dispose of all or substantially all of Landscape Holding' s assets; enter into certain transactions with affiliates; and designate subsidiaries as unrestricted subsidiaries. In addition, the ABL Facility is subject to various covenants requiring minimum financial ratios, and our additional borrowings may be limited by these financial ratios. Our ability to comply with the covenants and restrictions contained in the Credit Facilities, may be affected by economic, financial, and industry conditions beyond our control including credit or capital market disruptions. The breach of any of these covenants or restrictions could result in a default that would permit the applicable lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. If we are unable to repay indebtedness, lenders having secured obligations, such as the lenders under the Credit Facilities, could proceed against the collateral securing the indebtedness. In any such case, we may be unable to borrow under the Credit Facilities and may not be able to repay the amounts due under such facilities. This could have serious consequences to our financial position and results of operations and could cause us to become bankrupt or insolvent. Our ability to make scheduled payments on, or to refinance our obligations under, our indebtedness depends on the financial and operating performance of our subsidiaries, which, in turn, depends on their results of operations, cash flows, cash requirements, financial position, and general business conditions, and any legal and regulatory restrictions on the payment of dividends to which they may be subject, many of which may be beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital, or restructure our indebtedness. In the future, our cash flow and capital resources may not be sufficient for payments of interest on and principal of our indebtedness, and such alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. The final maturity date of the ABL Facility is July 22, 2027. The final maturity date of the New Term Loans is March 23, 2028. We may be unable to refinance any of our indebtedness or obtain additional financing, particularly because of our high levels of indebtedness. Market disruptions, such as those experienced in 2008 and 2020, as well as our significant indebtedness levels, may increase our cost of borrowing or adversely affect our ability to refinance our obligations as they become due. If we are unable to refinance our indebtedness or access additional credit, or if short- term or long- term borrowing costs dramatically increase, our ability to finance current operations and meet our short- term and long- term obligations could be adversely affected. Our operations are conducted entirely through our...... us for the payment of dividends. The stock market in general and our common stock in particular have recently experienced significant volatility and the market price of our common stock may continue to fluctuate significantly. Among the factors that could affect our stock price are: • industry or general market conditions; • domestic and international economic and political factors unrelated to our performance; • changes in our customers' or their end- users' preferences; • new regulatory pronouncements and changes in regulatory guidelines; • lawsuits, enforcement actions, and other claims by third parties or governmental authorities; • actual or anticipated fluctuations in our quarterly operating results; • changes in securities analysts' estimates of our financial performance; • action by institutional stockholders or other large stockholders, including future sales; • comments by public figures or other third parties, including blogs, articles, message boards, and social and other media; • failure to meet any guidance given by us or any change in any guidance given by us, or changes by us in our guidance practices; • announcements by us of significant impairment charges; • speculation in the press or investment community; • investor perception of us and our industry; • changes in market valuations or earnings of similar companies; • announcements by us or our competitors of significant contracts, acquisitions, dispositions, or strategic partnerships; • novel and unforeseen trading strategies adopted by retail investors or other market participants; • war, civil unrest, terrorist acts, and epidemic disease, including the ongoing ~~conflict~~ **conflicts** between Russia and Ukraine **, the conflict in the Gaza Strip, and unrest in the Middle East** ; • any future repurchases or sales of our common stock or other securities; and • additions or departures of key personnel. In particular, we cannot assure that you will be able to resell your shares at or above your purchase price. The stock markets have experienced significant volatility in recent years that has been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. In the past, following periods of volatility in the market price of a company' s securities, class action litigation has often been instituted against the affected company. Any litigation of this type brought against us could result in substantial costs and a diversion of our management' s attention and resources, which would harm our business, results of operations, financial condition, and cash flows. Our **operations are conducted entirely** through our subsidiaries,and our ability to generate cash to fund operations and expenses,to pay dividends,or to meet debt service obligations is highly dependent on the earnings,and the receipt of funds from our subsidiaries through dividends or intercompany loans.Deterioration in the financial condition,earnings,or cash flow of Landscape and its subsidiaries for any reason could limit or impair their ability to pay such distributions.Additionally,to the extent that Holdings needs funds,and its subsidiaries are restricted from ~~making such distributions~~ **providing funding or capital** under applicable law or regulation or under the terms of our ~~financing arrangements~~ **Credit Facilities** ,or are otherwise unable to provide such funds,it could materially adversely affect our business,financial condition,results of operations,and cash flows ~~.Further,the terms of the agreements governing the Credit Facilities restrict the ability of our subsidiaries to pay dividends,make loans,or otherwise transfer assets to Holdings.Furthermore,our subsidiaries are permitted under the terms of the Credit Facilities and other indebtedness to incur additional indebtedness that may restrict or prohibit the making of distributions,the payment of dividends,or the making of loans by such subsidiaries to us.In~~

~~addition,Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock~~ .We do not currently expect to declare or pay dividends on our common stock for the foreseeable future.Payments of dividends,if any,will be at the sole discretion of our Board of Directors after taking into account various factors,including general and economic conditions,our financial condition and operating results,our available cash and current and anticipated cash needs,capital requirements,our ability and plans to fund future share repurchases,contractual,legal,tax,and regulatory restrictions,and implications of the payment of dividends by us to our stockholders or by our subsidiaries (including Landscape) to us,and such other factors as our Board of Directors may deem relevant.In addition, **Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock.To the extent that we determine in the future to pay dividends on our common stock,none of our subsidiaries will be obligated to make funds available to us for the payment of dividends.Our organizational documents contain certain provisions that may discourage,delay,or prevent a change of control of our Company and may limit our stockholders' ability to obtain a favorable judicial forum for certain disputes.Our** third amended and restated certificate of incorporation **(" Charter ")** ~~, or amended and restated certificate of corporation,~~ and third amended and restated by- laws **(" By** ~~, or amended and restated by-~~ laws ~~,~~ **")** include a number of provisions that may discourage, delay, or prevent a change in ~~our management or~~ control over us that stockholders may consider favorable. For example, our ~~amended~~ **Charter** and **By** ~~restated certificate of incorporation and amended and restated by-~~ laws **,** collectively: • authorize the issuance of " blank check " preferred stock that could be issued by our Board of Directors to thwart a takeover attempt; • provide for a classified board of directors, which divides our Board of Directors into three classes, with members of each class serving staggered three- year terms, which prevents stockholders from electing an entirely new board of directors at an annual meeting; • limit the ability of stockholders to remove directors; • provide that vacancies on our Board of Directors, including vacancies resulting from an enlargement of our Board of Directors, may be filled only by a majority vote of directors then in office; • prohibit stockholders from calling special meetings of stockholders; • prohibit stockholder action by written consent, thereby requiring all actions to be taken at a meeting of the stockholders; and • establish advance notice requirements for nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders. These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may **limit the price that investors might be willing to pay in the future for shares of our common stock and / or** adversely affect the prevailing market price of our common stock if the provisions are viewed as discouraging takeover attempts in the future. **In addition,** ~~Our amended and restated certificate of incorporation and amended and restated by- laws may also make it difficult for stockholders to replace or~~ **our Charter** ~~remove our management. Furthermore, the existence of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions may facilitate management entrenchment that may delay, deter, render more difficult, or prevent a change in our control, which may not be in the best interests of our stockholders. Our amended and restated certificate of incorporation~~ provides that the Court of Chancery of the State of Delaware is, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed to us or our stockholders by any of our directors, officers, other employees, agents, or stockholders, (iii) any action asserting a claim arising out of or under the General Corporation Law of the State of Delaware (the " DGCL "), or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware (including, without limitation, any action asserting a claim arising out of or pursuant to our **Charter** ~~amended and restated certificate of incorporation or our~~ - **or By** ~~amended and restated by-~~ laws), or (iv) any action asserting a claim that is governed by the internal affairs doctrine. By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our **Charter** ~~amended and restated certificate of incorporation~~ related to choice of forum. The choice of forum provision in our **Charter** ~~amended and restated certificate of incorporation~~ may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or any of our directors, officers, other employees, agents, or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our **Charter** ~~amended and restated certificate of incorporation~~ to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.