Risk Factors Comparison 2024-03-13 to 2023-03-07 Form: 10-K

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You should carefully consider the following risks and uncertainties, together with all of the other information contained in this Annual Report on Form 10- K, or this Annual Report, including our Consolidated Financial Statements and related notes included elsewhere in this Annual Report, before making an investment decision. In addition, past financial performance may not be a reliable indicator of future performance and historical trends may not predict results or trends in future periods. Any of the following risks, individually or collectively, could materially adversely affect our business, financial condition, and results of operations, in which case the trading price of our common stock could decline and you could lose all or part of your investment. Risk Factors Summary Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows and prospects. Risks that we deem material are described below. These risks include, but are not limited to, the following: ● Net sales for our swimming pools and related products ~~is~~ **are** adversely affected by unfavorable economic conditions and ~~trends in~~ **related impact on** consumer spending ~~; ● inability to sustain further growth in our business~~ ; ● adverse weather conditions impacting our sales, **and can lead to** ~~as well as result in~~ significant variability of sales in reporting periods; ● natural disasters, **including resulting from climate change, geopolitical events,** war, terrorism, public health issues ~~such as the novel coronavirus (" COVID- 19 ") pandemic~~ or other catastrophic events ~~; ● our ability to attract, develop and retain highly qualified personnel; ● inability to attract dealers and distributors to purchase our products, or the loss of our largest customers, since our products are not sold directly to consumers; ● increases in costs of our raw materials and components and inability to source the quantity or quality of raw materials and components that we need to manufacture our products, including due to the loss of our largest suppliers; ● inflationary impacts; ● product quality issues, warranty claims or safety concerns and other claims in the ordinary course of business~~ ; ● competition that we face; ● ~~failure to meet customer specifications or~~ **our** ~~consumer expectations~~ **ability to attract, develop and retain highly qualified personnel** ; ● **inflationary impacts, including on consumer demand for pool products; ●** our ~~inability~~ -- **ability to source the quantity or quality of raw materials and components that we need to manufacture our products, and increases in their costs; ● our ability** to collect accounts receivables from our customers **; ● our ability to keep pace with rapidly evolving technological developments and standards, such as generative artificial intelligence; ● the potential loss of our largest customers and pricing pressures resulting from industry consolidation; ● interruption of our production capability at one or more of our manufacturing facilities from accident, fire, calamity, regulatory action or other causes or events; ● product quality issues, warranty claims or safety concerns and other claims, including those due to the failure of builders to follow our product installation instructions and specifications** ; ● delays in, or systems disruptions issues caused by, the implementation of our enterprise resource planning system ~~could adversely affect our operations~~ ; ● **cyber- security breaches** ~~changes in environmental, health, safety, transportation,~~ and ~~other~~ **data leaks, and our dependence on information technology systems; ● compliance with** government regulations; ● ~~the effects of climate change and the expanding legal and regulatory restrictions intended to address climate change could adversely impact~~ our ~~business; ● inability~~ -- **ability** to obtain transportation services to deliver our product and to obtain raw materials timely or increases in the cost of transportation; ● our ability to obtain, maintain and enforce intellectual property protection for our current and future products, and third- party claims against us for violation of their intellectual property; ● the risks of doing business internationally; ● ~~cyber security breaches and data leaks, and~~ our ~~dependence on information technology systems~~ **ability to secure financing and our substantial indebtedness** ; and ● the other factors set forth under " Risk Factors. " Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business, financial condition, results of operations and cash flows. Risks Related to Our Operations and IndustryNet sales of our swimming pools and related products ~~is~~ **are** adversely affected by unfavorable economic conditions and ~~trends in~~ **the related impact on** consumer spending, which are ~~impacted~~ **driven** by factors outside of our control. Consumer discretionary spending affects our sales of swimming pools and related products and is impacted by factors outside of our control, including general economic conditions, the residential housing market, unemployment rates and wage levels, interest rate fluctuations, inflation, disposable income levels, consumer confidence and access to credit. In particular, we believe that access to consumer credit is an important factor enabling the purchase of new pools because a significant percentage of consumers finance their pool installations. **The recent and continued combination of high interest rates and high inflation have reduced the affordability of mortgages and increased the cost of home improvement projects.** Tightening consumer credit or increases in interest rates could reduce the number of consumers that obtain financing for pools, which would negatively impact our sales. In economic downturns such as **we experienced in 2023 and which** many economists and industry leaders are forecasting ~~for~~ **will continue in** ~~2023~~ **2024** , the demand for swimming pools and related products has declined and we expect that such demand ~~would~~ **will** decline in the future, with the magnitude of such declines often corresponding to the declines in discretionary consumer spending and the growth rate of pool eligible households. In addition, consumer demand for swimming pools is impacted by consumer demand for, and spending on, outdoor living spaces. While ~~we believe~~ **it is our view that** consumers have increased relative spending on outdoor living in recent years, such purchases may decrease in the aggregate if there ~~was~~ **is** a decline in consumer discretionary spending **as we saw in 2023 and expect to continue in 2024** . Any substantial deterioration in general economic conditions that diminishes consumer confidence or discretionary income may reduce our sales and materially adversely affect our business, financial condition, and results of operations. In addition, the cyclicality in consumer demand for our products that we do not control increases the risk of making critical business decisions based on our forecasts, and means that the results for any prior period may not be indicative of results for any future period. Further, a recessionary economic environment could weaken the financial condition of our suppliers potentially leading to shortages of critical raw materials, manufacturing equipment, components, and services, and increase the risk of dealer and distributor closures or bankruptcies that could shrink our potential customer base and inhibit our ability to collect on their receivables. Even in generally favorable economic conditions, severe and / or prolonged downturns in the housing market could have a material adverse impact on our financial performance due to our industry' s alignment with the housing market. ~~We may be unable to sustain further growth in our business. Our core strategy for our business is growth, including by contributing to the transformation of the North American residential pool industry by driving and benefiting from material conversion to fiberglass pools, our key product. See " Business — Growth and Strategy. " Although we have generated 13 consecutive years of net sales growth, we may not be able to continue generating net sales growth in the future. While we believe interest in pool ownership remains strong, recently, homeowners have been taking more time on their purchase decisions and establishing installation dates in light of the current macroeconomic environment. Further, to achieve our growth plans, we have made and expect to continue to make significant investments in our employees, technology, marketing, research and development, manufacturing capacity and strategic investments and acquisitions. While we believe that our fiberglass pools are the future of the industry and meet the majority of the market of pools sold, fiberglass pools do have some limitations. Due to shipping considerations, they are subject to certain size limits. Although we offer a broad portfolio of design choices, fiberglass pools can be less customizable than concrete and vinyl. Our failure to implement our growth strategy in a cost- effective and timely manner could result in underutilized assets and higher operating costs, and otherwise could have an adverse effect on our business, financial condition, and results of operations.~~ Adverse weather conditions could negatively impact our sales, as well as result in significant variability of sales in reporting periods. ~~Given the nature of our business, weather~~ **Weather** is one of the principal external factors affecting our business, and the impact of bad weather is further exacerbated by the seasonality of our ~~business~~ **sales cycle** . Adverse weather can interfere with ordinary transportation of our products and installation and cause a resulting delay, or if such delay is prolonged may lead to a cancelled order. The second and third quarters of the year, which correspond to the spring and summer months in the United States, represent the peak months of swimming pool use and pool installation and maintenance. Unseasonably late warming trends in the spring or early cooling trends in the fall can shorten the length of the pool ~~16season~~ -- **season** . In addition, unseasonably cool weather or extraordinary rainfall during the peak season can have an adverse impact on demand due to decreased swimming pool use and installation. Due to such seasonality, our net sales are significantly stronger in the second and third quarters each year, and are moderated in the first and fourth quarters. Further, adverse weather conditions can cause the timing of sales and cash flows ~~can~~ **to** shift significantly between quarterly and annual reporting periods and therefore significantly impact the meaningfulness of period- to- period comparisons of financial and operating results. Natural disasters, **including resulting from climate change, geopolitical events,** war, terrorism, public health issues ~~such as the COVID- 19 pandemic~~ , or other catastrophic events could adversely affect our business. financial condition and results of operations. Our operations and financial results have been, and may be in the future, adversely impacted by local, regional, national or global catastrophic events or extraordinary circumstances, such as natural or environmental disasters, **weather 15events driven by climate change or other factors,** public health issues such as the COVID- 19 pandemic, and other serious disruption to our facilities due to fire, flood, **hurricane,** earthquake **, war** , acts of terrorism, civil insurrection or social unrest. Any such event could disrupt our supply chain, our ability to manufacture and deliver our products, and our dealers' and distributors' ability to install our products, as well as adversely impact customer demand ~~of~~ **for** our products. **For example, the current conflict in the Middle East has disrupted and delayed shipping channels through the Red Sea, which delayed the availability of certain raw materials, components and other supplies and escalated the cost of such materials components and supplies, and such disruptions may continue.** Further, such ~~event~~ **events** could have macro implications, such as adversely impacting consumer discretionary spending, causing geopolitical uncertainty, and resulting in a macroeconomic downturn and disruption in the financial markets. Given the seasonality inherent in our business, the impact of such events or circumstances on our business would be particularly severe if the timing coincides with the peak months of swimming pool use and pool installation and maintenance. Our response and **the** response of other impacted persons to any such event may result in an increase in our operating costs and require significant management resources, and we could incur impairment expense for any impacted assets. The ~~direct and indirect impacts of such catastrophic event or extraordinary circumstances also could heighten many of the other risks described in this Annual Report, and any of these impacts could adversely affect our business, financial condition, and results of operations. The~~ ongoing war between Russia and Ukraine ~~could adversely affect our operations~~ , and related sanctions and other actions that have been or may be enacted by the United States, the European Union, or other governing entities could **have a lasting impact on regional and global economies and** adversely affect our business, our business partners, our suppliers, and our customers. While our operations are primarily within North America and we have no operations in Russia or Ukraine, and we do not have direct exposure to customers and vendors in Russia and Ukraine, we continue to monitor any adverse impact that such events may have on the global economy in general, on our business and operations and on the businesses and operations of our business partners, suppliers and customers. **The conflict in the Middle East could disrupt our ability to deliver product to customers in Israel resulting in delayed or lost sales. We face competition both from within our industry and from other outdoor living products and if we are not able to compete effectively, our prospects for future success will be jeopardized. Within our industry, we directly compete against various international, regional and local pool manufacturing companies. In the current economic environment, where consumer demand has softened due to higher interest rates, inflation and other concerns, competition has intensified resulting in pressure to reduce prices and to offer more innovative products and materials, which could adversely affect our business. Outside of our industry, we compete indirectly with alternative suppliers of big ticket consumer discretionary outdoor living products, such as decks and patios, and with other companies who rely on discretionary**

homeowner expenditures, such as home remodelers. Given the density and demand for pools, some geographic markets that we serve tend to have a higher concentration of competitors than others, particularly California, Texas, Florida, Arizona, and Australia. In addition, new competitors may emerge. We have seen increased interest from pool manufacturing companies from Canada and Australia in entering the U. S. market. If one or more of our competitors were to merge, the change in the competitive landscape could adversely affect our competitive position. Consolidation by industry participants could increase their resources and result in competitors with expanded market share, larger customer bases, greater diversified product offerings and greater technological and marketing expertise, which may allow them to compete more effectively against us. In addition, our competitors may develop products that are superior to our products (on a price- to- value basis or otherwise) or may adapt more quickly to new technologies or evolving customer requirements. If we do not compete effectively, our net sales, margins, and profitability and our future prospects for success may be harmed. We may not be able to compete as effectively with our competitors, and ultimately satisfy the needs and preferences of our customers, unless we can continue to enhance existing products and technologies and develop new innovative products and marketing strategies for the markets in which we compete. Product development requires significant financial, technological, and other resources. Product improvements and new product introductions also require significant research, planning, design, development, engineering, and testing at the technological, product, and manufacturing process levels, and we may not be able to timely develop and introduce product improvements or new products. Our competitors' new products may beat our products to market, be higher quality or more reliable, be more effective with more features and / or less expensive than our products, obtain better market acceptance, or render our products obsolete. Any new products that we develop may not receive market acceptance or otherwise generate any 16meaningful net sales or profits for us relative to our expectations based on, among other things, existing and anticipated investments in manufacturing capacity and commitments to fund advertising, marketing, promotional programs, and research and development. We depend on our ability to attract, develop, and retain highly qualified personnel. Our ability to meet our strategic objectives and otherwise grow our business will depend to a significant extent on the continued contributions of our leadership team, as well as our ability to ~~identify,~~ attract, **develop** and retain other highly qualified managerial, technical, sales and marketing, operations, **production** and customer service personnel. In particular, we rely on a technically skilled workforce to operate the specialized equipment required to manufacture fiberglass pools **, panels, liners and pool covers in a challenging production environment that may not appeal to many potential workers** . Competition for these individuals in our manufacturing markets is intense and supply is limited, in particular due to **ongoing constraints in** ~~significant voluntary resignations across industries since~~ the **labor market** ~~onset of the COVID- 19 pandemic~~ . Since we operate in a competitive labor market, there is a risk that market increases in compensation could have an adverse effect on our business and operating costs **. While compensation considerations remain important, current and potential employees are increasingly placing a premium on working for companies with strong brand reputation, flexible work arrangements, and other considerations, such as embracing sustainability and diversity, equity and inclusion initiatives** . We may not succeed in identifying, attracting, or retaining qualified personnel on a cost- effective basis. The loss or interruption of services of any of our key personnel, ~~inability~~ -- **ability** to ~~identify,~~ attract, **develop** or retain qualified personnel in the future, delays in hiring qualified personnel, or any employee work slowdowns, strikes, or similar actions could make it difficult for us to conduct and manage our business and meet key objectives, which could harm our business, financial condition, and results of operations. In ~~November 2022~~ **recent years** , we approved ~~a~~ cost reduction ~~plan~~ **plans** to optimize our production and shift schedules, implement ~~a~~ workforce ~~reduction~~ **reductions** , and streamline our ~~cover and liner~~ manufacturing footprint **by closing certain** ~~with the closure of our Bossier City, Louisiana facility~~ **facilities , and may need to take similar actions** in the ~~first quarter of 2023~~ **future if softened demand continues** . Such actions may adversely impact our ability to attract and retain qualified personnel in the future. ~~17Our~~ **may become worse due to the war in Ukraine,the COVID- 19 pandemic- related lock- downs in China or for other reasons.** We are experiencing inflationary pressures in certain areas of our business,including with respect to prices of our raw materials and employee wages,although,to date,we have been able to offset such pressures,to some extent,through price increases and other measures.We cannot,however,predict any future trends in the rate of inflation or associated increases in our operating costs and how that may impact our business. **In addition,the** ~~There is a substantial risk that~~ demand for our products may ~~continue to~~ soften as we continue to increase the prices of our products to offset the inflationary pressure. ~~There are indications in the market that some consumers are reluctant to purchase pool products due to escalating prices due to inflation.~~ To the extent we are unable to recover products are ~~sold~~ **polyvinyl chloride (" PVC ") plastic, galvanized steel, fiberglass, aluminum, various resins, high impact polystyrene, gelcoat and polypropylene fabric. Other than occasional strategic purchases of larger quantities of certain raw materials, we generally buy materials on an as- needed basis. We are dependent upon the ability of our suppliers** to **consistently provide raw materials and components that meet our specifications, quality standards and** other **applicable criteria. Our suppliers' failure to provide raw materials and components that meet such criteria on a timely basis could adversely affect production schedules and our product quality, which in turn could materially adversely affect our** ~~businesses~~ -- **business, financial condition, and 17results of operations. While we are of the view that our relationships with our current suppliers are sufficient to provide the materials necessary to meet present production demand, these relationships may not continue or the quantity or quality of materials available from these suppliers may not be sufficient to meet our future needs, irrespective of whether we successfully implement our growth strategy, and we may not be able to obtain supplies on favorable terms. In the event of a shortage of our raw materials, we may not be able to arrange** for ~~resale to consumers~~ **alternative sources of such materials on a timely basis or on equally favorable terms** , and **we could experience a disruption to our operations as alternative suppliers are identified and qualified and new supply arrangements are entered into. Increases in the cost of the raw materials used to manufacture our products**

could adversely affect our operating results. The cost of many of the raw materials we use in the manufacture of our products, such as steel, is subject to price volatility. Changes in prices of our raw materials have a direct impact on our cost of sales. Accordingly, we are exposed to the risk of increases in the market prices of raw materials used in the manufacture of our products. We continue to experience inflationary pressures in certain areas of our business, including with respect to prices of our raw materials and employee wages, although, to date, we have been able to offset such pressures, to some extent, through price increases and other measures. If we are unable to increase our prices or experience a delay in our ~~inability~~ -- **ability to increase our prices or to recover such increases in our costs, our gross profit will suffer. In addition, increases in the price of our products to compensate for increased costs of raw materials may reduce demand for our products and adversely affect our competitive position. See " Risks Related to Our Operations and Industry " for additional information on how inflation could adversely impact our financial condition and results of operations. The foregoing risks are heightened with respect to our largest supplier, which accounted for 16 % of our purchased supplies in 2023, and our** ~~to~~ **top** ~~attract~~ **ten suppliers, which accounted for 65 % of our purchased supplies in 2023. Our ability to collect accounts receivables from our customers may adversely impact our cash flows and our ability to reduce our debt. We extend credit to our customers (** dealers **in one- step distribution channel or distributor in two- step distribution channel), and we generally do not require collateral to secure these extensions of credit. A significant portion of our accounts receivables are typically concentrated within a relatively small number of customers. The financial health of many of our customers is affected by changes in the economy. The effects of any protracted or severe economic declines may cause our customers to be unable to satisfy their payment obligations, including with us. While we have procedures to monitor and limit exposure to credit risk on our accounts receivables, there can be no assurance such procedures will effectively limit our credit risk and avoid losses, and our financial condition and results of operations could be materially and adversely affected if our credit losses significantly exceed our estimates. Our ability to keep pace with rapidly evolving technological developments and standards, such as generative artificial intelligence, could impact our future growth and increase our costs and liability risk. To be successful in our industry, we must keep pace with technological developments and innovations (such as the use of artificial intelligence and machine learning) and evolving industry standards. If we are unable to provide enhancements and new features and develop new products that achieve market acceptance or innovate quickly enough to keep pace with these rapid technological developments, our business could be harmed. Further, the development, adoption, and uses for generative AI technologies are still in their early stages and ineffective or inadequate AI development or deployment practices by the Company or our third- party vendors could result in unintended consequences, which could impact our future growth and increase our costs and liability risk. Developing, testing, and deploying resource- intensive AI systems may require additional investment and increase our costs. Consolidation among our network of dealers** and distributors **could lead** to ~~purchase~~ **downward pressure on the price of** our products or the loss of our largest customers **, which** could adversely affect our business, financial condition, and results of operations. We sell all of our products to key channel partners, dealers and distributors, who resell the products to consumers and other dealers, respectively. Some of our customers also sell our competitors' products. The customers' success in reselling our products to consumers is a key driver of our net sales. ~~Our agreements for exclusivity with~~ **Should consolidation among our dealers 18and distributors through acquisitions, mergers and other transactions, we may face increased pressure from the remaining dealers and distributors to lower the price of our products, which could have an adverse effect on sales and profitability. Such consolidation could also lead to the loss of our largest** customers **if the surviving dealers choose** ~~generally are terminable at will by either party. During periods of strong growth, we have had~~ to **discontinue purchases of our products, which** ~~terminate relationships with certain customers to ensure we~~ could **also reduce sales** ~~satisfy the demand of our leading customers. During periods of slower growth, such as we expect in 2023, we are looking to develop relationships with new customers to expand our growth opportunities. If we are unable to attract or retain successful customers on a cost- effective basis, our business, financial condition,~~ and **profitability** ~~results of operations may be materially adversely affected~~ . Our customers generally are not contractually obligated to purchase from us. They make purchase decisions based on a combination of brand **recognition and loyalty, quality, performance** , product ~~quality~~ **characteristics** , **marketing** ~~consumer demand~~ , ~~customer service performance~~ **product development, sales and distribution** , price ~~,~~ and other factors. In 2022 **and 2023** , we experienced volume declines in our packaged pool products as our wholesale distribution partners destocked packaged pool inventory levels as they serviced dealer demand through existing supply ~~, and we expect this to continue into 2023~~ . Changes in our customers' strategies may adversely affect our sales. Additionally, our customers may face financial or other difficulties that may impact their operations and their purchases from us. Finally, our customers may default on their obligations to us. These risks are heightened with respect to our largest customer, which accounted for 20. 3 % of our net sales in ~~2022~~ **2023** , and our top ten dealers and distributors, which accounted for ~~39~~ **40** . 4 % of our net sales in ~~2022~~ **2023** . A reduction in sales to our customers, particularly the loss of, or a reduction in sales to, our largest customers, could have a material adverse effect on our business, financial condition, and results of operations. ~~We depend~~ **An interruption of our production capability at** ~~on~~ **one** ~~a~~ **or more of our manufacturing facilities from accident, calamity or other causes, or events affecting the** global **economy,** ~~network of third- party suppliers to provide components and raw materials essential to the manufacturing of our pools and price increases or deviations in the quantity or quality of the raw materials used to manufacture our products~~ could adversely affect our **business** ~~net sales~~ and ~~operating~~ results **of operations** . We ~~rely on manufacturers and other suppliers to provide us with the components and raw materials to~~ manufacture our products **at a limited number of manufacturing facilities, and shifting production rapidly to another facility in the event of a loss of one of or a portion of one of our manufacturing facilities could lead to increased costs** . ~~The primary raw materials~~ **A temporary or permanent loss of the** ~~used~~ - **use** ~~in~~ **of one** ~~our~~ - **or** ~~products are polyvinyl chloride~~ **more of our manufacturing facilities due to accidents, fire** (~~" PVC ") plastic, galvanized steel, fiberglass, aluminum, carbon fiber, Kevlar~~

~~fiber, various resins, gelcoat, polypropylene fabric, and roving. Increases in the cost of the raw materials used to manufacture our products could adversely affect our operating results. The cost of many of the raw materials we use in the manufacture of our products,~~ such as **the fire at our Texas facility** ~~steel, is subject to price volatility. Changes~~ in ~~prices~~ **April 2022 that resulted in a total loss** of **the manufacturing facility), explosions, labor issues, tornadoes, other weather conditions, natural disasters, condemnation, cancellation** ~~our~~ - **or** ~~raw materials~~ **non- renewals of leases, terrorist attacks or other acts of violence or war or otherwise could** have a ~~direct impact~~ **material adverse effect** on our **operating** ~~cost~~ **costs** ~~of sales~~ . ~~Accordingly,~~ **An interruption in our production capabilities could also require us to make substantial capital expenditures to replace damaged or destroyed facilities or equipment (as** we **incurred following** ~~are exposed to the risk of increases in the market prices of raw materials used in the manufacture of our products. We are experiencing inflationary pressures in certain areas of our business, including with respect to prices of our raw materials and employee wages, although, to date, we have been able to offset such pressures, to some extent, through price increases and other~~ -- **the Texas** ~~measures. If we are unable to increase our prices or experience a delay in our ability~~ **facility fire)** ~~to increase our prices or to recover such increases in our costs, our gross profit will suffer~~ . **Any** ~~In addition, increases in the price~~ of ~~our products to compensate for increased costs of raw materials may reduce demand for our products and adversely affect our competitive position. Other than occasional strategic purchases of larger quantities of certain raw materials, we generally buy materials on an as- needed basis. We are dependent upon the ability of our suppliers to consistently provide raw materials and components that meet our specifications, quality standards and other applicable criteria. Our suppliers' failure to provide raw materials and components that meet such criteria on a timely basis could adversely affect production schedules and our product quality, which in turn could materially adversely affect our business, financial condition, and results of operations. While we believe that our relationships with our current suppliers are sufficient to provide the 18materials necessary to meet present production demand,~~ these ~~relationships may not continue or the quantity or quality of materials available from these suppliers may not be sufficient to meet our future needs, irrespective of whether we successfully implement our growth strategy, and we may not be able to obtain supplies on favorable terms. In the event~~ **events** ~~of a shortage of our raw materials, we may not be able to arrange for alternative sources of such materials on a timely basis or on equally favorable terms. For example, in 2021 and the first half of 2022, we experienced raw material shortages, particularly of resin, which limited our fiberglass pool production and decreased our profitability and raw material shortages may impact us similarly in the future. Although we have taken actions to increase and diversify our resin and other raw materials supply base, we may not succeed in procuring sufficient supply of resin and other raw materials that we need on a timely basis or at all, which~~ could result in **substantial repair** ~~lost sales and a decline in our profitability. The foregoing risks are heightened with respect to our largest supplier, which accounted for 17 % of our purchased supplies in 2022, and our top ten suppliers, which accounted for 63 % of our purchased supplies in 2022. Inflation could adversely impact our financial condition and results of operations. Inflation in the United States began to rise significantly in the second half of the calendar year of 2021 and continued to increase in 2022. For instance, global supply chain disruptions have resulted in shortages in materials and services, which has led to inflationary cost increases for labor, materials, and services, and could continue to cause~~ costs ~~to increase as well as scarcity of certain products. Global supply chain disruptions continue to persist,~~ and may become worse due to the war...... the extent we are unable to recover higher operating costs ~~resulting from inflation or otherwise mitigate the impact of such costs on our business, or to continue to grow our sales volumes, our net sales and gross margins could decrease, and our financial condition and results of operations could be adversely affected~~ . Product quality, warranty claims or safety concerns and other claims ~~in~~ **due to** the **failure** ~~ordinary course~~ of ~~business~~ **third party installers to follow our product installation instructions and procedures** could negatively impact our sales, lead to increased costs, and expose us to litigation. Other litigation and regulatory matters incidental to our business also may adversely impact our business and financial results. Product quality issues could negatively impact consumer confidence in our brands and our business. If our product offerings do not meet applicable legal standards or consumers' expectations regarding safety or quality, we could experience lost sales and increased costs and be exposed to legal, financial, and reputational risks, as well as governmental enforcement actions. Since we provide various warranties on our products, generally ranging from five years to lifetime warranties, we become liable for warranty obligations should problems arise. Warranty obligations in excess of our reserves could have a material adverse effect on our financial condition and results of operations. Actual, potential, or perceived product safety concerns, including health- related concerns, could expose us to litigation, as well as government enforcement actions, and result in costly product recalls and other liabilities. **Installation services for our pool products for homeowners is provided by dealers and other third party installers.** We **provide installers with pool installation specifications, instructions and training. To the extent that our specifications and instructions are not adhered to by the installer, our pools may be damaged or not function properly leading to homeowner dissatisfaction. While the Company disclaims responsibility for faulty installation by dealers and other installers, dissatisfied homeowners may bring warranty or legal claims against us which can cause the Company to incur legal fees and adversely affect our insurance costs. The defense of such claims can also be a distraction to management and to our warranty team, as well as cause reputational harm. 19We** are also involved or may be involved in various disputes, litigation, and regulatory matters incidental to and in the ordinary course of our business, including employment matters, personal injury claims, intellectual property disputes, commercial disputes, government compliance matters, environmental matters, and other matters arising out of the normal conduct of our business. We **generally** intend to vigorously defend ourselves in such matters as they arise **, as appropriate** . While the impact of ~~this~~ litigation has been ~~or~~ **and** may **continue to** be immaterial, there can be no assurance that the impact of ~~the~~ pending and any future claims will not be material to our business, financial condition, or results of operations in the future ~~.~~ ~~We face competition both from within our industry and from other outdoor living products and if we are not able to compete effectively, our prospects for future success will be jeopardized. Within our industry, we directly compete against various regional and local pool manufacturing companies. Outside of our industry, we compete indirectly with alternative suppliers of~~

~~big-ticket consumer discretionary outdoor 19living products, such as decks and patios, and with other companies who rely on discretionary homeowner expenditures, such as home remodelers. Given the density and demand for pools, some geographic markets that we serve tend to have a higher concentration of competitors than others, particularly California, Texas, Florida, Arizona, and Australia. In addition, new competitors may emerge. If one or more of our competitors were to merge, the change in the competitive landscape could adversely affect our competitive position. Consolidation by industry participants could increase their resources and result in competitors with expanded market share, larger customer bases, greater diversified product offerings and greater technological and marketing expertise, which may allow them to compete more effectively against us. In addition, our competitors may develop products that are superior to our products (on a price- to- value basis or otherwise) or may adapt more quickly to new technologies or evolving customer requirements. If we do not compete effectively, our net sales, margins, and profitability and our future prospects for success may be harmed. Our failure to meet customer specifications or consumer expectations could result in lost sales, increased expenses, negative publicity, claims for damages and harm to our brand and reputation. A failure or inability by us to meet customer specifications or consumer expectations could damage our reputation and adversely affect our ability to attract new business and result in delayed or lost sales. One of our growth strategies is the use of consumer- focused branding for our products to grow our sales. We have significantly increased our spending on digital strategies and marketing since 2019, and we are increasingly responsible for our own lead generation. Our ability to create, maintain, enhance, and protect our brand image and reputation and consumers' connection to our brand depends in part on our design and marketing efforts, including our increasing reliance on social media and online dissemination of consumer advertising campaigns. Negative publicity or product quality issues, whether real or perceived, could tarnish our reputation and our brand image. Failure to maintain, enhance and protect our brand image could have a material adverse effect on our results of operations. In addition, any failure to meet customer specifications could result in reduced net sales and income. Our inability to collect accounts receivables from our customers may adversely impact our cash flows and our ability to reduce our debt. We extend credit to our customers, and we generally do not require collateral to secure these extensions of credit. A significant portion of our accounts receivables are typically concentrated within a relatively small number of customers. The financial health of many of our customers is affected by changes in the economy. The effects of any protracted or severe economic declines may cause our customers to be unable to satisfy their payment obligations, including with us. While we have procedures to monitor and limit exposure to credit risk on our accounts receivables, there can be no assurance such procedures will effectively limit our credit risk and avoid losses, and our financial condition and results of operations could be materially and adversely affected if our credit losses significantly exceed our estimates~~ . Delays in, or systems disruptions issues caused by, the implementation of our new enterprise resource planning system could adversely affect our operations and results of operations. We ~~have begun~~ **are in** the **process of a** multi- year implementation of a new enterprise resource planning system. This project has required and will continue to require significant capital and human resources, the re- engineering of many processes of our business, and the attention of our management and other personnel who would otherwise be focused on other aspects of our business. The implementation may be more expensive and take longer to fully implement than we originally ~~plan~~ **planned** , resulting in increased capital investment, higher fees, and expenses of third parties, delayed deployment scheduling, and more on- going maintenance expense once implemented, and, as such, it will be difficult for us to estimate the ultimate costs and schedules. The implementation may also cause complications to ongoing operations, result in material weaknesses to our internal control framework, increase regulatory compliance risks, and impact our ability to process transactions efficiently, all of which may have a material adverse effect on our business and results of operations. ~~23We~~ **We** rely on information technology systems to support our business operations.A significant disturbance or breach of our technological infrastructure could adversely affect our financial condition and results of operations.Additionally,failure to maintain the security of confidential information could damage our reputation and expose us to litigation.Information technology supports several aspects of our business,including among others,product sourcing,pricing,customer service,transaction processing,financial reporting,collections,and cost management.Our ability to operate effectively on a day- to- day basis and accurately report our financial and operating results depends on a solid technological infrastructure,which is inherently susceptible to internal and external threats.We are vulnerable to interruption by fire,natural disasters,power loss,telecommunication failures,internet failures,security breaches and other catastrophic events.Exposure to various types of cyber- attacks such as malware,computer viruses,worms or other malicious acts,as well as human error,also could potentially disrupt our operations or result in a significant interruption in the delivery of our goods and services.As with most companies,we have experienced cyber- attacks,attempts to breach our systems and other similar incidents,none of which were material to our operations or financial results in ~~2022~~ **2023** .It is possible that cyber attackers might compromise our security measures and obtain the personal and / or confidential information of the customers,employees,and suppliers that we hold or our business information.Cyber- attacks are rapidly evolving and those threats and the means for obtaining access to information in digital and other storage media are becoming increasingly sophisticated and may not immediately produce signs of intrusion.Moreover,such cyber- attacks may disrupt access to our and / or our suppliers' networks and systems.Such disruptions could result in delays or cancellations of customer orders or delays or interruptions in the shipment of orders.In addition,cyber- attacks may cause us to incur significant remediation costs,result in delays ~~,~~ **and** disruptions to key business operations,or divert attention of management and key information technology resources.With ~~more~~ **some** employees working remotely,there may be increased opportunities for unauthorized access and cyber- attacks.Further,the United States government has warned of the potential risk of Russian cyber- attacks stemming from the ongoing Russian- Ukraine conflict **as well as ongoing threats from other state actors such as China** .These cyber- incidents could also subject us to liability,expose us to significant expense,and cause significant harm to our reputation and our business.Third- party service providers,such as distributors,subcontractors,vendors,and data processors have access to certain portions of our data.In the event that these service providers do not appropriately protect our data,the result could be a security breach or loss of our data.Any such loss of data by our third- party service providers could have a

~~material~~ **20material** adverse impact on our business and results of operations.Moreover,an employee,contractor or third party with whom we work or to whom we outsource business operations may fail to monitor their or our systems effectively,may fail to maintain appropriate safeguards,may misuse the personal and / or confidential information to which they have access,may attempt to circumvent our security measures,may purposefully or inadvertently allow unauthorized access to our or their systems or to personal and / or confidential information or may otherwise disrupt our business operations.We and our customers could suffer harm if valuable business data or employee,customer and other proprietary information were corrupted,lost,or accessed or misappropriated by third parties due to a security failure in our systems or those of our suppliers or service providers.It could require significant expenditures to remediate any such failure or breach,severely damage our reputation and our relationships with customers,result in unwanted media attention and lost sales and expose us to risks of litigation and liability.Advances in computer and software capabilities,encryption technology and other discoveries **such as generative artificial intelligence** increase the complexity of our technological environment,including how each interact with our various software platforms.Such advances could delay or hinder our ability to process transactions or could compromise the integrity of our data,resulting in a material adverse impact on our financial condition and results of operations.We also may experience occasional system interruptions and delays that make our information systems unavailable or slow to respond,including the interaction of our information systems with those of third parties.A lack of sophistication or reliability of our information systems could adversely impact our operations and customer service and could require major repairs or replacements,resulting in significant costs and foregone sales.In addition,we may not have the necessary resources to enhance existing information systems or implement new systems where necessary to handle our growth **strategy** and changing needs,and **we have experienced and** may **continue to** experience unanticipated delays, ~~24complications~~ -- **complications** and expenses in implementing and integrating our systems.Any interruptions in operations would adversely affect our ability to properly allocate resources and deliver our products,which could result in customer dissatisfaction. ~~The failure to successfully implement and maintain information systems could have an adverse effect on our ability to obtain new business,retain existing 20The~~ -- **The failure to successfully implement and maintain information systems could have an adverse effect on our ability to obtain new business, retain existing business and maintain or increase our sales and profit margins. The** nature of our business subjects us to compliance with employment, environmental, health, transportation, safety, anti- corruption, trade, and other governmental regulations. We are subject to regulation under federal, state, local and international employment, environmental, health, transportation, and safety requirements, which govern such things as the manufacture of fiberglass pools, which is our key product. These laws regulate, among other things, air emissions, the discharge or release of materials into the environment, the handling and disposal of wastes, remediation of contaminated sites, worker health and safety and the impact of products on human health and safety and the environment. These laws also require us to obtain and maintain certificates, registrations, licenses, permits, and other regulatory approvals in order to conduct regulated activities, including the construction and operation of our facilities. Our products must also comply with local, state, and international building codes and safety rules and regulations. Further, we are subject to anti- corruption, anti- bribery, antitrust and other similar laws. For example, we have employees and engage with suppliers and customers in many countries with different legal systems, customs and contract laws and regulations, which expose us to risks associated with the United States Foreign Corrupt Practices Act and local anti- corruption and anti- bribery laws and regulations. Failure to comply with these laws and regulations by us, our employees, our dealers and distributors and other business partners, including failure to obtain and maintain all required certificates, registrations, licenses, permits, and other regulatory approvals, may result in investigations, the assessment of administrative, civil and criminal fines, damages, delays, seizures, disgorgements, penalties or the imposition of injunctive relief. In particular, spills or other releases of regulated substances could expose us to material losses, expenditures and liabilities under applicable environmental laws and regulations. Under certain of such laws and regulations, we could be subject to strict, joint and several liability for the removal or remediation of previously released materials or property contamination, regardless of whether we were responsible for the release or contamination and even if our operations met previous standards in the industry at the time they were conducted. Moreover, compliance with such laws and regulations in the future could prove to be costly. Although we presently do not expect to incur any capital or other expenditures relating to regulatory matters in amounts that may be material to us, we may be required to make such expenditures in the future. These laws ~~and~~ **21and** regulations have changed substantially and rapidly and we anticipate that there will be continuing changes, which may require us to incur costs to maintain our business. The clear trend in environmental, health, transportation and safety regulations is to place more restrictions and limitations on activities that impact the environment, such as emission of air pollutants as well as soil and ground water contaminants. Increasingly, strict restrictions and limitations have resulted in higher operating costs for us and it is possible that the costs of compliance with such laws and regulations will continue to increase. Our attempts to anticipate future regulatory requirements that might be imposed and our plans to remain in compliance with changing regulations and to minimize the costs of such compliance may not be as effective as we anticipate. ~~The effects of climate change and the expanding legal and regulatory restrictions intended to address climate change could adversely impact our business and results of operations. There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere could cause significant changes in weather patterns and an increase in the frequency, duration, and severity of natural disasters. Such climate change may impair our production capabilities, disrupt our supply chain, or impact demand for our products.~~ Growing concern over climate change also may result in additional legal or regulatory requirements designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment. **Our practices may be judged against sustainability standards that are continually evolving and not always clear. Prevailing sustainability standards, expectations and regulations may also reflect contrasting or conflicting values or agendas. In recent months, there have been substantial legislative and regulatory developments on climate- related issues, including proposed, issued or implemented legislation and rulemakings that would require companies to assess**

and / or disclose climate metrics, risks, opportunities, policies and practices. For example ~~Broad~~ **broad** rules and regulations have been **approved recently in the State of California and** proposed by the SEC for adoption in ~~2023~~ **2024** requiring increased climate change- related disclosure ~~in future filings~~, which may require us to incur significant compliance costs and could increase liability and reputational risks. Additionally, drought conditions or water management initiatives **have led and** may **continue to** lead to municipal ordinances related to water use restrictions, and such restrictions could result in decreased pool installations and negatively impact our sales. Further, increased energy or compliance costs and expenses as a result thereof may cause disruptions in, or an increase in the costs associated with, the manufacturing and distribution of our products ~~. The impacts of climate change and legal or regulatory initiatives to address climate change could have a long- term adverse impact on our business and results of operations. If we fail to achieve or improperly report on our progress 21toward achieving our goals and commitments to reduce our carbon footprint or in environmental and sustainability programs and initiatives, the results could have an adverse impact on our business and results of operations~~. We depend on third parties for transportation services to some extent, and the lack of availability of and / or increases in the cost of transportation could have a material adverse effect on our business and results of operations. Our business depends on the transportation of both finished goods to our customers and the transportation of raw materials to us primarily through the use of flatbed trucks and rail transportation. We rely partially on third parties for transportation of these items. The availability of these transportation services is subject to various risks, some of which we have recently incurred due to macroeconomic and inflationary conditions, including those associated with supply shortages, change in fuel prices, work stoppages, operating hazards, and interstate transportation regulations. In particular, a significant portion of our finished goods is transported by flatbed trucks, which are occasionally in high demand (especially at the end of calendar quarters) and / or subject to price fluctuations based on market conditions and the price of fuel. If the required supply of transportation services is unavailable when needed, we may be unable to sell our products when they are requested by our customers. In that event, we may be required to reduce the price of the affected products, seek alternative and, potentially more costly, transportation services or be unable to sell the affected products. Similarly, if any of these transportation providers were unavailable to deliver raw materials to us in a timely manner, we may be unable to manufacture our products in response to customer demand. In addition, a significant increase in transportation rates or fuel surcharges could adversely affect our profitability. Any of these events **, especially in our peak selling season,** could have a material adverse effect on our business and results of operations. Our business operations could suffer if we fail to protect adequately our intellectual property rights, and we may experience claims by third parties that we are violating their intellectual property rights. We rely on trademark and service market protection to protect our brands and we have registered or applied to register many of these trademarks and services marks. In the event that our trademarks or service marks are successfully challenged and we lose the rights to use those trademarks or service marks, or if we fail to prevent others from using them (or similar marks), we could be forced to rebrand our products, requiring us to devote resources to advertising and marketing new brands **, and our competitive position and the value of our brands could be adversely affected and our intangible assets could be impaired** . In addition, we cannot be sure that any pending trademark or service mark applications will be granted or will not be challenged or opposed by third parties. ~~We~~ **22We** generally rely on a combination of unpatented proprietary know-how and trade secrets and, to a lesser extent, patents to preserve our position in the market. Because of the importance of our proprietary know- how and trade secrets, we employ various methods to protect our intellectual property, such as entering into confidentiality agreements with third parties, and controlling access to, and distribution of, our proprietary information. We may not be able to deter current and former employees, contractors and other parties from breaching confidentiality obligations and misappropriating proprietary information. It is difficult for us to monitor unauthorized uses of our products and technology. Accordingly, these protections may not be adequate to prevent competitors from copying, imitating or reverse engineering our products or from developing and marketing products that are substantially equivalent to or superior to our own. In addition, we have applied for patent protection relating to certain products, processes and services or aspects thereof. We cannot be sure that any of our pending patent applications will be granted or that any patents issued as a result of our patent applications will be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Moreover, since our patents, trademarks and service marks are primarily registered in the United States and Canada, we may not be successful in asserting patent or trademark protection in other countries. If third parties take actions that affect our rights or the value of our intellectual property or proprietary rights, or if we are unable to protect our intellectual property from infringement or misappropriation, other companies may be able to offer competitive products at lower prices, and we may not be able to effectively compete against these companies. In ~~22addition~~ -- **addition** , if any third party copies or imitates our products in a manner that affects customer or consumer perception of the quality of our products, or of engineered products generally, our reputation and sales could suffer whether or not these violate our intellectual property rights. In addition, we face the risk of claims that we are infringing third parties' intellectual property rights. Any such claim, even if it is without merit, could be expensive and time-consuming to defend and could divert the time and attention of our management. An intellectual property claim against us that is successful could cause us to cease making or selling products that incorporate the disputed intellectual property, require us to redesign our products, which may not be feasible or cost effective, and require us to enter into costly royalty or licensing arrangements, any of which could have a material adverse effect on our business, financial condition and results of operations. We conduct business internationally, which exposes us to additional risks. Our ability to successfully conduct operations in, and source products and materials from, international markets is affected by many of the same risks we face in our U. S. operations, as well as unique costs and difficulties of managing international operations. Our international operations, which accounted for ~~19~~ **16** . ~~7~~ **1** % of our net sales in ~~2022~~ **2023** and a significant portion of our purchased supplies, expose us to certain additional risks, including: ● difficulty in staffing international subsidiary operations and increased costs of managing international operations; ● different political, economic, and regulatory conditions; ● local laws and customs **and enforcement thereof** ; ● violations of anti- bribery and anti- corruption laws, such as the United States Foreign Corrupt Practices Act; ● violations of economic sanctions laws, such as the regulations enforced by the U. S. Department of The Treasury' s Office of Foreign Assets Control; ● tariffs and other import / export trade restrictions; **23** ● currency fluctuations; ● limitations on our ability to enforce legal rights and remedies with third parties or partners outside the United States; ● foreign investment and cash repatriation regulations; ● adverse tax consequences; and ● dependence on other economies. For foreign- sourced products, we may be subject to certain trade restrictions that would prevent us from obtaining products. There is also a greater risk that we may not be able to access products in a timely and efficient manner. Fluctuations in other factors relating to international trade, such as tariffs, transportation **availability and** costs and inflation are additional risks for our international operations. Our failure to manage any of these risks could adversely affect our international operations and our financial results. 23We rely on information technology systems to...... increase our sales and profit margins. We process, store, and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and violation of these privacy obligations could result in a claim for damages, regulatory action, loss of business, or unfavorable publicity. We receive, store and process personal information and other customer information, or personal information and other data from and about our customers, prospective customers **, homeowners** , our employees, applicants for employment and other individuals with whom we do business. There are numerous laws, as well as regulations and industry guidelines, regarding privacy and the storing, use, processing, and disclosure and protection of personal information, the scope of which are changing, subject to differing interpretations, and may be inconsistent among countries or conflict with other rules. For example, the California Consumer Privacy Act (" CCPA"), ~~which became~~ effective on January 1, 2020, established a new privacy framework for covered businesses. **The** ~~In November 2021, California voters passed Proposition 24, also known as the~~ California Privacy Rights Act (" CPRA"), ~~which amends and expands the CCPA~~ effective January 1, 2023 **, amended and expanded the CCPA** . The CCPA and CPRA provide new and enhanced data privacy rights to California residents, such as giving California consumers and employees the right to access and / or delete their personal information, affording consumers and employees the right to opt out of certain sales of personal information as well as sharing for cross context behavioral advertising, and prohibiting covered businesses from discriminating against consumers (e. g., charging more for services) for exercising any of their CCPA / CPRA rights. The CPRA bolstered the requirements for agreements that cover the exchange of data and established the California Privacy Protection Agency, which is responsible for enforcement activities, rulemaking, and public awareness related to privacy and data protection. Additionally, laws, regulations, and standards covering marketing and advertising activities conducted by telephone, email, mobile devices, and the internet, may be applicable to our business, such as the Telephone Consumer Protection Act and the Controlling the Assault of Non- Solicited Pornography ~~And~~ **and** Marketing Act, and similar state consumer protection laws. We generally seek to comply with industry standards and are subject to the terms of our own privacy policies and privacy- related obligations to third parties. We strive to comply with all applicable laws, policies, legal obligations, and industry codes of conduct relating to privacy and data protection to the extent possible. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or regulations, making enforcement, and thus compliance requirements, ambiguous, uncertain, and potentially inconsistent. Any failure or perceived failure by us to comply with our privacy policies, privacy- related obligations to customers or other third parties, or our privacy- related legal obligations, or any compromise of security that results in the unauthorized access to or unintended release of personally identifiable information or other customer data, may result in governmental enforcement actions, litigation, or public statements against us by consumer advocacy groups or others. Any of these events could cause us to incur significant costs in investigating and defending such claims and, if found liable, pay significant damages. Further, these proceedings and any subsequent adverse outcomes may cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. ~~We~~ **24We** also expect that there will continue to be new laws, regulations and industry standards concerning privacy, data protection and information security proposed and enacted in various jurisdictions. The United States, Canada, Australia, New Zealand, the European Union, the United Kingdom and other countries in which we operate are increasingly adopting or revising privacy, information security and data protection laws and regulations that could have a significant impact on our current and planned privacy, data protection and information security- related practices, our collection, use, sharing, retention and safeguarding of customer, consumer and / or employee information, as well as any other third- party information we receive, and some of our current or planned business activities. Any significant change to applicable laws, regulations or industry practices regarding the use or disclosure of personal information could result in increased compliance costs. Any of the foregoing could materially adversely affect our brand, reputation, business, results of operations, and financial condition. ~~25An interruption of our production capability at one or more of our manufacturing facilities from accident, calamity or other causes, or events affecting the global economy, could adversely affect our business and results of operations. We manufacture our products at a limited number of manufacturing facilities, and shifting production rapidly to another facility in the event of a loss of one of or a portion of one of our manufacturing facilities could lead to increased costs. A temporary or permanent loss of the use of one or more of our manufacturing facilities due to accidents, fire (such as the fire at our Texas facility in April 2022 that resulted in a total loss of the manufacturing facility), explosions, labor issues, tornadoes, other weather conditions, natural disasters, condemnation, cancellation or non- renewals of leases, terrorist attacks or other acts of violence or war or otherwise could have a material adverse effect on our operating costs. An interruption in our production capabilities could also require us to make substantial capital expenditures to replace damaged or destroyed facilities or equipment. Any of these events could result in substantial repair costs and higher operating costs. If we are unable to continue to enhance existing products and / or technology and develop and market, including via our digital marketing strategy, new or enhanced products that respond to customer needs and preferences, we may experience a decrease in demand for our products and our business could suffer. We seek to generate net sales growth through enhancement of existing products and development of new products and through digital strategies and marketing. We may not be able to compete as effectively with our competitors, and ultimately satisfy the needs and preferences of our customers, unless we can continue to enhance existing~~

~~products and technologies and develop new innovative products and marketing strategies for the markets in which we compete. Product development requires significant financial, technological, and other resources. Product improvements and new product introductions also require significant research, planning, design, development, engineering, and testing at the technological, product, and manufacturing process levels, and we may not be able to timely develop and introduce product improvements or new products.~~ Our **historical** ~~competitors' new products may beat our products to market, be higher quality or more reliable, be more effective with more features and / or less expensive than our products, obtain better market acceptance, or render our products obsolete. Any new products that we develop may not receive market acceptance or otherwise generate any meaningful net sales or profits for us relative to our expectations based on, among other things, existing and anticipated investments in manufacturing capacity and commitments to fund advertising, marketing, promotional programs, and research and development. Our~~ growth in part has been due to strategic **transactions** ~~acquisitions and partnerships~~, and we continuously evaluate and may in the future enter into additional strategic transactions **, which** ~~. Any such transaction~~ could ~~happen at any time,~~ be material to our business and **financial performance** ~~take any number of forms, including, for example, an acquisition, merger, sale of certain of our assets, refinancing, or other recapitalization or material strategic transaction~~. Evaluating **and consummating** potential transactions and integrating completed ~~ones~~ **transactions** may divert the attention of our management from ordinary operating matters. Our **historical** growth in part has been due to strategic acquisitions and partnerships **.** ~~, and such strategic~~ **Strategic** transactions continue to be part of our growth ~~plan in~~ **strategy, and could take any number of forms, including an acquisition, merger, sale of certain of our assets, refinancing, recapitalization or** ~~the~~ **other** ~~future~~ **material strategic transaction, any of which could be material to our business and financial performance**. The success of potential acquisitions or mergers will depend, in part, on our ability to realize the anticipated growth opportunities and cost synergies through the successful integration of the businesses we acquire with our existing business ~~, including the acquisitions of Radiant in November 2021 and GLI in October 2020 and the purchase of equity interests in Premier Pools & Spas in October 2020 (our ownership interest is 18. 2 % and our voting interest is 20. 1 %)~~. Even if we are successful in integrating acquired businesses, these integrations may not result in the realization of the full benefit of any anticipated growth opportunities or cost synergies or ~~that~~ **we may not realize** these benefits ~~will be realized~~ within the expected time frames **, which could result in an impairment of acquired assets**. We may have difficulty implementing systems of internal controls in acquired businesses or equity investees that may not have such systems in place ~~,~~ or merging different accounting and financial reporting systems with ours. In addition, acquired businesses may have unanticipated liabilities or contingencies. We may, from time to time, consider disposing of assets. We may not be able to dispose of any such assets on terms that are attractive to us, or at all, which could materially adversely impact our financial condition or results of operation. In addition, to the extent we consummate an agreement for the sale and disposition of an asset or asset group, ~~26we~~ **we** may experience operational difficulties segregating them from our retained assets and operations, which could impact the execution or timing for such dispositions and could result in disruptions to our operations and / or claims for damages, among other things. If we complete an acquisition, merger, sale of certain assets, refinancing, recapitalization, or **other** material strategic transaction, we may require additional **financing or recapitalizing existing** financing that could result in an increase in the aggregate amount and / or cost of our debt **, or may not be available at all**. The aggregate principal amount of our debt that we may issue may be significant ~~. Moreover,~~ **; see " Risks Related to Our Indebtedness " for additional information on** the ~~terms~~ **risks** of **increased leverage** ~~any debt financing may be expensive~~. Changes in trade policies, including the imposition of tariffs, could negatively impact our business, financial condition, and results of operations. **Recent** ~~The current~~ U. S. ~~administration~~ **administrations** ~~has~~ **have** signaled support for, and in some instances has taken action with respect to, major changes to certain trade policies, such as the imposition of tariffs on imported products ~~and the withdrawal from or renegotiation of certain trade agreements, including the North American Free Trade Agreement~~. For example, the United States has increased tariffs on certain imports from China, as well as on steel and aluminum products imported from various countries **such as Russia**. More specifically, in March 2018, the United States imposed a 25 % tariff on steel **and aluminum** imports pursuant to Section 301 of the Trade Act of 1974 and has imposed additional tariffs on steel imports pursuant to Section 232 of the Trade Expansion Act of 1962. **More recently, in October 2023, certain industry groups 25within the United States petitioned the U. S. government to impose additional tariffs on the importation of aluminum.** These tariffs could result in interruptions in the supply chain and impact costs and our gross margins. We procure certain raw materials we use in the manufacturing of our products directly or indirectly from outside of the United States. The imposition of **or increase in steel and aluminum** tariffs and other potential changes in U. S. trade policy could increase the cost or limit the availability of raw materials, which could hurt our competitive position and adversely impact our business, financial condition, and results of operations. If we are unable to pass price increases on to our customer base or otherwise mitigate the costs, our operating results could be materially adversely affected. Our insurance coverage may be inadequate to protect against the potential hazards inherent to our business. We maintain property, business interruption, product liability and casualty insurance coverage, but such insurance may not provide adequate coverage against potential claims, including losses resulting from interruptions in our production capability or product liability claims relating to the products we manufacture. Premiums and deductibles for some of our insurance policies have been increasing and may, in the future, increase substantially. In some instances, some types of insurance may become available only for reduced amounts of coverage, if at all. Our insurers could also deny coverage for claims. In addition, we self- insure health benefits, and although we have a stop- loss policy in place to limit exposure, we may be adversely impacted by unfavorable claims experience. If the number or severity of health claims increases, or we are required to accrue or pay additional amounts because the claims prove to be more severe than our original assessment, our operating results would be adversely affected. Our future health claims expense might exceed historical levels, which could reduce our earnings. If we were to incur a significant liability for which we were not fully insured or that our insurers disputed or for which we self- insure, our business, financial condition and results of operations could be materially adversely affected. **If our goodwill, other intangible assets or fixed assets become impaired, we may be required**

to record a significant charge to earnings. We had approximately $ 131. 4 million of goodwill and $ 282. 8 million of acquired intangible assets on our consolidated balance sheet as of December 31, 2023, which represented 15. 7 % and 33. 9 % of our total assets, respectively, as of such date. Under U. S. generally accepted accounting principles (" GAAP "), the carrying amount of our goodwill is tested at least annually for impairment, and we have elected to conduct this test on the first day of the fourth quarter. On each quarter end date, we assess whether recent events or changes in circumstances constitute a triggering event requiring us to assess whether goodwill, other intangible assets or fixed assets may be impaired before the annual testing date. Occurrences that may constitute a change in circumstances include, but are not limited to, a sustained decline in our share price and market capitalization, decreases in expected future cash flows and slower growth rates in our industry. We review our fixed assets and other finite life intangibles for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Under GAAP, if we determine that goodwill, other intangible assets or fixed assets are impaired, we will be required to write down these assets to fair value. Any write- down would have a negative effect on our consolidated financial statements and may be material. Based on the results of the quantitative assessment performed for our one reporting unit, we determined that goodwill was not impaired at October 1, 2023. Based on the results of the qualitative assessment performed for our one reporting unit, we determined that goodwill was not impaired at October 3, 2022. However, if factors exist that could indicate an impairment in the future, including a sustained decrease in our stock price, we may be required to record impairment charges in future periods. Risks Related to Our IndebtednessOur substantial indebtedness could adversely affect our financial condition. We have a significant amount of indebtedness. As of December 31, ~~2022~~ **2023** , we have $ ~~322~~ **309** . ~~6~~ **3** million face value of indebtedness in the form of the New Term Loan outstanding under the New Credit Agreement and $ 75. 0 million of availability under the New Revolving Credit Facility under the New Credit Agreement (each as defined below). Our obligations under the New Credit Agreement are secured by substantially all of our and our subsidiaries' assets. Subject ~~to~~ **26to** the limits contained in the New Credit Agreement, we may ~~be able to~~ incur ~~substantial~~ additional debt from time to time to finance capital expenditures, investments, acquisitions, or for other purposes. If we do incur substantial ~~27additional~~ -- **additional** debt, the risks related to our ~~high~~ level of debt could intensify. Specifically, our ~~high~~ level of indebtedness could have important consequences, including: ● limiting our ability to obtain additional financing to fund capital expenditures, investments, acquisitions or other general corporate requirements; ● requiring a substantial portion of our cash flow to be dedicated to payments to service our indebtedness instead of other purposes, thereby reducing the amount of cash flow available for capital expenditures, investments, acquisitions and other general corporate purposes; ● increasing our vulnerability to and the potential impact of adverse changes in general economic, industry and competitive conditions; ● limiting our flexibility in planning for and reacting to changes in the industry in which we compete; ● placing us at a disadvantage compared to other, less leveraged competitors or competitors with comparable debt at more favorable interest rates; and ● increasing our costs of borrowing. In addition, the financial and other covenants **set forth** ~~we agreed to~~ in the New Credit Agreement may limit our ability to incur additional indebtedness, make investments, and engage in other transactions, and the leverage may cause potential lenders to be less willing to loan funds to us in the future. Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt, or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. We may be unable to generate sufficient cash flow to satisfy our significant debt service obligations, which would adversely affect our financial condition and results of operations. Our ability to make principal and interest payments on and to refinance our indebtedness will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If our business does not generate sufficient cash flow from operations, in the amounts projected or at all, or if future borrowings are not available to us in amounts sufficient to fund our other liquidity needs, our financial condition and results of operations may be adversely affected. If we cannot generate sufficient cash flow from operations to make scheduled principal amortization and interest payments on our debt obligations in the future, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets, delay capital expenditures, or seek additional equity investments. If we are unable to refinance any of our indebtedness on commercially reasonable terms or at all or to effect any other action relating to our indebtedness on satisfactory terms or at all, our business may be harmed. Our New Credit Agreement has restrictive terms and our failure to comply with any of these terms could put us in default, which would have an adverse effect on our business and prospects. Unless and until we repay all outstanding borrowings under our New Credit Agreement we will remain subject to the restrictive terms of these borrowings. The New Credit Agreement contains a number of covenants, including a financial covenant that requires us to maintain a certain first lien net leverage ratio if the outstanding usage under the New Revolving Credit Facility (as defined below) exceeds 40 % of the commitments under the New Revolving Credit Facility, tested quarterly. These covenants limit the ability of certain of our subsidiaries to, among other things: ● sell assets; **27** ● engage in mergers, acquisitions, and other business combinations; ~~28~~ ● declare dividends or redeem or repurchase capital stock; ● incur, assume, or permit to exist additional indebtedness or guarantees; ● make loans and investments; ● incur liens; and ● enter into transactions with affiliates. Our ability to satisfy the financial ratio can be affected by events beyond our control, and we may not satisfy such a test. A breach of covenants could result in a default under the New Credit Agreement. By reason of cross- acceleration or cross- default provisions, other indebtedness may then become immediately due and payable. Our assets or cash flows may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. If amounts owed under the New Credit Agreement are accelerated because of a default and we are unable to pay such amounts, the investors may have the right to assume control of substantially all of the assets securing the New Credit Agreement. No assurance can be given that any refinancing or additional financing will be possible when needed or that we will be able to negotiate acceptable terms. In addition, our access to capital is affected by prevailing conditions in the financial and capital markets and other factors beyond our control. There can be no assurance that market conditions will be favorable at the times that we require new or additional financing. In addition, the New Credit Agreement contains restrictive covenants that limit our subsidiaries from making dividend payments, loans, or advances to the Company, unless certain conditions are met. Our failure to comply with such covenants may result in default, which could result in the acceleration of all our debt. Our indebtedness is variable rate, subjecting us to interest rate risk, which could cause our indebtedness service obligations to increase significantly. Borrowings under the New Credit Agreement accrue interest at variable rates and expose us to interest rate risk. Interest rates ~~may~~ **have fluctuated significantly and are expected to** fluctuate **significantly** in the future. As a result, although we hedged ~~most~~ **part** of our interest rate exposure under the New Credit Agreement, interest rates on the New Credit Agreement or other variable rate debt obligations could be higher or lower than current levels. If interest rates increase, our debt service obligations on our variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Risks Related to Ownership of Our Common StockOur stock price has been volatile, and you may not be able to resell our common stock at or above the price you paid. **Our** ~~Since our IPO in April 2021, our~~ stock price has been highly volatile **in recent years** . Such volatility may continue in response to various factors, some of which are beyond our control, including: ~~● a slowdown in the housing market or the general economy; ● U. S. and international regulatory, political, and economic factors unrelated to our performance;~~ ● market conditions in the broader stock market; ● ~~actual or anticipated quarterly or annual variations in our results of operations from those of our competitors; 29 ● actual or anticipated changes in our growth rate relative to our competitors; ● changes in net sales or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts; ●~~ fluctuations in the values of companies perceived by investors to be comparable to us ~~; ● competition from existing technologies and products or new technologies and products that may emerge; ● developments with respect to intellectual property rights~~ ; ● sales, or the anticipation of sales, of our common stock by us, our insiders or our other stockholders, including the impacts if we are no longer a controlled company; **28** ~~● our commencement of, or involvement in, litigation or governmental investigations; ● additions or departures of key management or technical personnel; ● changes in governmental regulations applicable to the market we serve;~~ ● guidance, if any, that we may provide to the public, any changes in this guidance or our failure to meet this guidance; ● ~~tax developments; ● announcements by us or our competitors of new products or services, significant contracts, commercial relationships, capital commitments or acquisitions; ●~~ public response to press releases or other public announcements by us or third parties, including our filings with the SEC ~~; ● default under agreements governing our indebtedness; ● exchange rate fluctuations; ● other events or factors, including those from natural disasters, war, acts of terrorism or responses to these events~~ ; and ● the realization of any risks described under this " Risk Factors " section, or other risks that may materialize in the future. These and other factors, many of which are beyond our control, may cause our operating results and the market price and demand for our common stock to fluctuate substantially. While we ~~believe~~ **are of the view** that operating results for any particular quarter are not necessarily a meaningful indication of future results, fluctuations in our quarterly operating results may negatively affect the market price and liquidity of our stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending **and / or settling** the lawsuit **, a portion or all of which may not be covered by insurance. Settlement and verdict damages from securities class action lawsuits are often material** . Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation. In addition, the stock markets, and the market for growth stocks in particular, have from time to time experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating ~~30performance~~ -- **performance** of those companies. Broad market and industry factors may significantly affect the market price of our common stock, regardless of our actual operating performance. You may not realize any return on your investment in us and may lose some or all of your investment ~~. We are an " emerging growth company, " and the reduced disclosure requirements applicable to such companies could make our common stock less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act enacted in April 2012, and may remain an " emerging growth company " until December 31, 2026. For as long as we remain an " emerging growth company, " we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not " emerging growth companies. " We have taken advantage of reduced reporting burdens in this Annual Report. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. We have elected to take advantage of this extended transition period and therefore will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may be more volatile and it may be difficult for us to raise additional capital if and when we need it~~ . Our Principal Stockholders continue to have significant influence over us, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of matters submitted to stockholders for a vote. Pamplona Capital Partners V, L. P., an investment fund (the " Pamplona Fund ") managed by affiliates of Pamplona Capital Management, LLC (together with its respective subsidiaries and affiliates, " Pamplona ") and Wynnchurch Capital Partners IV, L. P. (" Wynnchurch IV ") and WC Partners Executive IV, L. P. (" WC Executive ") (collectively, the " Wynnchurch Funds ") managed by affiliates of Wynnchurch Capital, L. P. (together with its respective subsidiaries and affiliates, " Wynnchurch ") are currently our majority stockholders (the " Principal Stockholders "). Affiliates of our Principal Stockholders together own approximately

~~47~~ **57** . ~~0~~ **9** % of the outstanding shares of our common stock as of March ~~2~~ **8** , ~~2023~~ **2024** . As long as affiliates of our Principal Stockholders own or control a majority of our outstanding voting power, our Principal Stockholders and their affiliates ~~will~~ have the ability to exercise substantial control over all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including: ● the election and removal of directors and the size of our ~~board~~ **Board** of ~~directors~~ **Directors** ; ● any amendment of our articles of incorporation or bylaws; or ● the approval of mergers and other significant corporate transactions, including a sale of substantially all of our assets. In addition, Pamplona has certain ~~board~~ **Board** nomination rights that ~~will~~ **may** enable it to exercise substantial control over all corporate actions. Pamplona has the right to nominate to our ~~board~~ **Board** of ~~directors~~ **Directors** a number of designees on a sliding scale depending on Pamplona' s affiliates' ownership of our common stock, ranging from Pamplona being able to nominate at least a majority of the total number of directors so long as its affiliates beneficially own at least 50 % of the shares of our common stock to Pamplona being able to nominate at least 10 % of the total number of directors as long as its affiliates beneficially own at least 5 %. ~~Moreover~~ **29Moreover** , ownership of our shares by affiliates of our Principal Stockholders may also adversely affect the trading price for our common stock to the extent investors perceive disadvantages in owning shares of a company with a ~~31controlling~~ -- **controlling** shareholder. For example, the concentration of ownership held by our Principal Stockholders could delay, defer, or prevent a change in control of our company or impede a merger, takeover, or other business combination which may otherwise be favorable for us. In addition, our Principal Stockholders are in the business of making investments in companies and may, from time to time, acquire interests in businesses that directly or indirectly compete with our business, as well as businesses that are significant existing or potential customers ~~. Many of the companies in which our Principal Stockholders invest are franchisors and may compete with us for access to suitable locations, experienced management, and qualified and well-capitalized franchisees~~ . Our Principal Stockholders may acquire or seek to acquire assets complementary to our business that we seek to acquire and, as a result, those acquisition opportunities may not be available to us or may be more expensive for us to pursue, and as a result, the interests of our Principal Stockholders may not coincide with the interests of our other stockholders. So long as our Principal Stockholders continue to directly or indirectly own a significant amount of our equity, even if such amount is less than 50 %, our Principal Stockholders will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions. Our organizational documents and Delaware law may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium on their shares. Provisions of our certificate of incorporation and bylaws may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our ~~board~~ **Board** of ~~directors~~ **Directors** . These provisions include: ● providing that our ~~board~~ **Board** of ~~directors~~ **Directors** will be divided into three classes, with each class of directors serving staggered three- year terms; ● providing for the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2 / 3 % in voting power of all the then- outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class, if less than a majority of the voting power of our outstanding common stock is beneficially owned by our Principal Stockholders; ● empowering only the ~~board~~ **Board** to fill any vacancy on our ~~board~~ **Board** of ~~directors~~ **Directors** (other than in respect of our Principal Stockholders' directors (as defined below)), whether such vacancy occurs as a result of an increase in the number of directors or otherwise, if less than a majority of the voting power of our outstanding common stock is beneficially owned by our Principal Stockholders; ● authorizing the issuance of " blank check " preferred stock without any need for action by stockholders; ● prohibiting stockholders from acting by written consent if less than a majority of the voting power of our outstanding common stock is beneficially owned by our Principal Stockholders; ● to the extent permitted by law, prohibiting stockholders from calling a special meeting of stockholders if less than a majority of the voting power of our outstanding common stock is beneficially owned by our Principal Stockholders; and ● establishing advance notice requirements for nominations for election to our ~~board~~ **Board** of ~~directors~~ **Directors** or for proposing matters that can be acted on by stockholders at stockholder meetings. Additionally, our certificate of incorporation provides that we are not governed by Section 203 of the Delaware General Corporation Law (the " DGCL "), which, in the absence of such provisions, would have imposed additional requirements regarding mergers and other business combinations. However, our certificate of incorporation includes a provision that restricts us from engaging in any business combination with an interested stockholder for three years following the date that person becomes an interested stockholder, but such restrictions shall not apply to any business combination between our Principal Stockholders and any affiliate thereof or their direct and indirect transferees, on the one hand, and us, on the other. ~~32Any~~ **30Any** issuance by us of preferred stock could delay or prevent a change in control of us. Our ~~board~~ **Board** of ~~directors~~ **Directors** has the authority to cause us to issue, without any further vote or action by the stockholders, shares of preferred stock, par value $ 0. 0001 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges, and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices, and liquidation preferences of such series. The issuance of shares of our preferred stock may have the effect of delaying, deferring, or preventing a change in control without further action by the stockholders, even where stockholders are offered a premium for their shares. In addition, as long as our Principal Stockholders beneficially own at least a majority of the voting power of our outstanding common stock, our Principal Stockholders will be able to control all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and certain corporate transactions. Together, these certificate of incorporation, bylaw and statutory provisions could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock. Furthermore, the existence of the foregoing provisions, as well as the significant common stock beneficially owned by our Principal Stockholders and their right to nominate a specified number of directors in certain circumstances, could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of us, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition. Our certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities. Under our certificate of incorporation, none of our Principal Stockholders, any affiliates of our Principal Stockholders, or any of their respective officers, directors, agents, stockholders, members, or partners, have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities, or lines of business in which we operate. In addition, our certificate of incorporation provides that, to the fullest extent permitted by law, no officer or director of ours who is also an officer, director, employee, managing director or other affiliate of our Principal Stockholders will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to any Principal Stockholder, instead of us, or does not communicate information regarding a corporate opportunity to us that the officer, director, employee, managing director, or other affiliate has directed to a Principal Stockholder. For instance, a director of our company who also serves as a director, officer, or employee of one of our Principal Stockholders or any of their portfolio companies, funds, or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisition or other opportunities may not be available to us. Our ~~board~~ **Board** of ~~directors~~ **Directors** consists of nine members, ~~six~~ **four** of whom are our Principal Stockholders' directors. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations, or prospects if attractive corporate opportunities are allocated by one of our Principal Stockholders to itself or its affiliated funds, the portfolio companies owned by such funds or any affiliates of a Principal Stockholder instead of to us. ~~A description of our obligations related to corporate opportunities under our certificate of incorporation are more fully described in " Description of Capital Stock — Anti- Takeover Effects of Our Certificate of Incorporation and Bylaws and Certain Provisions of Delaware Law — Conflicts of Interest. "~~ We do not anticipate paying ~~any~~ **quarterly** cash dividends, and accordingly, stockholders must rely on stock appreciation for any return on their investment. We do not currently anticipate declaring ~~any~~ **quarterly** cash dividends to holders of our common stock. Consequently, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not invest in our common stock. ~~We are~~ **Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain** a ~~holding company~~ **favorable judicial forum for disputes with us or our directors, officers or employees. Our certificate of incorporation provides that, unless we consent in writing to the selection of** ~~and~~ - **an** ~~rely~~ **alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought** on ~~dividends, distributions and other payments, advances, and transfers of funds from~~ our ~~subsidiaries to meet our obligations. We are~~ **behalf, (ii) any action asserting** a ~~holding company that does not conduct~~ **claim of breach of a fiduciary duty owed by** any ~~business operations~~ of our **31** ~~own. As a result, we are largely dependent upon cash dividends and distributions and other transfers, including for payments in respect of our indebtedness, from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our 33~~