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DELTA REPORT

10-Q

SITE - SITEONE LANDSCAPE SUPPLY,

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - OCTOBER 01, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1038
CHANGES	238
DELETIONS	484
ADDITIONS	316

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 1, 2023 March 31, 2024
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From _____ to _____

Commission file number: 001-37760

SiteOne_logo_w_tag_2C.jpg

SiteOne Landscape Supply, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-4056061**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

300 Colonial Center Parkway, Suite 600, Roswell, Georgia 30076
(Address of principal executive offices) (Zip Code)

(470) 277-7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**SITE**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Title of each class	Shares Outstanding as of October 27, 2023 April 26, 2024
Common Stock, $0.01 par value per share	45,125,414 45,212,090

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Special Note Regarding Forward-Looking Statements and Information

This Quarterly Report on Form 10-Q, other periodic reports filed by us under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other written or oral statements made from time to time by our management contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Terms such as "may," "intend," "might," "will," "should," "could," "would," "expect," "believe," "estimate," "anticipate," "predict," "project," "potential," or the negative of these terms, and similar expressions often signify forward-looking statements. Forward-looking statements are subject to risks and uncertainties that are beyond our control, and because they also relate to the future, they are likewise subject to inherent uncertainties and other factors that may cause actual results to differ materially from the views, beliefs, and projections expressed in such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. Factors that may cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following:

- cyclicality in residential and commercial construction markets;
- general business, financial market, and economic and financial conditions, including a prolonged economic recession; conditions;

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- seasonality of our business and its impact on demand for our products;
- weather and climate conditions;
- prices for the products we purchase may fluctuate;
- market variables, including inflation and elevated interest rates for prolonged periods;
- increases in operating costs;
- public health emergencies such as the COVID-19 pandemic;
- public perceptions that our products and services are not environmentally friendly or that our practices are not sustainable;
- climate, environmental, health and safety laws and regulations;
- hazardous materials and related materials;
- laws and government regulations applicable to our business that could negatively impact demand for our products;
- competitive industry pressures, including competition for our talent base;
- supply chain disruptions, product or labor shortages, and the loss of key suppliers;
- inventory management risks;
- ability to implement our business strategies and achieve our growth objectives;
- acquisition and integration risks, including increased competition for acquisitions;
- risks associated with our large labor force and our customers' labor force and labor market disruptions;
- retention of key personnel;
- construction defect and product liability claims;
- impairment of goodwill;
- adverse credit and financial markets events and conditions;
- inefficient or ineffective allocation of capital;
- credit sale risks;
- performance of individual branches;
- climate, environmental, health and safety laws and regulations;
- hazardous materials and related materials;
- laws and government regulations applicable to our business that could negatively impact demand for our products;
- cybersecurity incidents involving our systems or third-party systems;
- failure or malfunctions in our information technology systems;
- security of personal information about our customers;
- intellectual property and other proprietary rights;
- unanticipated changes in our tax provisions;
- threats from terrorism, violence, uncertain political conditions, and geopolitical conflicts such as the ongoing conflict between Russia and Ukraine, as well as the conflict in the Gaza Strip; Strip, and unrest in the Middle East;
- risks related to our current indebtedness and our ability to obtain financing in the future;
- financial institution disruptions;
- risks related to our common stock; and
- risks related to other factors discussed in this Quarterly Report on Form 10-Q.

You should not place undue reliance on any forward-looking statements, which speak only as of the date made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible to predict all of them. We assume no obligation and do not intend to update or revise any forward-looking statements that are made from time to time, either as a result of future developments, new information or otherwise, except as may be required by law.

Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited)

SiteOne Landscape Supply, Inc.
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

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Assets	Assets	October 1, 2023	January 1, 2023	Assets	March 31, 2024	December 31, 2023
Current assets:	Current assets:					
Cash and cash equivalents	Cash and cash equivalents	$ 74.9	$ 29.1			
Accounts receivable, net of allowance for doubtful accounts of $24.2 and $21.7, respectively		540.4	455.5			
Cash and cash equivalents						
Cash and cash equivalents						
Accounts receivable, net of allowance for doubtful accounts of $26.9 and $27.3, respectively						
Inventory, net	Inventory, net	852.2	767.7			
Income tax receivable	Income tax receivable	3.7	10.9			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	102.3	56.1			
Total current assets	**Total current assets**	1,573.5	1,319.3			
Property and equipment, net (Note 5)						
Property and equipment, net (Note 5)						
Property and equipment, net (Note 5)	Property and equipment, net (Note 5)	232.0	188.8			
Operating lease right-of-use assets, net (Note 7)	Operating lease right-of-use assets, net (Note 7)	384.8	321.6			
Goodwill (Note 6)	Goodwill (Note 6)	484.4	411.9			
Intangible assets, net (Note 6)	Intangible assets, net (Note 6)	304.2	276.0			
Deferred tax assets	Deferred tax assets	2.8	3.7			
Other assets	Other assets	7.8	12.6			
Total assets	**Total assets**	$2,989.5	$2,533.9			
Liabilities and Stockholders' Equity	**Liabilities and Stockholders' Equity**					
Liabilities and Stockholders' Equity						
Liabilities and Stockholders' Equity						
Current liabilities:	Current liabilities:					
Current liabilities:						

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Current liabilities:			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	$ 355.3	$ 279.7
Current portion of finance leases (Note 7)	Current portion of finance leases (Note 7)	20.0	14.8
Current portion of operating leases (Note 7)	Current portion of operating leases (Note 7)	81.1	70.1
Accrued compensation	Accrued compensation	65.9	81.2
Long-term debt, current portion (Note 9)	Long-term debt, current portion (Note 9)	5.3	4.0
Income tax payable			
Accrued liabilities	Accrued liabilities	127.1	110.0
Total current liabilities	**Total current liabilities**	654.7	559.8
Other long-term liabilities			
Other long-term liabilities			
Other long-term liabilities	Other long-term liabilities	15.2	12.8
Finance leases, less current portion (Note 7)	Finance leases, less current portion (Note 7)	62.0	43.9
Operating leases, less current portion (Note 7)	Operating leases, less current portion (Note 7)	313.5	260.1
Deferred tax liabilities	Deferred tax liabilities	15.0	7.8
Long-term debt, less current portion (Note 9)	Long-term debt, less current portion (Note 9)	433.6	346.6
Total liabilities	**Total liabilities**	1,494.0	1,231.0
Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)		
Commitments and contingencies (Note 11)			
Commitments and contingencies (Note 11)			
Stockholders' equity:	Stockholders' equity:		

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Common stock, par value $0.01; 1,000,000,000 shares authorized; 45,341,602 and 45,148,312 shares issued, and 45,109,581 and 44,916,291 shares outstanding at October 1, 2023 and January 1, 2023, respectively		0.5	0.5
Stockholders' equity:			
Stockholders' equity:			
Common stock, par value $0.01; 1,000,000,000 shares authorized; 45,520,704 and 45,404,091 shares issued, and 45,198,683 and 45,082,070 shares outstanding at March 31, 2024 and December 31, 2023, respectively			
Common stock, par value $0.01; 1,000,000,000 shares authorized; 45,520,704 and 45,404,091 shares issued, and 45,198,683 and 45,082,070 shares outstanding at March 31, 2024 and December 31, 2023, respectively			
Common stock, par value $0.01; 1,000,000,000 shares authorized; 45,520,704 and 45,404,091 shares issued, and 45,198,683 and 45,082,070 shares outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	594.9	577.1
Retained earnings	Retained earnings	919.7	742.9
Accumulated other comprehensive income	Accumulated other comprehensive income	5.7	7.7
Treasury stock, at cost, 232,021 and 232,021 shares at October 1, 2023 and January 1, 2023, respectively		(25.3)	(25.3)
Treasury stock, at cost, 322,021 and 322,021 shares at March 31, 2024 and December 31, 2023, respectively			
Total stockholders' equity	**Total stockholders' equity**	1,495.5	1,302.9
Total liabilities and stockholders' equity	**Total liabilities and stockholders' equity**	$2,989.5	$2,533.9

See Notes to Consolidated Financial Statements (Unaudited).

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SiteOne Landscape Supply, Inc.
Consolidated Statements of Operations (Unaudited)
(In millions, except share and per share data)

		Three Months Ended		Nine Months Ended	
		October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Net sales					
Net sales					
Net sales	Net sales	$ 1,145.1	$ 1,102.6	$ 3,336.2	$ 3,124.5
Cost of goods sold	Cost of goods sold	757.0	714.0	2,171.6	2,005.6
Cost of goods sold					
Cost of goods sold					
Gross profit					
Gross profit					
Gross profit	**Gross profit**	388.1	388.6	1,164.6	1,118.9
Selling, general and administrative expenses	Selling, general and administrative expenses	311.8	289.2	923.8	792.4
Selling, general and administrative expenses					
Selling, general and administrative expenses					
Other income	Other income	4.9	2.4	11.4	6.6
Operating income		81.2	101.8	252.2	333.1
Other income					
Other income					
Operating loss					
Operating loss					
Operating loss					
Interest and other non-operating expenses, net	Interest and other non-operating expenses, net	6.4	5.6	20.6	14.5
Income before taxes		74.8	96.2	231.6	318.6
Income tax expense		17.5	22.9	54.8	72.3
Net income		$ 57.3	$ 73.3	$ 176.8	$ 246.3
Interest and other non-operating expenses, net					
Interest and other non-operating expenses, net					
Loss before taxes					
Loss before taxes					
Loss before taxes					
Income tax benefit					
Income tax benefit					

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Income tax benefit									
Net loss									
Net loss									
Net loss									
Net income per common share:									
Net loss per common share:									
Net loss per common share:									
Net loss per common share:									
Basic									
Basic									
Basic	Basic	$	1.27	$	1.63	$	3.92	$	5.47
Diluted	Diluted	$	1.25	$	1.60	$	3.87	$	5.38
Diluted									
Diluted									
Weighted average number of common shares outstanding:									
Weighted average number of common shares outstanding:									
Weighted average number of common shares outstanding:	**Weighted average number of common shares outstanding:**								
Basic	Basic		45,149,650		45,102,574		45,096,404		45,024,324
Basic									
Basic									
Diluted	Diluted		45,747,398		45,774,367		45,690,285		45,804,041
Diluted									
Diluted									

See Notes to Consolidated Financial Statements (Unaudited).

SiteOne Landscape Supply, Inc.
Consolidated Statements of Comprehensive Income Loss (Unaudited)
(In millions)

	Three Months Ended		Nine Months Ended	
	October 1, 2023	**October 2, 2022**	**October 1, 2023**	**October 2, 2022**
Net income	$ 57.3	$ 73.3	$ 176.8	$ 246.3
Other comprehensive income (loss):				
Foreign currency translation adjustments	(1.4)	(3.8)	(0.1)	(4.9)
Interest rate swaps - net unrealized gains and reclassifications into earnings, net of taxes of $0.4, $(1.8), $0.7, and $(4.8), respectively	(1.0)	5.2	(1.9)	13.9
Total other comprehensive income (loss)	(2.4)	1.4	(2.0)	9.0
Comprehensive income	$ 54.9	$ 74.7	$ 174.8	$ 255.3

	Three Months Ended	
	March 31, 2024	**April 2, 2023**
Net loss	$ (19.3)	$ (4.5)
Other comprehensive loss:		
Foreign currency translation adjustments	(1.2)	0.2

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Interest rate swaps - net unrealized gains (losses) and reclassifications into earnings, net of taxes of $0.3 and $0.7, respectively	(0.7)	(1.9)
Total other comprehensive loss	(1.9)	(1.7)
Comprehensive loss	$ (21.2)	$ (6.2)

See Notes to Consolidated Financial Statements (Unaudited).

SiteOne Landscape Supply, Inc.
Consolidated Statements of Equity (Unaudited)
(In millions, shares in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
Balance at January 1, 2023	**44,916.3**	**$ 0.5**	**$ 577.1**	**$ 742.9**	**$ 7.7**	**$ (25.3)**	**$1,302.9**
Balance at December 31, 2023	**Common Stock Shares**						
Net loss	—	—	—	(4.5)	—	—	(4.5)
Other comprehensive loss	—	—	—	—	(1.7)	—	(1.7)
Issuance of common shares under stock-based compensation plan	62.9	—	(2.6)	—	—	—	(2.6)
Stock-based compensation	—	—	8.6	—	—	—	8.6
Balance at April 2, 2023	**44,979.2**	**$ 0.5**	**$ 583.1**	**$ 738.4**	**$ 6.0**	**$ (25.3)**	**$1,302.7**
Net income	—	—	—	124.0	—	—	124.0
Other comprehensive income	—	—	—	—	2.1	—	2.1
Issuance of common shares under stock-based compensation plan	62.7	—	(0.9)	—	—	—	(0.9)
Stock-based compensation	—	—	7.1	—	—	—	7.1
Balance at March 31, 2024							
Balance at March 31, 2024							
Balance at March 31, 2024							
Balance at July 2, 2023	**45,041.9**	**$ 0.5**	**$ 589.3**	**$ 862.4**	**$ 8.1**	**$ (25.3)**	**$1,435.0**
Net income	—	—	—	57.3	—	—	57.3
Other comprehensive loss	—	—	—	—	(2.4)	—	(2.4)
Issuance of common shares under stock-based compensation plan	67.7	—	0.6	—	—	—	0.6
Stock-based compensation	—	—	5.0	—	—	—	5.0
Balance at October 1, 2023	**45,109.6**	**$ 0.5**	**$ 594.9**	**$ 919.7**	**$ 5.7**	**$ (25.3)**	**$1,495.5**

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	Common Stock Shares	Common Stock Amount	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
Balance at January 2, 2022	**44,767.5**	**$ 0.4**	**$ 562.3**	**$ 497.5**	**$ (2.2)**	**$ (0.3)**	**$ 1,057.7**
Net income	—	—	—	32.3	—	—	32.3
Other comprehensive income	—	—	—	—	8.2	—	8.2
Issuance of common shares under stock-based compensation plan	134.1	—	(2.7)	—	—	—	(2.7)
Stock-based compensation	—	—	3.7	—	—	—	3.7
Balance at April 3, 2022	**44,901.6**	**$ 0.4**	**$ 563.3**	**$ 529.8**	**$ 6.0**	**$ (0.3)**	**$ 1,099.2**
Net income	—	—	—	140.7	—	—	140.7
Other comprehensive loss	—	—	—	—	(0.6)	—	(0.6)
Issuance of common shares under stock-based compensation plan	109.1	0.1	(1.6)	—	—	—	(1.5)
Stock-based compensation	—	—	5.8	—	—	—	5.8
Balance at July 3, 2022	**45,010.7**	**$ 0.5**	**$ 567.5**	**$ 670.5**	**$ 5.4**	**$ (0.3)**	**$ 1,243.6**
Net income	—	—	—	73.3	—	—	73.3
Other comprehensive income	—	—	—	—	1.4	—	1.4
Issuance of common shares under stock-based compensation plan	71.7	—	0.5	—	—	—	0.5
Stock-based compensation	—	—	4.5	—	—	—	4.5
Balance at October 2, 2022	**45,082.4**	**$ 0.5**	**$ 572.5**	**$ 743.8**	**$ 6.8**	**$ (0.3)**	**$ 1,323.3**

	Common Stock Shares	Common Stock Amount	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
Balance at January 1, 2023	**44,916.3**	**$ 0.5**	**$ 577.1**	**$ 742.9**	**$ 7.7**	**$ (25.3)**	**$ 1,302.9**
Net loss	—	—	—	(4.5)	—	—	(4.5)
Other comprehensive loss	—	—	—	—	(1.7)	—	(1.7)
Issuance of common shares under stock-based compensation plan	62.9	—	(2.6)	—	—	—	(2.6)
Stock-based compensation	—	—	8.6	—	—	—	8.6
Balance at April 2, 2023	**44,979.2**	**$ 0.5**	**$ 583.1**	**$ 738.4**	**$ 6.0**	**$ (25.3)**	**$ 1,302.7**

See Notes to Consolidated Financial Statements (Unaudited).

SiteOne Landscape Supply, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	Nine Months Ended		Three Months Ended	
	October 1, 2023	October 2, 2022		
	Three Months Ended March 31, 2024		March 31, 2024	April 2, 2023
Cash Flows from Operating Activities:	Cash Flows from Operating Activities:			

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Net income		$ 176.8	$ 246.3
Adjustments to reconcile Net income to net cash provided by operating activities:			
Net loss			
Net loss			
Net loss			
Adjustments to reconcile Net loss to net cash used in operating activities:			
Amortization of finance lease right-of-use assets and depreciation			
Amortization of finance lease right-of-use assets and depreciation			
Amortization of finance lease right-of-use assets and depreciation	Amortization of finance lease right-of-use assets and depreciation	46.1	34.1
Stock-based compensation	Stock-based compensation	20.7	14.0
Amortization of software and intangible assets	Amortization of software and intangible assets	47.0	38.1
Amortization of debt related costs	Amortization of debt related costs	0.9	0.9
Loss on extinguishment of debt		—	0.6
Gain on sale of equipment			
Gain on sale of equipment			
Gain on sale of equipment	Gain on sale of equipment	(0.4)	(1.0)
Other	Other	(3.8)	1.0
Other			
Other			
Changes in operating assets and liabilities, net of the effects of acquisitions:	Changes in operating assets and liabilities, net of the effects of acquisitions:		
Receivables			
Receivables			
Receivables	Receivables	(68.8)	(96.1)
Inventory	Inventory	(45.4)	(196.2)
Income tax receivable	Income tax receivable	7.2	3.3

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Prepaid expenses and other assets	Prepaid expenses and other assets	(37.2)	(7.5)
Accounts payable	Accounts payable	55.2	75.0
Income tax payable	Income tax payable	—	7.0
Accrued expenses and other liabilities	Accrued expenses and other liabilities	(8.4)	(7.0)
Net Cash Provided By Operating Activities		$ 189.9	$ 112.5
Net Cash Used In Operating Activities			
Cash Flows from Investing Activities:	Cash Flows from Investing Activities:		
Cash Flows from Investing Activities:			
Cash Flows from Investing Activities:			
Purchases of property and equipment	Purchases of property and equipment	(24.1)	(20.5)
Purchases of intangible assets		(5.3)	(10.2)
Purchases of property and equipment			
Purchases of property and equipment			
Acquisitions, net of cash acquired			
Acquisitions, net of cash acquired			
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	(181.7)	(182.2)
Proceeds from the sale of property and equipment	Proceeds from the sale of property and equipment	1.9	1.9
Net Cash Used In Investing Activities	**Net Cash Used In Investing Activities**	$ (209.2)	$(211.0)
Cash Flows from Financing Activities:	Cash Flows from Financing Activities:		
Cash Flows from Financing Activities:			
Cash Flows from Financing Activities:			
Equity proceeds from common stock			
Equity proceeds from common stock			

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Equity proceeds from common stock	Equity proceeds from common stock	3.0	3.2
Repurchases of common stock	Repurchases of common stock	(0.6)	—
Borrowings under term loan		120.0	—
Repayments under term loan			
Repayments under term loan			
Repayments under term loan	Repayments under term loan	(2.2)	(1.9)
Borrowings on asset-based credit facility	Borrowings on asset-based credit facility	434.3	593.2
Repayments on asset-based credit facility	Repayments on asset-based credit facility	(461.8)	(456.7)
Payments of debt issuance costs		(1.8)	(2.3)
Payments on finance lease obligations			
Payments on finance lease obligations			
Payments on finance lease obligations	Payments on finance lease obligations	(13.2)	(9.0)
Payments of acquisition related contingent obligations	Payments of acquisition related contingent obligations	(5.6)	(10.0)
Other financing activities	Other financing activities	(7.0)	(8.0)
Net Cash Provided By Financing Activities	**Net Cash Provided By Financing Activities**	$ 65.1	$ 108.5
Effect of exchange rate on cash	Effect of exchange rate on cash	—	(1.0)
Effect of exchange rate on cash			
Effect of exchange rate on cash			
Net change in cash	Net change in cash	45.8	9.0
Cash and cash equivalents:	Cash and cash equivalents:		
Beginning			
Beginning			
Beginning	Beginning	29.1	53.7
Ending	Ending	$ 74.9	$ 62.7
Supplemental Disclosures of Cash Flow Information:	Supplemental Disclosures of Cash Flow Information:		
Supplemental Disclosures of Cash Flow Information:			
Supplemental Disclosures of Cash Flow Information:			

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Cash paid during the year for interest					
Cash paid during the year for interest					
Cash paid during the year for interest	Cash paid during the year for interest	$	19.8	$	11.0
Cash paid during the year for income taxes	Cash paid during the year for income taxes	$	46.0	$	63.8

See Notes to Consolidated Financial Statements (Unaudited).

SiteOne Landscape Supply, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

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Note 1. Nature of Business and Significant Accounting Policies

Nature of Business

SiteOne Landscape Supply, Inc. (hereinafter collectively with all its consolidated subsidiaries referred to as the “Company”) is a wholesale distributor of irrigation supplies, hardscapes (including pavers, natural stone, and blocks), fertilizer and control products (e.g., herbicides), landscape accessories, nursery goods, outdoor lighting, and ice melt products to green industry professionals. The Company also provides value-added consultative services to complement its product offering and to help customers operate and grow their businesses. Substantially all of the Company’s sales are to customers located in the United States of America (“U.S.”), with less than four two percent of sales and less than

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four three percent of total assets in Canada for all periods presented. As of October 1, 2023 March 31, 2024, the Company had over 690 branches. Based on the nature of the Company's products and customers' business cycles, sales are significantly higher in the second and third quarters of each fiscal year.

Share Repurchase Program

On October 20, 2022, the Company's Board of Directors authorized the Company to repurchase, at any time or from time to time, shares of the Company's common stock having an aggregate purchase price not to exceed $400.0 million pursuant to a Rule 10b5-1 plan and/or pursuant to open market or accelerated share repurchase arrangements, tender offers, or privately negotiated transactions. The repurchase authorization does not have an expiration date and may be amended, suspended, or terminated by the Company's Board of Directors at any time.

During the three and nine months ended October 1, 2023 March 31, 2024, there were no shares purchased under the share repurchase program. As of October 1, 2023 March 31, 2024, the dollar value of shares that may yet be purchased under the share repurchase authorization was $375.0 $363.6 million.

Inflation Reduction Act of 2022

In August 2022, the Inflation Reduction Act of 2022 was enacted, which, among other things, implements a 15% corporate alternative minimum tax on book income of certain large corporations effective for tax years beginning after December 31, 2022, and imposes a 1% excise tax on corporate stock repurchases after December 31, 2022. The Company does not expect the enacted legislation to have a material impact on the Company's consolidated financial statements and related disclosures.

Basis of Financial Statement Presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to interim financial reporting. In management's opinion, the unaudited financial information for the interim periods presented includes all adjustments, consisting of normal recurring accruals necessary for a fair statement of the financial position, results of operations, and cash flows. Certain information and disclosures normally included in the Company's annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). These interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K filed with the SEC for the fiscal year ended January 1, 2023 December 31, 2023. The interim period unaudited financial results for the three and nine-month three-month periods presented are not necessarily indicative of results to be expected for any other interim period or for the entire year.

Certain prior period amounts, which are not material, have been reclassified to conform to the current period presentation on the Consolidated Statements of Equity. For the three and nine months ended October 1, 2023, the Company reclassified Treasury stock shares of 20,911 and the corresponding share amount of $0.3 million, which in previous years were reported in Common stock shares and Additional paid-in capital, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ from these estimates.

Fiscal Year

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to December 31. The fiscal years ending December 29, 2024 (the "2024 Fiscal Year") and December 31, 2023 and January 1, 2023 (the "2023 Fiscal Year") both include 52 weeks. Additionally, the Company's fiscal quarters end on the Sunday nearest to March 31, June 30, and September 30, respectively. The three months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023 both include 13 weeks. The nine months ended October 1, 2023 and October 2, 2022 both include 39 weeks.

Principles of Consolidation

The Company's consolidated financial statements include the assets and liabilities used in operating the Company's business, including entities in which the Company owns or controls more than 50% of the voting shares. All of the Company's subsidiaries are wholly owned. All intercompany balances and transactions have been eliminated in consolidation.

Significant Accounting Policies

Except as updated by the Recently Issued and Adopted Accounting Pronouncements section below, a description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2023. 2023 Fiscal Year.

Recently Issued and Adopted Accounting Pronouncements

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-08, *"Business Combinations (Topic 805): Accounting for Contract Assets and Contact Liabilities from Contracts with Customers"* ("ASU 2021-08"). The guidance requires an acquirer in a business combination to recognize and measure

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contract assets and liabilities in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* rather than at fair value. The Company adopted ASU 2021-08 on a prospective basis when it became effective in the first quarter of fiscal year 2023. the 2023 Fiscal Year. The adoption of ASU 2021-08 did not have a material impact on the Company's consolidated financial statements and related disclosures.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" ("ASU 2020-04"), as amended in January 2021 by ASU 2021-01, "Reference Rate Reform (Topic 848): Scope" ("ASU 2021-01"), and in December 2022 by ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848" ("ASU 2022-06").

- ASU 2020-04 provided optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria were met.
- ASU 2021-01 amended the scope of the guidance in ASU 2020-04 on the facilitation of the effects of reference rate reform on financial reporting. The amendments in ASU 2021-01 clarified that "certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting can apply to derivatives that are affected by the discounting transition". These amendments applied only to contracts and hedging relationships that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued due to reference rate reform. The expedients are applicable to contract modifications made and hedging relationships entered into on or before December 31, 2022. The guidance was permitted to be elected over time as reference rate reform activities occurred.
- ASU 2022-06 deferred the expiration date of the reference rate reform relief guidance provided by ASU 2020-04 and ASU 2021-01 to December 31, 2024.

The Company previously elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions would be based matches the index for the corresponding derivatives. On March 27, 2023, the Company amended its term loans to implement a forward-looking interest rate based on the secured overnight financing rate ("SOFR") in lieu of LIBOR. On March 31, 2023, the Company amended the terms of its interest rate swaps to implement SOFR in place of LIBOR. Concurrent with the amendments to its interest rate swaps, the Company elected certain of the optional expedients provided in Topic 848 that allowed the Company to preserve the past presentation of its derivatives without de-designating the existing hedging relationships. The adoption of Topic 848 did not have a material impact on the Company's consolidated financial statements. Refer to "Note 9. Long-Term Debt" and "Note 4. Fair Value Measurement and Interest Rate Swaps" for additional information regarding these amended agreements.

In July 2023, the FASB issued ASU 2023-03, "*Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation—Stock Compensation (Topic 718)" ("ASU 2023-03")*. This ASU amends or supersedes various SEC paragraphs in the Accounting Standards Codification to primarily reflect the issuance of Staff Accounting Bulletin No. 120. ASU 2023-03 provides clarifying guidance related to employee and non-employee share-based payment accounting, including guidance to companies issuing share-based awards shortly before announcing material, nonpublic information to consider such material nonpublic information to adjust observable market prices if the release of material nonpublic information is expected to affect the share price. ASU 2023-03 does not provide new guidance so there is no transition or effective date associated with it. Therefore, these updates were immediately effective. The adoption of ASU 2023-03 did not have a material impact on the Company's consolidated financial statements and related disclosures.

Accounting Pronouncements Issued But Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, "*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*" ("ASU 2023-07"), which expands reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 requires disclosure of (i) significant segment expenses that are regularly provided to the CODM and included within the segment measure of profit or loss, (ii) an amount and description of its composition for other segment items to reconcile to segment profit or loss, and (iii) the title and position of the Company's CODM. The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. The new standard will be effective on a retrospective basis for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the segment disclosure impact of the amended guidance; however, ASU 2023-07 is not expected to have a material impact on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*" ("ASU 2023-09"). The amendments in ASU 2023-09 require public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. The new standard will be effective on a prospective basis for fiscal years beginning after December 15, 2024 and interim periods therein, with early adoption permitted. The Company is currently evaluating the amended guidance and does not expect the adoption to have a material impact on its consolidated financial statements and related disclosures.

Note 2. Revenue from Contracts with Customers

The following table presents Net sales disaggregated by product category (in millions):

	Three Months Ended			
	Three Months Ended			
	Three Months Ended			
	Three Months Ended		**Nine Months Ended**	
	October 1, 2023	**October 2, 2022**	**October 1, 2023**	**October 2, 2022**

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Landscaping products(a)	Landscaping products(a)	$ 887.8	$ 846.5	$ 2,599.9	$ 2,382.5
Landscaping products(a)					
Landscaping products(a)					
Agronomic and other products(b)	Agronomic and other products(b)	257.3	256.1	736.3	742.0
		$ 1,145.1	$ 1,102.6	$ 3,336.2	$ 3,124.5
Agronomic and other products(b)					
Agronomic and other products(b)					
		$			
		$			
		$			

(a) Landscaping products include irrigation supplies, hardscapes, landscape accessories, nursery goods, and outdoor lighting.
(b) Agronomic and other products include fertilizer, control products, ice melt, equipment, and other products.

Remaining Performance Obligations

Remaining performance obligations related to Accounting Standards Codification Topic 606 represent the aggregate transaction price allocated to performance obligations with an original contract term greater than one year that are fully or partially unsatisfied at the end of the period. Remaining performance obligations include the outstanding points balance related to the customer loyalty rewards program. The program allows enrolled customers to earn loyalty rewards on purchases to be used on future purchases, to pay for annual customer trips hosted by the Company, or to obtain gift cards to other third-party retailers.

As of October 1, 2023 March 31, 2024, the aggregate amount of the transaction price allocated to remaining performance obligations was $15.7 $11.5 million. The Company expects to recognize revenue on the remaining performance obligations over the next 12 months.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, deferred revenue, and billings in excess of revenue recognized in the Company's Consolidated Balance Sheets.

Contract liabilities

As of October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, contract liabilities were $15.7 million $11.5 million and $10.5 million $12.4 million, respectively, and were included within Accrued liabilities in the accompanying Consolidated Balance Sheets. The increase decrease in the contract liability balance during the nine three months ended October 1, 2023 March 31, 2024 is primarily a result of cash payments received in advance of satisfying performance obligations, partially offset by $5.5 million $4.6 million of revenue recognized and the expiration of points related to the customer loyalty rewards program during the period. period, partially offset by cash payments received in advance of satisfying performance obligations.

Note 3. Acquisitions

The Company enters into strategic acquisitions in an effort to better service existing customers and to attract new customers. There were no acquisitions completed by the Company during the three months ended March 31, 2024. The Company completed acquisitions for an aggregate purchase price of $187.5 million and $186.0 million $31.8 million and deferred contingent consideration of $11.3 million and $15.6 million $3.5 million for the nine three months ended October 1, 2023 and October 2, 2022, respectively. April 2, 2023. As of October 1, 2023 March 31, 2024, the Company completed the following acquisitions since the start of the 2022 fiscal year: 2023 Fiscal Year:

- In December 2023, the Company acquired the assets and assumed the liabilities of Newsom Seed, Inc. ("Newsom Seed"). With two locations in Fulton, Maryland, Newsom Seed is a wholesale distributor of seed and agronomic products to landscape professionals.
- In August 2023, the Company acquired the assets and assumed the liabilities of JMJ Organics LTD ("JMJ Organics"). With five locations in Houston, Texas, JMJ Organics is a wholesale distributor of landscape supplies, nursery products, and hardscapes to landscape professionals.

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- In August 2023, the Company acquired the assets and assumed the liabilities of Regal Chemical Company and Monarch Scientific, LLC (collectively, “Regal”). With one location in Alpharetta, Georgia, Regal is a wholesale distributor of agronomic products to landscape professionals.
- In August 2023, the Company acquired all of the outstanding stock of Pioneer Landscape Centers, Inc. and JLL Pioneer LLC (collectively, “Pioneer”). With 18 locations in Colorado and 16 locations in Arizona, Pioneer is a wholesale distributor of hardscapes and landscape supply products, including decorative rock, pavers, bulk materials, artificial turf, and supporting products to landscape professionals.
- In August 2023, the Company acquired the assets and assumed the liabilities of Timothy’s Center for Gardening, LLC (“Timothy’s”). With one location in Robbinsville, New Jersey, Timothy’s is a wholesale distributor of hardscapes, nursery products, and bulk materials to landscape professionals.
- In August 2023, the Company acquired the assets and assumed the liabilities of New England Silica, Inc. (“New England Silica”). With one location in South Windsor, Connecticut, New England Silica is a wholesale distributor of hardscapes to landscape professionals.
- In July 2023, the Company acquired the assets and assumed the liabilities of Hickory Hill Farm & Garden, LLC (“Hickory Hill”). With one location in Eatonton, Georgia, Hickory Hill is a wholesale distributor of irrigation, nursery, and landscape supplies to landscape professionals.
- In May 2023, the Company acquired the assets and assumed the liabilities of Link Inc., doing business as Link Outdoor Lighting Distributors (“Link”). With four locations in Altamonte Springs and Naples, Florida, Nashville, Tennessee, and Houston, Texas, Link is a wholesale distributor of landscape lighting products to landscape professionals.
- In May 2023, the Company acquired the assets and assumed the liabilities of Adams Wholesale Supply, Inc. (“Adams Wholesale Supply”). With three locations in the San Antonio, Houston, and Dallas, Texas markets, Adams Wholesale Supply is a wholesale distributor of landscape supplies and agronomic products to landscape professionals.
- In March 2023, the Company acquired the assets and assumed the liabilities of Triangle Landscape Supplies, Inc., Triangle Landscape Supplies of J.C., LLC, and Triangle Landscape Supplies of Apex, Inc. (collectively, “Triangle”). With four locations in the Raleigh-Durham, North Carolina market, Triangle is a wholesale distributor of hardscapes and landscape supplies to landscape professionals.
- In March 2023, the Company acquired the assets and assumed the liabilities of J&J Materials Corp. (“J&J Materials”). With five locations in Rhode Island and Southeastern Massachusetts, J&J Materials is a wholesale distributor of hardscapes to landscape professionals.
- In December 2022, the Company acquired all of the outstanding stock of Whittlesey Landscape Supplies and Recycling, Inc. (“Whittlesey”). With seven locations in the greater Austin, Texas market, Whittlesey is a producer and wholesale distributor of bulk landscape supplies and hardscapes to landscape professionals.
- In December 2022, the Company acquired the assets and assumed the liabilities of Telluride Natural Stone, Inc. (“Telluride Natural Stone”). With one location in Phoenix, Arizona, Telluride Natural Stone is a wholesale distributor of hardscape products and landscape supplies to landscape professionals.
- In October 2022, the Company acquired the assets and assumed the liabilities of Madison Block & Stone, LLC (“Madison Block & Stone”). With one location in Madison, Wisconsin, Madison Block & Stone is a wholesale distributor of natural stone, pavers, bulk materials, and landscape supplies to landscape professionals.
- In August 2022, the Company acquired the assets and assumed the liabilities of Kaknes Landscape Supply, Inc. (“Kaknes”). With one location in Naperville, Illinois, Kaknes is a wholesale distributor of nursery products to landscape professionals.
- In August 2022, the Company acquired the assets and assumed the liabilities of Stone Plus, LLC (“Stone Plus”). With three locations in Northeast Florida, Stone Plus is a wholesale distributor of landscape supplies and hardscapes to landscape professionals.
- In August 2022, the Company acquired the assets and assumed the liabilities of JimStone Co. of Louisiana, LLC (“Jim Stone”). With three locations in Southern Louisiana, Jim Stone is a wholesale distributor of natural stone and other hardscapes to landscape professionals.
- In August 2022, the Company acquired the assets and assumed the liabilities of Linzel Distributing Inc. (“Linzel”). With one location in Hamilton, Ontario, Canada, Linzel is a wholesale distributor of outdoor lighting and landscape supplies to landscape professionals.
- In August 2022, the Company acquired the assets and assumed the liabilities of Cape Cod Stone & Masonry Supply, Inc. (“Cape Cod Stone”). With one location in Orleans, Massachusetts, Cape Cod Stone is a wholesale distributor of hardscapes to landscape professionals.
- In July 2022, the Company acquired the assets and assumed the liabilities of River Valley Horticultural Products, Inc. and River Valley Equipment Rental and Sales, LLC (collectively, “River Valley”). With one location in Little Rock, Arkansas, River Valley is a wholesale distributor of nursery products, hardscapes, and landscape supplies to landscape professionals.
- In July 2022, the Company acquired all of the outstanding stock of A&A Stepping Stone Manufacturing, Inc. (“A&A Stepping Stone”). With four locations in Sacramento, California, A&A Stepping Stone is a wholesale distributor of hardscapes and landscape supplies to landscape professionals.
- In June 2022, the Company acquired the assets and assumed the liabilities of Prescott Dirt, LLC (“Prescott Dirt”). With two locations in Prescott and Prescott Valley, Arizona, Prescott Dirt is a wholesale distributor of landscape supplies to landscape professionals.
- In June 2022, the Company acquired the assets and assumed the liabilities of Yard Works, LLC (“Yard Works”). With 13 locations in Central Virginia, Yard Works is a wholesale distributor of bulk landscape supplies to landscape professionals.
- In June 2022, the Company acquired the assets and assumed the liabilities of Across the Pond, Inc. (“Across the Pond”). With one location in Huntsville, Alabama, Across the Pond is a wholesale distributor of hardscapes and bulk landscape supplies to landscape professionals.

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- In April 2022, the Company acquired the assets and assumed the liabilities of Preferred Seed Company, Inc. (“Preferred Seed”). With one location in Buffalo, New York, Preferred Seed is a wholesale distributor of seed and agronomic products to landscape professionals.
- In April 2022, the Company acquired the assets and assumed the liabilities of RTSB Enterprises, Inc., doing business as Bellstone Masonry Supply (“Bellstone”). With one location in Fort Worth, Texas, Bellstone is a wholesale distributor of hardscapes and landscape supplies to landscape professionals.
- In March 2022, the Company acquired all of the outstanding stock of J K Enterprise, Inc., Culpeper Recycling Hauling LLC, Culpeper Recycling Transport LLC, Gateway Home & Garden Center, LLC, JK Enterprise Landscape Supply, Limited Liability Company, Madera Farm Transport, LLC, Saunders LS, LLC, and Tilden Farm Nursery, LLC, and also acquired the assets of Metro Landscape Supply, Limited and Culpeper Recycling, LLC (collectively, “JK Enterprise”). With six locations in Northern Virginia and one location in Maryland, JK Enterprise is a wholesale distributor of bulk and bagged mulches and soil, hardscapes, and nursery products to landscape professionals.

These transactions were accounted for by the acquisition method, and accordingly, the results of operations were included in the Company’s consolidated financial statements from their respective acquisition dates.

Note 4. Fair Value Measurement and Interest Rate Swaps

Fair value is defined as an exit price, representing an amount that would be received to sell an asset or the amount paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The inputs used to measure fair value are prioritized into the following three-tiered value hierarchy:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs, other than quoted prices in active markets, which are observable either directly or indirectly.
- Level 3: Unobservable inputs for which there is little or no market data.

The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The classification of fair value measurement within the hierarchy is based upon the lowest level of input that is significant to the measurement.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivables, interest rate swap contracts, and long-term debt. The variable interest rate on the long-term debt is reflective of current market borrowing rates. As such, the Company has determined that the carrying value of these financial instruments approximates fair value.

Interest Rate Swaps

The Company is subject to interest rate risk with regard to existing and future issuances of debt. The Company utilizes interest rate swap contracts to reduce its exposure to fluctuations in variable interest rates for future interest payments on existing debt. The Company is party to interest rate swap contracts to convert the variable interest rate to a fixed interest rate on the borrowings under the term loans.

The Company recognizes any differences between the variable interest rate payments and the fixed interest rate settlements with the swap counterparties as an adjustment to interest expense over the life of the swaps. The Company has designated these swaps as cash flow hedges and records the estimated fair value of the swaps to Accumulated other comprehensive income (loss) (“AOCI”) on its Consolidated Balance Sheets. If it becomes probable the forecasted transactions will not occur, the hedge relationship will be de-designated and amounts accumulated in AOCI will be reclassified to Interest and other non-operating expenses, net in the current period.

On March 31, 2023, the Company amended the terms of its interest rate swaps to implement a forward-looking interest rate based on SOFR in place of LIBOR. Since the interest rate swaps were affected by reference rate reform, the Company applied the expedients and exceptions provided in Topic 848 to preserve the past presentation of its derivatives without de-designating the existing hedging relationships. All interest rate swap amendments were executed with the existing counterparties and did not change the notional amounts, maturity dates, or other critical terms of the hedging relationships. The interest rate swaps will continue to be net settled on a quarterly basis with the counterparties for the difference between the fixed rates and the variable rates based upon three-month Term SOFR (subject to a floor of 0.73839% for interest rate swap 3 and 0.23839% for interest rate swaps 7, 8, and 9) as applied to the notional amounts of each interest rate swap.

On March 23, 2021, the Company restructured the interest rate swap positions of its Forward-starting forward-starting interest rate swaps 4, 5, and 6 to extend the terms to maturity using a strategy commonly referred to as a “blend and extend” in order to continue to manage its exposure to interest rate risk on borrowings under the term loans. Refer to “Note 9. Long-Term Debt” for additional information regarding the Company’s term loans. As a result of these transactions, all existing agreements for Forward-starting forward-starting interest rate swaps 4, 5, and 6 at that time were amended and restructured as new agreements designated by the Company as interest rate swaps 7, 8, and 9 with the same counterparties. Each of these the liability positions of the forward-starting interest rate swaps were blended into the amended interest rate swap agreements blended the liability positions of the Forward-starting interest rate swaps into the interest rate swaps and extended the term of the hedged positions were extended to mature on March 23, 2025. The interest rate swaps were net settled on a quarterly basis with the counterparties for the difference between the fixed rates and the variable rates based upon three-month LIBOR as applied to the notional amounts of each interest rate swap. Due to the size of the initial net investment amounts resulting from the termination values of the Forward-starting forward-

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starting interest rate swaps that were rolled into the interest rate swap arrangements, interest rate swaps 7, 8, and 9 were determined to be hybrid debt instruments containing embedded at-market interest rate swap derivatives. As a result, the Company bifurcated the derivative instruments from the debt host instruments for accounting purposes. Refer to "Note 9. Long-Term Debt" for additional information regarding the Company's hybrid debt instruments.

The following table provides additional details related to the swap contracts designated as hedging instruments as of October 1, 2023 March 31, 2024:

Derivatives designated as hedging instruments	Derivatives designated as hedging instruments	Inception Date	Amended Effective Date	Maturity Date	Notional Amount (in millions)	Fixed Interest Rate	Type of Hedge	Derivatives designated as hedging instruments	Inception Date	Amended Effective Date	Maturity Date	Notional Amount (in millions)	F Int F
Interest rate swap 3		December 17, 2018	April 14, 2023	January 14, 2024	$ 34.0	2.73040 %	Cash flow						
Interest rate swap 7													
Interest rate swap 7													
Interest rate swap 7	Interest rate swap 7	March 23, 2021	March 31, 2023	March 23, 2025	$ 50.0	0.73300 %	Cash flow		March 23, 2021	March 31, 2023	March 23, 2025	$50.0	0.73300 0.73300
Interest rate swap 8	Interest rate swap 8	March 23, 2021	March 31, 2023	March 23, 2025	$ 90.0	0.74300 %	Cash flow	Interest rate swap 8	March 23, 2021	March 31, 2023	March 23, 2025	$90.0	0.74300 (
Interest rate swap 9	Interest rate swap 9	March 23, 2021	March 31, 2023	March 23, 2025	$ 70.0	0.75424 %	Cash flow	Interest rate swap 9	March 23, 2021	March 31, 2023	March 23, 2025	$70.0	0.75424 (

The following table provides additional details related to interest rate swap 3, which was designated as a hedging instrument and terminated upon maturity on January 14, 2024:

Derivatives designated as hedging instruments	Inception Date	Amended Effective Date	Maturity Date	Notional Amount (in millions)	Fixed Interest Rate	Type of Hedge
Interest rate swap 3	December 17, 2018	April 14, 2023	January 14, 2024	$ 34.0	2.73040%	Cash flow

The Company recognizes the unrealized gains or unrealized losses for interest rate swap contracts as either assets or liabilities at fair value on its Consolidated Balance Sheets. The interest rate swap contracts are subject to master netting arrangements. The Company has elected not to offset the fair value of assets with the fair value of liabilities related to these contracts. The following table summarizes the fair value of the derivative instruments and the respective lines in which they were recorded in the Consolidated Balance Sheets as of October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023 (in millions):

		Derivative Assets								Derivative Assets	
		October 1, 2023		January 1, 2023							
		Derivative Assets									
		March 31, 2024								March 31, 2024	December 31, 2023
Derivatives designated as hedging instruments	Derivatives designated as hedging instruments	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Derivatives designated as hedging instruments	Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value
Interest rate contracts	Interest rate contracts	Prepaid expenses and other current assets	$ 9.9	Prepaid expenses and other current assets	$ 8.6						
		Other assets	3.7	Other assets	7.7						
Interest rate contracts											
Interest rate contracts											
		Other assets									
Total derivative assets	Total derivative assets		$13.6		$16.3						

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As of October 1, 2023, the net fair value of the interest rate swaps in the amount of $10.1 million, net of taxes, was recorded in AOCI for the derivatives designated as hedging instruments. To the extent the interest rate swaps designated as hedging instruments are determined to be ineffective, the Company recognizes the changes in the estimated fair value of the swaps in earnings.

For determining the fair value of the interest rate swap contracts, the Company uses significant observable market data or assumptions (Level 2 inputs) that market participants would use in pricing similar assets or liabilities, including assumptions about counterparty risk. The fair value estimates reflect an income approach based on the terms of the interest rate swap contracts and inputs corroborated by observable market data including interest rate curves.

For the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023, there was no ineffectiveness recognized in earnings. The after-tax amount of unrealized gain on derivative instruments included in AOCI related to the interest rate swap contracts expected to be reclassified to earnings during the next twelve months was $7.3 million $6.5 million as of October 1, 2023 March 31, 2024. The ultimate amount recognized will vary based on fluctuations of interest rates through the maturity dates.

The tables table below provide provides details regarding pre-tax amounts in AOCI and gain (loss) reclassified into income for derivatives designated as cash flow hedges for the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023 (in millions):

	Three Months Ended					
	October 1, 2023			October 2, 2022		
Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Reclassified from AOCI into Income
Interest rate contracts	$ 1.2	Interest and other non-operating expenses, net	$ 2.6	$ 6.8	Interest and other non-operating expenses, net	$ 0.6

		Nine Months Ended										
		October 1, 2023			October 2, 2022							
		Three Months Ended										
		Three Months Ended										
		Three Months Ended										
		March 31, 2024										March 31, 2024
Derivatives in Cash Flow Hedging Relationships	Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Reclassified from AOCI into Income	Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Reclassified from AOCI into Income	Gain (Loss) Recorded in OCI
Interest rate contracts	Interest rate contracts	$ 4.2	Interest and other non-operating expenses, net	$ 6.9	$ 16.5	Interest and other non-operating expenses, net	$ 0.1					

The tables table below provide provides details regarding gain (loss) recorded in income and reclassified from AOCI into income for derivatives not designated as hedging instruments for the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023 (in millions):

		Three Months Ended		
		Gain (Loss) Reclassified from AOCI into Income		
Derivatives not designated as hedging instruments	Location of Gain (Loss)	March 31, 2024	October 1, April 2, 2023	October 2, 2022
Interest rate contracts	Interest and other non-operating expenses, net	$ —	$ (0.8) (0.1)	$ —

	Nine Months Ended

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Derivatives not designated as hedging instruments	Location of Gain (Loss)	Gain (Loss) Reclassified from AOCI into Income		Gain (Loss) Recognized in Income	
		October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Interest rate contracts	Interest and other non-operating expenses, net	$ (0.1)	$ (2.3)	$ —	$ —

Failure of the swap counterparties to make payments would result in the loss of any potential benefit to the Company under the swap agreements. In this case, the Company would still be obligated to pay the variable interest payments underlying the debt agreements. Additionally, failure of the swap counterparties would not eliminate the Company's obligation to continue to make payments under the existing swap agreements if it continues to be in a net pay position.

Note 5. Property and Equipment, Net

Property and equipment consisted of the following (in millions):

		October 1, 2023	January 1, 2023
		March 31, 2024	March 31, 2024	December 31, 2023
Land	Land	$ 13.2	$ 13.2
Buildings and leasehold improvements:	Buildings and leasehold improvements:		
Buildings			
Buildings			
Buildings	Buildings	8.1	8.1
Leasehold improvements	Leasehold improvements	52.3	46.2
Branch equipment	Branch equipment	122.4	114.7
Office furniture and fixtures and vehicles:	Office furniture and fixtures and vehicles:		
Office furniture and fixtures	Office furniture and fixtures	30.1	28.2
Office furniture and fixtures			
Office furniture and fixtures			
Vehicles	Vehicles	60.9	43.2
Finance lease right-of-use assets	Finance lease right-of-use assets	136.3	103.1
Mineral rights	Mineral rights	2.2	—
Tooling		0.1	0.1
Construction in progress			
Construction in progress			
Construction in progress	Construction in progress	18.8	7.7
Total property and equipment, gross	Total property and equipment, gross	444.4	364.5
Less: accumulated depreciation and amortization	Less: accumulated depreciation and amortization	212.4	175.7

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Property and equipment, net	Property and equipment, net	$ 232.0	$ 188.8

Amortization of finance right-of-use ("ROU") assets and depreciation expense was $15.1 million $16.9 million and $46.1 million $15.5 million for the three and nine months ended October 1, 2023, March 31, 2024 and $13.0 million and $34.1 million for the three and nine months ended October 2, 2022 April 2, 2023, respectively.

Capitalized software has an estimated useful life of three years. The amounts of total capitalized software costs, including purchased and internally developed software, included in Other assets at October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023 were $11.2 $19.7 million and $10.8 $19.7 million, less accumulated amortization of $10.7 million $11.7 million and $10.2 million $11.1 million, respectively. Amortization of these software costs was $0.2 $0.6 million and $0.5 million $0.2 million for the three and nine months ended October 1, 2023, March 31, 2024 and $0.4 million and $1.2 million for the three and nine months ended October 2, 2022 April 2, 2023, respectively.

Note 6. Goodwill and Intangible Assets, Net

Goodwill

The changes in the carrying amount of goodwill were as follows (in millions):

	January 1, 2023 to October 1, 2023	January 3, 2022 to January 1, 2023
Beginning balance	$ 411.9	$ 311.1
Goodwill acquired during the period(a)	74.8	101.8
Goodwill adjusted during the period	(2.3)	(1.0)
Ending balance	$ 484.4	$ 411.9

(a) Additions to goodwill during the nine months ended October 1, 2023 related to the acquisitions completed in 2023 as described in Note 3.

	January 1, 2024 to March 31, 2024	January 2, 2023 to December 31, 2023
Beginning balance	$ 485.5	$ 411.9
Goodwill acquired during the period	—	75.4
Goodwill adjusted during the period	(0.3)	(1.8)
Ending balance	$ 485.2	$ 485.5

Intangible Assets

Intangible assets include customer relationships as well as trademarks and other intangibles acquired through acquisitions. Intangible assets with finite useful lives are amortized on an accelerated method or a straight-line method over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. The Company considers the period of expected cash flows and the underlying data used to measure the fair value of the intangible assets when selecting a useful life. The Company's customer relationships are amortized on an accelerated method.

The following table summarizes the components of intangible assets (in millions, except weighted average remaining useful life):

			October 1, 2023			January 1, 2023	
	Weighted Average Remaining Useful Life	Amount	Accumulated Amortization	Net	Amount	Accumulated Amortization	Net
Customer relationships	17.3 years	$ 556.8	$ 281.4	$275.4	$ 490.5	$ 241.2	$249.3

	March 31, 2024										
	Weighted Average Remaining Useful Life						Weighted Average Remaining Useful Life	Amount	Accumulated Amortization	Net	Amount	Accumulated Amortization

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Trademarks and other	Trademarks and other	3.6 years	52.3	23.5	28.8	47.9	21.2	26.7
Total intangibles	Total intangibles		$ 609.1	$ 304.9	$304.2	$ 538.4	$ 262.4	$276.0

During the nine three months ended October 1, 2023 March 31, 2024, the Company recorded $74.7 $1.2 million of intangible assets, including $66.3 $1.3 million in Customer relationship intangibles and $8.4 $(0.1) million in Trademarks and other intangibles. The change in Customer relationship intangibles and Trademarks and other intangibles included additions of $63.9 million and $9.5 million, respectively, as a result of the There were no acquisitions completed in 2023 as described in Note 3 during the three months ended March 31, 2024. Updates of purchase price allocations related to prior year acquisitions during the allowable measurement period and currency translation adjustments of Customer relationship intangibles and Trademarks and other intangibles, net were $2.4 $1.3 million and $(1.1) $(0.1) million, respectively.

During the nine three months ended October 2, 2022 April 2, 2023, the Company recorded $89.0 $15.9 million of intangible assets, including $78.9 $15.8 million in Customer relationship intangibles and $10.1 $0.1 million in Trademarks and other intangibles. The change in Customer relationship intangibles and Trademarks and other intangibles included additions of $79.2 $13.3 million and $8.8 $1.1 million, respectively, as a result of the acquisitions completed in 2022 2023 as described in "Note Note 3. Acquisitions." Updates of purchase price allocations related to prior year acquisitions during the allowable measurement period and currency translation adjustments of Customer relationship intangibles and Trademarks and other intangibles, net were $(0.3) $2.5 million and $1.3 $(1.0) million, respectively.

The Customer relationship intangible assets are amortized over a weighted-average period of approximately 20 years. The trademarks and other intangible assets are amortized over a weighted-average period of approximately five years.

Amortization expense for intangible assets was $16.0 million $15.4 million and $46.5 million for the three and nine months ended October 1, 2023, and $14.0 million and $36.9 $15.1 million for the three and nine months ended October 2, 2022 March 31, 2024 and April 2, 2023, respectively.

Total future amortization estimated as of October 1, 2023 March 31, 2024 is as follows (in millions):

Fiscal year ending:	Fiscal year ending:		
2023 (remainder)		$	16.9
2024			58.0
2024 (remainder)			
2024 (remainder)			
2024 (remainder)			
2025	2025		48.0
2026	2026		39.3
2027	2027		30.4
2028			
Thereafter	Thereafter		111.6
Total future amortization	Total future amortization	$	304.2

Note 7. Leases

The Company determines if an arrangement is a lease at inception of a contract. The Company leases equipment and real estate including office space, branch locations, and distribution centers under operating leases. Finance lease obligations consist primarily of the Company's vehicle fleet. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one year to five years or more. The exercise of lease renewal options is at the Company's sole discretion. Certain leases include options to purchase the leased property. ROU assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the net present value of fixed lease payments over the lease term. As most of the Company's operating leases do not provide an implicit interest rate, the Company uses an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Finance lease agreements generally include an interest rate that is used to determine the present value of future lease payments. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the ROU assets or lease liabilities and are expensed as incurred and recorded as variable lease expense. Leases with an initial term of 12 months or less are not recorded in the Consolidated Balance Sheets.

The components of lease expense were as follows (in millions):

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			Three Months Ended		Nine Months Ended	
			Three Months Ended			
			Three Months Ended			
			Three Months Ended			
Lease Cost						
Lease Cost						
Lease Cost	**Lease Cost**	**Classification**	**October 1, 2023**	**October 2, 2022**	**October 1, 2023**	**October 2, 2022**
Finance lease cost:	Finance lease cost:					
Finance lease cost:						
Finance lease cost:						
Amortization of right-of-use assets	Amortization of right-of-use assets	Selling, general and administrative expenses	$ 5.2	$ 3.4	$ 14.1	$ 9.4
Amortization of right-of-use assets						
Amortization of right-of-use assets						
Interest on lease liabilities						
Interest on lease liabilities						
Interest on lease liabilities	Interest on lease liabilities	Interest and other non-operating expenses, net	1.1	0.5	2.8	1.3
Operating lease cost	Operating lease cost	Cost of goods sold	2.0	1.3	6.1	4.3
Operating lease cost	Operating lease cost	Selling, general and administrative expenses	22.4	19.3	63.9	56.4
Operating lease cost						
Operating lease cost						
Operating lease cost						
Operating lease cost						
Short-term lease cost						
Short-term lease cost						
Short-term lease cost	Short-term lease cost	Selling, general and administrative expenses	0.8	0.2	2.3	1.2
Variable lease cost	Variable lease cost	Selling, general and administrative expenses	0.5	0.5	1.1	1.1
Variable lease cost						
Variable lease cost						
Sublease income						
Sublease income						
Sublease income	Sublease income	Selling, general and administrative expenses	(0.2)	(0.2)	(0.6)	(0.8)
Total lease cost	Total lease cost		$ 31.8	$ 25.0	$ 89.7	$ 72.9
Total lease cost						
Total lease cost						

Supplemental cash flow information related to leases was as follows (in millions):

	Three Months Ended	Nine Months Ended

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		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
Other Information					
Other Information					
Other Information	**Other Information**	**October 1, 2023**	**October 2, 2022**	**October 1, 2023**	**October 2, 2022**
Cash paid for amounts included in the measurements of lease liabilities:	Cash paid for amounts included in the measurements of lease liabilities:				
Cash paid for amounts included in the measurements of lease liabilities:					
Cash paid for amounts included in the measurements of lease liabilities:					
Operating cash flows from finance leases					
Operating cash flows from finance leases					
Operating cash flows from finance leases	Operating cash flows from finance leases	$ 1.1	$ 0.5	$ 2.8	$ 1.3
Operating cash flows from operating leases	Operating cash flows from operating leases	$ 24.7	$ 20.9	$ 68.9	$ 60.3
Operating cash flows from operating leases					
Operating cash flows from operating leases					
Financing cash flows from finance leases					
Financing cash flows from finance leases					
Financing cash flows from finance leases	Financing cash flows from finance leases	$ 4.9	$ 3.2	$ 13.2	$ 9.0
Right-of-use assets obtained in exchange for new lease liabilities:	Right-of-use assets obtained in exchange for new lease liabilities:				
Right-of-use assets obtained in exchange for new lease liabilities:					
Right-of-use assets obtained in exchange for new lease liabilities:					
Finance leases					
Finance leases					
Finance leases	Finance leases	$ 12.5	$ 8.0	$ 36.5	$ 15.1
Operating leases	Operating leases	$ 22.8	$ 26.2	$ 95.5	$ 63.5
Operating leases					
Operating leases					

The aggregate future lease payments for operating and finance leases as of October 1, 2023 March 31, 2024 were as follows (in millions):

Maturity of Lease Liabilities	**Maturity of Lease Liabilities**	**Operating Leases**	**Finance Leases**	**Maturity of Lease Liabilities**	**Operating Leases**	**Finance Leases**
Fiscal year:	Fiscal year:					

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2023 (remainder)		$ 17.7	$ 6.2
2024		96.4	23.5
2024 (remainder)			
2024 (remainder)			
2024 (remainder)			
2025	2025	80.5	20.4
2026	2026	65.1	17.3
2027	2027	52.1	13.5
2028	2028	40.3	9.9
2029			
Thereafter	Thereafter	116.1	2.3
Total lease payments	Total lease payments	468.2	93.1
Less: interest	Less: interest	73.6	11.1
Present value of lease liabilities	Present value of lease liabilities	$ 394.6	$ 82.0

The weighted-average lease terms and discount rates were as follows:

Lease Term and Discount Rate	Lease Term and Discount Rate	October 1, 2023	October 2, 2022	Lease Term and Discount Rate	March 31, 2024	April 2, 2023
Weighted-average remaining lease term:	Weighted-average remaining lease term:					
Finance leases	Finance leases	4.5 years	4.2 years			
Finance leases						
Finance leases					4.6 years	4.3 years
Operating leases	Operating leases	6.5 years	6.6 years	Operating leases	6.2 years	6.4 years
Weighted-average discount rate:	Weighted-average discount rate:					
Finance leases	Finance leases	5.7 %	4.2 %			
Finance leases						
Finance leases					6.2 %	5.0 %
Operating leases	Operating leases	5.0 %	4.6 %	Operating leases	5.2 %	4.7 %

Note 8. Employee Benefit and Stock Incentive Plans

The Company sponsors a defined contribution benefit plan for substantially all of its employees. Company contributions to the plan are based on a percentage of employee wages. The Company's contributions to the plan were $3.8 $4.9 million and $13.2 million $4.6 million for the three and nine months ended October 1, 2023, March 31, 2024 and $3.2 million and $11.4 million for the three and nine months ended October 2, 2022 April 2, 2023, respectively.

The Company's Omnibus Equity Incentive Plan (the "2016 Plan"), which became effective on April 28, 2016, provided for the grant of awards in the form of stock options that may be either incentive stock options or non-qualified stock options; stock purchase rights; restricted stock; restricted stock units ("RSUs"); performance shares; performance stock units ("PSUs"); stock appreciation rights; dividend equivalents; deferred stock units ("DSUs"); or other stock-based awards. The Company also has outstanding stock-based awards under

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its stock incentive plan ("Stock Incentive Plan"), which commenced in May 2014 and terminated upon adoption of the 2016 Plan. However, awards previously granted under the Stock Incentive Plan were unaffected by the termination of the Stock Incentive Plan.

At the 2020 Annual Meeting of Stockholders of the Company on May 13, 2020 (the "Effective Date"), the Company's stockholders approved the Company's 2020 Omnibus Equity Incentive Plan (the "2020 Plan"), which replaced the 2016 Plan. The 2020 Plan reserves 2,155,280 shares of the Company's common stock for issuance under the 2020 Plan, consisting of 1,600,000 new shares plus 555,280 shares that were previously authorized for issuance under the 2016 Plan and that, as of the Effective Date, were not subject to outstanding awards. No further grants of awards will be made under the 2016 Plan; however, outstanding awards granted under the 2016 Plan will remain outstanding and will continue to be administered in accordance with the terms of the 2016 Plan and the applicable award agreements. Any shares covered by an award, or any portion thereof, granted under the 2020 Plan, 2016 Plan, or Stock Incentive Plan that terminates, is forfeited, is repurchased, expires, or lapses for any reason will again be available for the grant of awards. Additionally, any shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligations pursuant to any award under the 2020 Plan, 2016 Plan, or Stock Incentive Plan will again be available for issuance. The aggregate number of shares that may be issued under the 2020 Plan is 2,155,280 shares of which 1,913,823 1,871,030 remain available as of October 1, 2023 March 31, 2024.

Stock options and RSUs granted to employees vest over a four-year period at 25% per year. Stock options expire ten years after the date of grant. PSUs granted to employees vest upon the achievement of the performance conditions, over a three-year period, measured by the growth of the Company's pre-tax income plus amortization relative to a select peer group, subject to adjustment based upon the application of a return on invested capital modifier.

RSUs granted to non-employee directors vest at the earlier of the day preceding the next annual meeting of stockholders of the Company at which directors are elected or the first anniversary of the grant date, in each case, subject to the participant's continued service as a director or other service provider (as applicable) from the grant date through such vesting date. Vested RSUs granted to non-employee directors settle into the Company's common stock at the earlier to occur of the vesting date, termination of the director's service on the Company's Board of Directors, or until a change of control of the Company. Settlement may also be deferred at the director's election until a specified date after the vesting date. DSUs granted to non-employee directors vest immediately but settlement is deferred until termination of the director's service on the Company's Board of Directors or until a change of control of the Company.

In February 2023, the Company's Human Resources and Compensation Committee approved amendments to the applicable equity award agreements governing the terms of the stock options, RSUs, and PSUs granted under the 2020 Plan. Pursuant to such amendments, all unvested stock options and RSUs granted to an associate after the effective date of the amendments under an applicable award agreement, as amended, will fully vest following the end of their employment, generally in four equal annual installments and expire in 10 years for stock options, if such associate's combined age (minimum of 55 years of age) and completed years of employment with the Company (minimum of five years of service) equals 65 or more (the "Rule of 65"). The amendments did not alter any equity award agreements outstanding on or prior to the effective date or the pro-rated vesting schedule with respect to PSUs, other than to change the definition of retirement to reflect the Rule of 65.

The fair value of each stock option is estimated on the date of grant using the Black-Scholes option pricing model. As of Since the start of fiscal year the 2023 Fiscal Year, expected volatilities are based on the historical volatility of the Company's common stock. Prior to fiscal year the 2023 Fiscal Year, expected volatilities were based on the historical equity volatility of comparable publicly traded companies. The change in estimate was due to the length of time the Company's common stock has had been publicly traded, now exceeding which exceeded the expected term of the stock options. options at the start of the 2023 Fiscal Year. The expected term of stock options granted is derived from the output of the option valuation model and represents the period of time that stock options granted are expected to be outstanding. The risk-free rates utilized for periods throughout the contractual life of the stock options are based on the U.S. Treasury security yields at the time of grant. DSUs, RSUs, and PSUs have grant date fair values equal to the fair market value of the underlying stock on the date of grant. Share-based compensation expense is recognized in the financial statements based upon fair value on the date of grant. The compensation cost costs for stock options and RSUs is are recognized on a straight-line basis over the requisite vesting period. periods. The Company recognizes compensation expense for PSUs when it is probable that the performance conditions will be achieved. The Company reassesses the probability of vesting at each reporting period and adjusts its compensation cost accordingly.

A summary of stock-based compensation activities during the nine three months ended October 1, 2023 March 31, 2024 was as follows (in thousands):

	Stock Options	RSUs	DSUs	PSUs
Outstanding as of January 1, 2023	971.9	205.3	52.0	52.2
Granted[(a)]	56.6	121.5	2.7	42.9
Exercised/Vested/Settled[(a)(b)]	(125.9)	(75.3)	—	(32.0)
Expired or forfeited	(5.0)	(7.3)	—	(0.3)
Outstanding as of October 1, 2023	897.6	244.2	54.7	62.8

	Stock Options	RSUs	DSUs	PSUs

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Outstanding as of December 31, 2023	837.0	239.5	54.7	62.5
Granted	—	114.2	—	51.9
Exercised/Vested/Settled(a)	(71.6)	(70.9)	—	—
Expired or forfeited	(0.6)	(3.4)	—	(0.3)
Outstanding as of March 31, 2024	764.8	279.4	54.7	114.1

(a) PSUs granted includes 16.0 thousand PSUs granted and settled during the nine months ended October 1, 2023 at greater than 100% of their original grant amount.
(b) Does not include 21.3 25.1 thousand stock options and 18.6 47.0 thousand RSUs granted to retirement eligible associates under the Rule of 65. While these shares immediately vested, they have not been settled.

The weighted average grant date fair value of awards granted were as follows:

	October 1, 2023	October 2, 2022
Stock options	$ 72.27	$ 57.39
RSUs	$ 149.18	$ 174.37
DSUs	$ 148.09	$ 120.22
PSUs(a)	$ 148.89	$ 143.86

(a) Includes PSUs granted and settled during the nine months ended October 1, 2023 and October 2, 2022 at greater than 100% of their original grant amount.

	March 31, 2024	April 2, 2023
Stock options	$ —	$ 72.24
RSUs	$ 157.66	$ 149.09
DSUs	$ —	$ —
PSUs	$ 157.57	$ 149.36

A summary of stock-based compensation expenses recognized during the periods was as follows (in millions):

		Three Months Ended		Nine Months Ended	
		October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Stock options(a)					
Stock options(a)					
Stock options(a)	Stock options(a)	$ 0.7	$ 0.9	$ 3.9	$ 2.7
RSUs(a)	RSUs(a)	3.1	2.4	11.9	6.9
RSUs(a)					
RSUs(a)					
DSUs					
DSUs					
DSUs	DSUs	0.1	0.2	0.4	0.8
PSUs	PSUs	1.1	1.0	4.5	3.6
PSUs					
PSUs					
Total stock-based compensation	Total stock-based compensation	$ 5.0	$ 4.5	$ 20.7	$ 14.0
Total stock-based compensation					
Total stock-based compensation					

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(a) Stock-based compensation expense for the three and nine months ended October 1, 2023 March 31, 2024 and April 2, 2023 included accelerated expense related to retirement eligible associates under the Rule of 65. These amounts on a net expense basis for the nine months ended October 1, 2023 included $1.3 million $0.1 million related to stock options and $2.3 million $4.6 million related to RSUs. RSUs for the three months ended March 31, 2024 and $1.5 million related to stock options and $2.5 million related to RSUs for the three months ended April 2, 2023.

A summary of unrecognized stock-based compensation expense was as follows:

	October 1, 2023		January 1, 2023	
	Unrecognized Compensation (in millions)	Weighted Average Remaining Period	Unrecognized Compensation (in millions)	Weighted Average Remaining Period
Stock options	$ 5.7	2.5 years	$ 5.6	2.5 years
RSUs	$ 26.9	2.7 years	$ 21.7	2.7 years
DSUs	$ 0.2	1.1 years	$ 0.1	0.9 years
PSUs	$ 5.0	1.8 years	$ 3.3	1.7 years

	March 31, 2024						March 31, 2024						December 31, 2023	
	Unrecognized Compensation (in millions)						Unrecognized Compensation (in millions)		Weighted Average Remaining Period				Unrecognized Compensation (in millions)	Weighted Average Remaining Period
Stock options	Stock options	$	5.7	2.5 years	$	5.6	2.5 years	Stock options	$ 4.0	2.1 years	2.1 years	$	4.9	2.3 years	2.3 years
RSUs	RSUs	$	26.9	2.7 years	$	21.7	2.7 years	RSUs	$32.6	2.9 years	2.9 years	$	23.7	2.5 years	2.5 years
DSUs	DSUs	$	0.2	1.1 years	$	0.1	0.9 years	DSUs	$ 0.1	0.9 years	0.9 years	$	0.2	0.9 years	0.9 years
PSUs	PSUs	$	5.0	1.8 years	$	3.3	1.7 years	PSUs	$10.9	2.4 years	2.4 years	$	3.9	1.7 years	1.7 years

Note 9. Long-Term Debt

Long-term debt was as follows (in millions):

		October 1, 2023	January 1, 2023
		March 31, 2024	
		March 31, 2024	December 31, 2023
ABL facility	ABL facility	$ 72.5	$ 100.0
Term loans	Term loans	370.6	252.8
Hybrid debt instruments	Hybrid debt instruments	2.2	3.3
Total gross long-term debt	Total gross long-term debt	445.3	356.1
Less: unamortized debt issuance costs and discounts on debt	Less: unamortized debt issuance costs and discounts on debt	(6.4)	(5.5)
Total debt	Total debt	$ 438.9	$ 350.6

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Less: current portion	Less: current portion	(5.3)	(4.0)
Total long-term debt	Total long-term debt	$ 433.6	$ 346.6

ABL Facility

SiteOne Landscape Supply Holding, LLC ("Landscape Holding") and SiteOne Landscape Supply, LLC ("Landscape" and together with Landscape Holding, the "Borrowers"), each an indirect wholly-owned subsidiary of the Company, are parties to the credit agreement dated December 23, 2013 (as amended by the First Amendment to the Credit Agreement, dated June 13, 2014, the Second Amendment to the Credit Agreement, dated January 26, 2015, the Third Amendment to the Credit Agreement, dated February 13, 2015, the Fourth Amendment to the Credit Agreement, dated October 20, 2015, the Omnibus Amendment to the Credit Agreement, dated May 24, 2017, the Sixth Amendment to the Credit Agreement, dated February 1, 2019, and the Seventh Amendment to the Credit Agreement, dated July 22, 2022, the "ABL Credit Agreement") providing for an asset-based credit facility (the "ABL Facility") of up to $600.0 million, subject to borrowing base availability. The ABL Facility is secured by a first lien on the inventory and receivables of the Borrowers. The ABL Facility is guaranteed by SiteOne Landscape Supply Bidco, Inc. ("Bidco"), an indirect wholly-owned subsidiary of the Company, and each direct and indirect wholly-owned U.S. restricted subsidiary of Landscape. The availability under the ABL Facility was $513.2 million $497.6 million and $487.4 million $578.2 million as of October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, respectively. Availability is determined using borrowing base calculations of eligible inventory and receivable balances less the current outstanding ABL Facility and letters of credit balances.

On July 22, 2022, the Company, through its subsidiaries, entered into the Seventh Amendment to the ABL Credit Agreement (the "Seventh Amendment"). The Seventh Amendment amended and restated the ABL Credit Agreement in order to, among other things, (i) increase the aggregate principal amount of the commitments to $600.0 million, (ii) extend the final scheduled maturity of the revolving credit facility to July 22, 2027, (iii) establish an alternate rate of interest to the LIBOR rate, (iv) replace the administrative and collateral agent, and (v) make such other changes as agreed among the Borrowers and the lenders. Proceeds of the initial borrowings under the ABL Credit Agreement on the closing date of the Seventh Amendment were used, among other things, (i) to repay in full the loans outstanding under the ABL Credit Agreement immediately prior to the effectiveness of the Seventh Amendment, (ii) to pay fees and expenses related to the Seventh Amendment and the ABL Credit Agreement, and (iii) for working capital and other general corporate purposes.

Loans under the ABL Credit Agreement bear interest, at Landscape Holding's option, at either (i) an adjusted term SOFR rate equal to term SOFR plus 0.10% (subject to a floor of 0.00%) plus an applicable margin of 1.25% or 1.50% or (ii) an alternate base rate plus an applicable margin of 0.25% or 0.50%, in each case depending on the average daily excess availability under the ABL Credit Agreement, and in each case subject to a 0.125% reduction when the Consolidated First Lien Leverage Ratio (as defined in the ABL Credit Agreement) is less than 1.50:1.00. Additionally, undrawn commitments under the ABL Credit Agreement bear a commitment fee of 0.20% or 0.25%, depending on the average daily undrawn portion of the commitments under the ABL Credit Agreement.

The interest rate on outstanding balances under the ABL Facility was 6.67741% ranged from 6.54483% to 6.55167% as of October 1, 2023 March 31, 2024 and ranged from 5.68561% to 5.77336% was 6.69508% as of January 1, 2023 December 31, 2023. Additionally, the Borrowers paid a The commitment fee of on unfunded amounts was 0.25% on the unfunded amount and 0.25% as of October 1, 2023 March 31, 2024 and a commitment fee of 0.20% on the unfunded amount as of January 1, 2023. December 31, 2023, respectively.

The ABL Facility is subject to mandatory prepayments if the outstanding loans and letters of credit exceed either the aggregate revolving commitments or the current borrowing base, in an amount equal to such excess. Additionally, the ABL Facility is subject to various covenants, including incurrence covenants that require the Company to meet minimum financial ratios, and additional borrowings and other corporate transactions may be limited by failure to meet these financial ratios. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interest in collateral pledged under the agreement, or restrict the Borrowers' ability to obtain additional borrowings under these agreements. The ABL Facility is secured by a first lien security interest over inventory and receivables and a second lien security interest over all other assets pledged as collateral.

The ABL Facility contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants are limited to the following: financial condition, fundamental changes, dividends and distributions, acquisitions, dispositions of collateral, payments and modifications of restricted indebtedness, negative pledge clauses, changes in line of business, currency, commodity and other hedging transactions, transactions with affiliates, investments, indebtedness, and liens. The negative covenants are subject to customary exceptions and also permit the payment of dividends and distributions, investments, permitted acquisitions, payments or redemptions of indebtedness under the Second Amended and Restated Credit Agreement, asset sales and mergers, consolidations, and sales of all or substantially all assets involving subsidiaries upon satisfaction of a "payment condition." The payment condition is deemed satisfied upon 30-day specified excess availability and specified availability exceeding agreed upon thresholds and, in certain cases, the absence of specified events of default or known events of default and pro forma compliance with a consolidated fixed charge coverage ratio of 1.00 to 1.00. As of October 1, 2023 March 31, 2024, the Company was in compliance with all of the ABL Facility covenants.

Term Loans

The Borrowers entered into a syndicated senior term loan facility dated April 29, 2016, which was amended on November 23, 2016, May 24, 2017, December 12, 2017, and August 14, 2018. On March 23, 2021, the Borrowers entered into the Fifth Amendment to the Amended and Restated Credit Agreement (the "Fifth Amendment"), in order to, among other

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things, incur $325.0 million of term loans (the “New Term Loans”) which were used in part to prepay all of the existing term loans outstanding immediately prior to effectiveness of the Fifth Amendment (the “Tranche E Term Loans”). On March 27, 2023, Landscape Holding, as representative for the Borrowers, entered into the First Amendment to the Second Amended and Restated Credit Agreement (the “Sixth Amendment”), to implement a forward-looking interest rate based on SOFR in lieu of LIBOR. On July 12, 2023, Landscape Holding, as representative for the Borrowers, entered into the Increase Supplement (the “Increase Supplement”) to the Second Amended and Restated Credit Agreement, providing for an additional $120.0 million of New Term Loans. The New Term Loans are guaranteed by Bidco and each direct and indirect wholly-owned U.S. restricted subsidiary of Landscape. The New Term Loans are secured by a second lien security interest over inventory and receivables and a first lien security interest over all other assets pledged as collateral. The New Term Loans mature on March 23, 2028.

Amendments of the Term Loans

On July 12, 2023, the Company, through its subsidiary, Landscape Holding, entered into the Increase Supplement by and between Landscape Holding, as borrower representative, and JPMorgan Chase Bank, N.A., as increasing lender (the “Increasing Lender”), to the Second Amended and Restated Credit Agreement. The Increase Supplement provides provided for an additional $120.0 million of New Term Loans and makes made such other changes to the Second Amended and Restated Credit Agreement as agreed between Landscape Holding and the Increasing Lender. Proceeds of the term loans borrowed pursuant to the Increase Supplement were used, among other things, to (i) repay certain loans outstanding under the ABL Facility and (ii) pay fees and expenses related to the Increase Supplement. The maturity date of the New Term Loans of March 23, 2028 did not change as a result of the Increase Supplement.

On March 27, 2023, the Company, through its subsidiary, Landscape Holding, entered into the Sixth Amendment, which amends amended the Second Amended and Restated Credit Agreement to implement a forward-looking interest rate based on SOFR in lieu of LIBOR. The New Term Loans bear interest, at Landscape Holding’s option, at either (i) an adjusted Term SOFR rate plus an applicable margin equal to 2.00% (with a Term SOFR floor of 0.50% on initial term loans and 0.00% on all other term loans) or (ii) an alternative base rate plus an applicable margin equal to 1.00%. Voluntary prepayments of the New Term Loans are permitted at any time, in minimum principal amounts, without premium or penalty, subject to a 1.00% premium payable unless in connection with certain repricing transactions if the transactions that occurred within the first 12 months after the date of the initial funding of the New Term Loans. The interest rate on the outstanding balance of the New Terms Term Loans was 7.43056% at October 1, 2023 7.44464% as of March 31, 2024.

On March 23, 2021, the Company, through its subsidiaries, entered into the Fifth Amendment, by and among the Borrowers, JPMorgan Chase Bank, N.A. (the “New Agent”), as administrative agent and collateral agent, the several banks and other financial institutions party thereto, and certain other parties party thereto from time to time. The Fifth Amendment amends amended and restates restated the Amended and Restated Credit Agreement, dated as of April 29, 2016, among the Borrowers, the lenders from time to time party thereto, and UBS AG, Stamford Branch (the “Existing Agent”) as administrative agent and collateral agent (as amended prior to March 23, 2021, the “Existing Credit Agreement” and, as so amended and restated pursuant to the Fifth Amendment, the “Second Amended and Restated Credit Agreement”) in order to, among other things, (i) incur $325.0 million of term loans, (ii) replace the Existing Agent as administrative and collateral agent with the New Agent, and (iii) make such other changes in the Second Amended and Restated Credit Agreement as agreed among the Borrowers and the lenders. Proceeds of the New Term Loans were used, among other things, (i) to repay in full the Tranche E Term Loans outstanding under the Existing Credit Agreement immediately prior to effectiveness of the Fifth Amendment, (ii) to pay fees and expenses related to the Fifth Amendment and the Second Amended and Restated Credit Agreement, and (iii) for working capital and other general corporate purposes.

The Second Amended and Restated Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants are limited to the following: limitations on indebtedness, restricted payments, restrictive agreements, sales of assets and subsidiary stock, transactions with affiliates, liens, fundamental changes, amendments, and lines of business. The negative covenants are subject to exceptions customary for transactions of the type.

The New Term Loans are payable in consecutive quarterly installments equal to 0.25% of the aggregate initial principal amount of the New Term Loans until the maturity date. In addition, the New Term Loans are subject to annual mandatory prepayments in an amount equal to 50% of excess cash flow, as defined in the Second Amended and Restated Credit Agreement for the applicable fiscal year if 50% of excess cash flow exceeds $15.0 million and the secured leverage ratio is greater than 3.00 to 1.00. There are also mandatory prepayments with the proceeds of certain asset sales and from the issuance of debt not permitted to be incurred under the Second Amended and Restated Credit Agreement. As of October 1, 2023 March 31, 2024, the Company was in compliance with all of the Second Amended and Restated Credit Agreement covenants.

Interest Expense

During the three and nine months ended October 1, 2023 March 31, 2024, the Company incurred total interest expense of $6.4 $6.7 million, and $20.6 million, respectively, of which $5.3 million and $17.5 $5.2 million related to interest on the ABL Facility and the term loans for the three and nine months ended October 1, 2023, respectively. loans. Debt issuance costs and discounts are amortized as interest expense over the life of the debt. As a result of the Increase Supplement, new debt fees and issuance costs of $1.8 million were capitalized during the three and nine months ended October 1, 2023. Amortization expense related to debt issuance costs and discounts was $0.4 $0.3 million and $0.9 million for the three and nine months ended October 1, 2023, respectively. March 31, 2024. The remaining $0.7 million and $2.2 $1.2 million of interest expense is primarily related to interest attributable to finance leases, partially offset by interest income for the three and nine months ended October 1, 2023, respectively. March 31, 2024.

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During the three and nine months ended October 2, 2022 April 2, 2023, the Company incurred total interest expense of $5.6 $6.9 million, and $14.5 million, respectively, of which $4.3 million and $11.8 $5.9 million related to interest on the ABL Facility and the term loans for the three and nine months ended October 2, 2022, respectively. loans. Debt issuance costs and discounts are amortized as interest expense over the life of the debt. As a result of the Seventh Amendment to the ABL Credit Agreement, unamortized debt issuance costs and discounts in the amount of $0.6 million were written off to expense in accordance with ASC 470-50, "Debt Modifications and Extinguishments", and new debt fees and issuance costs of $2.3 million were capitalized during the three and nine months ended October 2, 2022. Amortization expense related to debt issuance costs and discounts was $0.3 million and $0.9 million for the three and nine months ended October 2, 2022, respectively. April 2, 2023. The remaining $0.4 million and $1.2 million $0.7 million of interest expense is primarily related to interest attributable to finance leases, partially offset by interest income for the three and nine months ended October 2, 2022, respectively. April 2, 2023.

Hybrid Debt Instruments

During the first quarter of 2021, the Company reclassified $5.9 million from Accrued liabilities and Other long-term liabilities to long-term debt with $1.5 million classified as Long-term debt, current portion and $4.4 million classified as Long-term debt, less current portion on its Consolidated Balance Sheets since for the interest rate swap arrangements executed on March 23, 2021 that were determined to be hybrid debt instruments containing embedded at-market swap derivatives. As of October 1, 2023 March 31, 2024, approximately the outstanding amount of $1.5 million was classified as Long-term debt, current portion and approximately $0.7 million was classified as Long-term debt, less current portion on the Company's Consolidated Balance Sheets. Refer to "Note 4. Fair Value Measurement and Interest Rate Swaps" for additional information regarding interest rate swaps and hybrid debt instruments.

Note 10. Income Taxes

The Company's effective tax rate was approximately 23.7% 33.4% for the nine three months ended October 1, 2023 March 31, 2024 and approximately 22.7% 37.5% for the nine three months ended October 2, 2022 April 2, 2023. The increase change in the effective rate was primarily due primarily to a decrease an increase in the amount of excess tax benefits from stock-based compensation recognized as a component of Income tax expense benefit in the Company's Consolidated Statements of Operations. The Company recognized excess tax benefits of $4.3 $2.3 million for the nine three months ended October 1, 2023 March 31, 2024, and $9.3 million $0.8 million for the nine three months ended October 2, 2022 April 2, 2023. The Company's effective tax rate differs from its statutory rate based on a variety of factors, including overall profitability, the geographical mix of income taxes, and the related tax rates in the jurisdictions in which it operates.

The Company provides a valuation allowance against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The assessment considers all available positive and negative evidence and is measured quarterly. The Company maintains a valuation allowance against certain state deferred tax assets where sufficient negative evidence exists to require a valuation allowance. During the nine three months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023, the Company recorded no material increases or decreases to the valuation allowance against deferred tax assets.

Note 11. Commitments and Contingencies

Environmental liability: Liability

As part of the sale by LESCO, Inc. of its manufacturing assets in 2005, the Company retained the environmental liability associated with those assets. Remediation activities can vary substantially in duration and cost and it is difficult to develop precise estimates of future site remediation costs. The Company recorded in Other long-term liabilities the undiscounted cost estimate of future remediation efforts of $3.9 million and $3.9 million as of October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, respectively. As part of the CD&R Acquisition, Deere & Company agreed to pay the first $2.5 million of the liability and the Company's exposure is capped at $2.4 million. The Company has recorded an indemnification asset in Other assets against the liability as a result of these actions of $1.5 million and $1.5 million as of October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, respectively.

Letters of credit: Credit

As of October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, outstanding letters of credit were $14.3 million $18.8 million and $11.5 million $14.3 million, respectively. There were no amounts drawn on the letters of credit for either period presented.

Note 12. Earnings (Loss) Per Share

The Company computes basic earnings (loss) per share ("EPS") by dividing Net income (loss) attributable to common shares by the weighted average number of common shares outstanding for the period. The Company includes vested RSUs, DSUs, and PSUs that have not been settled in common shares in the basic weighted average number of common shares calculation. The Company's computation of diluted EPS reflects the potential dilution that could occur if dilutive securities or other obligations to issue common stock were exercised or converted into common stock, which include in-the-money outstanding stock options and RSUs. PSUs are excluded from the calculation of dilutive potential common shares until the performance conditions have been achieved on the basis of the assumption that the end of the reporting period was the end of the contingency period, if such

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shares issuable are dilutive. Using the treasury stock method, the effect of dilutive securities includes the additional shares of common stock that would have been outstanding based on the assumption that these potentially dilutive securities had been issued. The treasury stock method assumes proceeds from the exercise price of stock options and the unamortized compensation expense of RSUs and stock options are used to repurchase common shares at the average market price during the period, thus reducing the dilutive effect. RSUs and stock options with assumed proceeds per unit above the Company's average share price for the periods presented are excluded from the diluted EPS calculation because the effect is anti-dilutive.

The following table sets forth the computation of the weighted average number of diluted common shares outstanding for the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023:

		Three Months Ended		Nine Months Ended	
		October 1, 2023	**October 2, 2022**	**October 1, 2023**	**October 2, 2022**
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Shares used in the computation of basic earnings per share					
Shares used in the computation of basic earnings per share					
Shares used in the computation of basic earnings per share	Shares used in the computation of basic earnings per share	45,149,650	45,102,574	45,096,404	45,024,324
Effect of dilutive securities:	Effect of dilutive securities:				
Effect of dilutive securities:					
Effect of dilutive securities:					
Stock options					
Stock options					
Stock options	Stock options	500,837	553,461	515,888	667,119
RSUs and PSUs	RSUs and PSUs	86,100	99,328	68,615	97,715
RSUs and PSUs					
RSUs and PSUs					
DSUs	DSUs	10,811	19,004	9,378	14,883
Shares used in the computation of diluted earnings per share		45,747,398	45,774,367	45,690,285	45,804,041
DSUs					
DSUs					
Shares used in the computation of diluted earnings per share(a)					
Shares used in the computation of diluted earnings per share(a)					
Shares used in the computation of diluted earnings per share(a)					

(a) The shares used in the computation of diluted EPS do not give effect to any dilutive securities for the three months ended March 31, 2024 and April 2, 2023 as its inclusion would have the effect of decreasing the Net loss per common share.

The diluted earnings per common share calculation for the three months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023 excluded the effect of 183,837 1,042,007 and 280,825 1,253,714 potential shares of common stock, respectively, because the assumed exercises of a portion of the Company's employee stock options and RSUs were anti-dilutive. In addition, the diluted earnings per common share calculation for the nine months ended October 1, 2023 and October 2, 2022 excluded the anti-dilutive effect of 180,154 and 267,840 potential shares of common stock, respectively.

Note 13. Subsequent Events

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TableIn April 2024, the Company acquired the assets and assumed the liabilities of ContentsEggemeyer Land Clearing, LLC ("Eggemeyer"). With one location in New Braunfels, Texas, Eggemeyer is a wholesale distributor of bulk landscape supplies to landscape professionals.

In April 2024, the Company entered into a joint venture agreement with Devil Mountain Wholesale Nursery, LLC ("Devil Mountain"), pursuant to which it acquired a 75% ownership interest in Devil Mountain. The agreement contains separate put and call options whereby the remaining 25% ownership interest in Devil Mountain may be sold to the Company through the exercise of the joint venture partner's put option or purchased by the Company through the exercise of the Company's call option. With eight wholesale nursery distribution branches and six growing facilities across California, Devil Mountain is a wholesale distributor of landscape trees and plants to landscape professionals.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with the unaudited consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. The following discussion may contain forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this report, Quarterly Report on Form 10-Q, particularly in "Special Note Regarding Forward-Looking Statements and Information" included herein and the section entitled "Risk Factors" in the Annual Report on Form 10-K for the fiscal year ended January 1, 2023 December 31, 2023.

Overview

SiteOne Landscape Supply, Inc. (collectively with all of its subsidiaries referred to in this Quarterly Report on Form 10-Q as "SiteOne," the "Company," "we," "us," and "our") indirectly owns 100% of the membership interest in SiteOne Landscape Supply Holding, LLC ("Landscape Holding"). Landscape Holding is the parent and sole owner of SiteOne Landscape Supply, LLC ("Landscape").

We are the largest and only national full product line wholesale distributor of landscape supplies in the United States and have a growing presence in Canada. Our customers are primarily residential and commercial landscape professionals who specialize in the design, installation, and maintenance of lawns, gardens, golf courses, and other outdoor spaces. As of October 1, 2023 March 31, 2024, we had over 690 branch locations in 45 U.S. states and six Canadian provinces. Through our expansive North American network, we offer a comprehensive selection of more than 155,000 approximately 160,000 SKUs, including irrigation supplies, fertilizer and control products (e.g., herbicides), hardscapes (including pavers, natural stone, and blocks), landscape accessories, nursery goods, outdoor lighting, and ice melt products to green industry professionals. We also provide value-added consultative services to complement our product offerings and to help our customers operate and grow their businesses.

Business Environment and Trends

Economic headwinds, which have driven declining prices including softer markets, commodity price deflation, and weaker demand, cost inflation, continued to be a challenge during the three and nine months ended October 1, 2023 March 31, 2024. While weather conditions have improved since We expect the start of the second quarter current macroeconomic trends, including elevated interest rates, tighter financial markets, reduced consumer spending, continuing inflation, and deflation in certain of our key markets select commodity products, to continue to put pressure on Net sales growth and helped drive volume growth for the three months ended October 1, 2023, particularly in our agronomic product lines, Net income during 2024. Organic Daily Sales growth was 1% for the nine three months ended October 1, 2023, compared March 31, 2024 due to 12% for the same period of 2022. We expect the current macroeconomic trends of elevated interest rates, tightening financial markets, solid demand, partially offset by commodity price deflation. Overall, price deflation reduced consumer spending, moderating price inflation, and deflation in select commodity products such as PVC pipe, grass seed, and fertilizer will continue to put pressure on Net sales growth for the remainder of 2023 and into 2024. Price deflation negatively impacted Organic Daily Sales by 4% for the third quarter of 2023 and the price contribution benefit to Organic Daily Sales growth for the nine three months ended October 1, 2023 is down to 1% March 31, 2024. The overall negative price trend that began in the second half of the 2023 Fiscal Year is expected to continue before moderating in the first part second half of next year. 2024. For the 2024 Fiscal Year, we expect prices to be down approximately 2%, which is at the high end of our initial range of 1% to 2%. For the three and nine months ended October 1, 2023 March 31, 2024, we achieved Net sales growth of 4% and 7% 8%, respectively, driven primarily driven by contributions from acquisitions. Gross margin decreased 130 basis points and 90 100 basis points for the three and nine months ended October 1, 2023 March 31, 2024, respectively, primarily due to the absence of the lower price realization, benefit that was achieved in the same periods of 2022, partially offset by contributions from acquisitions with higher gross margins as well as lower freight costs. margins. Selling, general and administrative expenses ("SG&A") increased 8% and 17%, respectively, 12% for the three and nine months ended October 1, 2023 March 31, 2024, primarily due to the impact of acquisitions, cost inflation, and higher operating expenses supporting our sales growth. acquisitions. Net income decreased 22% and 28%, respectively, loss increased to $19.3 million for the three and nine months ended October 1, 2023 March 31, 2024, compared to $4.5 million for the three months ended April 2, 2023, primarily due to lower gross margin and higher SG&A, and lower gross margins, partially offset by Net sales growth.

Table Net cash used in operating activities decreased to $99.3 million for the three months ended March 31, 2024, compared to $152.6 million for the three months ended April 2, 2023, as a result of Contents

positive changes in working capital for the first three months of 2024 compared to the same period of 2023.

Looking forward, the trend over the last three years of consumers spending more time at home and investing in their outdoor living spaces is expected to continue, although at lower levels. Sharp increases levels compared to the three-year pandemic peak. Increases in home values, lack of affordable new homes, and elevated mortgage interest rates for prolonged periods have resulted in homeowners staying in their homes longer. for longer periods. The long-term outlook for the landscape supply industry remains strong however, driven by favorable population trends, housing demand, and increased interest in outdoor living. We are confident in the landscape supply industry growth opportunities and our continued success ability to continue providing our customers, suppliers, and shareholders exceptional value. We are the only national full product line wholesale distributor of landscape supplies in the United States. We are the industry leader and have With a robust acquisition pipeline and a flexible business model. We model, we remain committed to our strategic and operational initiatives and will continue to focus on driving growth organically and through acquisitions as well as while gaining market share and delivering margin expansion by leveraging our scale, resources, and capabilities. We are also operational in four distribution center facilities across the United States that have expanded our supply chain capacity in 2023. Our West distribution center operations transitioned from Colton, California (179,000 square feet) to Goodyear, Arizona (392,000 square feet) in April 2023.

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We operate three other distribution centers that are located in Hutchins, Texas (338,000 square feet), Palmetto, Georgia (335,000 square feet), and Carlisle, Pennsylvania (201,000 square feet). In addition, we have achieved strong operating cash flows during the nine months ended October 1, 2023 through effective working capital management primarily due to our progress in reducing inventory levels which were elevated in response to supply chain uncertainty in prior year periods.

As we continue to navigate through the current uncertainty presented by market and economic conditions, we believe that we are prepared to meet the challenges ahead due to our balanced business, strong financial condition, dedicated and experienced teams, and focused business strategy. We continue to closely monitor the impact on our business and the related uncertainties and risks of moderating prices and demand weakness softer markets resulting from the challenging market conditions described above as well as the potential effects of uncertain political conditions and geopolitical conflicts, such as the ongoing war in Ukraine, and the conflict in the Gaza Strip. Strip, and unrest in the Middle East. These conditions are beyond our control, and we cannot estimate with certainty the full extent of their impact on our business, results of operations, cash flows, and/or financial condition. To mitigate the effects of these conditions, we may take actions that alter our business operations if required or that we determine are in the best interests of our associates, customers, suppliers, and shareholders. The forward-looking statements in this Business Environment and Trends section are subject to significant risks and uncertainties. See Part I, Item 1A. - “Risk Factors”, in our Annual Report on Form 10-K for the fiscal year ended January 1, 2023 2023 Fiscal Year for a discussion of the various risks that could have a material adverse effect on our reputation, business, financial position, results of operations, and cash flows.

Presentation

Our financial statements included in this report have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). We use a 52/53 week Our fiscal year with the fiscal year is a 52- or 53-week period ending on the Sunday nearest to December 31 in each year. The Our fiscal years ending December 29, 2024 (the “2024 Fiscal Year”) and December 31, 2023 and January 1, 2023 (the “2023 Fiscal Year”) both include 52 weeks. Additionally, our fiscal quarters end on the Sunday nearest to March 31, June 30, and September 30, respectively. The three months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023 both included 13 weeks. The nine months ended October 1, 2023 and October 2, 2022 both included 39 weeks.

We manage our business as a single reportable segment. Within our organizational framework, the same operational resources support multiple geographic regions, and performance is evaluated at a consolidated level. We also evaluate performance based on discrete financial information on a regional basis. Since all of our regions have similar operations and share similar economic characteristics, we aggregate regions into a single operating and reportable segment. These similarities include (i) long-term financial performance, (ii) the nature of products and services, (iii) the types of customers we sell to, and (iv) the distribution methods utilized. Further, all of our product categories have similar supply chain processes and classes of customers.

Key Business and Performance Metrics

We focus on a variety of indicators and key operating and financial metrics to monitor the financial condition and performance of our business. These metrics include:

Net sales. We generate Net sales primarily through the sale of landscape supplies, including irrigation supplies, fertilizer and control products, hardscapes, landscape accessories, nursery goods, outdoor lighting, and ice melt products to our customers who are primarily landscape contractors serving the residential and commercial construction sectors. Our Net sales include billings for freight and handling charges, and commissions on the sale of control products that we sell as an agent. Net sales are presented net of any discounts, returns, customer rebates, and sales or other revenue-based taxes.

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Non-GAAP Organic Sales. In managing our business, we consider all growth, including the opening of new greenfield branches, to be organic growth unless it results from an acquisition. When we refer to Organic Sales growth, we include increases in growth from newly-opened greenfield branches and decreases in growth from closing existing branches but exclude increases in growth from acquired branches until they have been under our ownership for at least four full fiscal quarters at the start of the fiscal reporting period.

Non-GAAP Selling Days. Selling Days are defined as business days, excluding Saturdays, Sundays, and holidays, that our branches are open during the year. Depending upon the location and the season, our branches may be open on Saturdays and Sundays; however, for consistency, those days have been excluded from the calculation of Selling Days.

Non-GAAP Organic Daily Sales. We define Organic Daily Sales as Organic Sales divided by the number of Selling Days in the relevant reporting period. We believe Organic Sales growth and Organic Daily Sales growth are useful measures for evaluating our performance as we may choose to open or close branches in any given market depending upon the needs of our customers or our strategic growth opportunities. Refer to “Results of Operations – Quarterly Results of Operations Data” for a reconciliation of Organic Daily Sales to Net sales.

Cost of goods sold. Our Cost of goods sold includes all inventory costs, such as the purchase price paid to suppliers, net of any volume-based incentives, as well as inbound freight and handling, and other costs associated with inventory. Cost of goods sold also includes salaries, wages, employee benefits, payroll taxes, bonuses, depreciation, and amortization related to inventory production activities. Our Cost of goods sold excludes the cost to deliver the products to our customers through our branches, which is included in Selling, general and administrative expenses. Cost of goods sold is recognized primarily using the first-in, first-out method of accounting for the inventory sold.

Gross profit and gross margin. We believe that Gross profit and gross margin are useful for evaluating our operating performance. We define Gross profit as Net sales less Cost of goods sold. We define gross margin as Gross profit divided by Net sales.

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Selling, general and administrative expenses (operating expenses). Our operating expenses are primarily comprised of Selling, general and administrative costs, which include personnel expenses (salaries, wages, employee benefits, payroll taxes, stock-based compensation, and bonuses), rent, fuel, vehicle maintenance costs, insurance, utilities, repairs and maintenance, and professional fees. Operating expenses also include depreciation and amortization.

Non-GAAP Adjusted EBITDA. In addition to the metrics discussed above, we believe that Adjusted EBITDA is useful for evaluating the operating performance and efficiency of our business. EBITDA represents our Net income (loss) plus the sum of income tax (benefit) expense, interest expense, net of interest income, and depreciation and amortization. Adjusted EBITDA represents EBITDA as further adjusted for items such as stock-based compensation expense, (gain) loss on sale of assets and termination of finance leases not in the ordinary course of business, financing fees, as well as other fees and expenses related to acquisitions, and other non-recurring (income) loss. Refer to "Results of Operations – Quarterly Results of Operations Data" for more information regarding how we calculate EBITDA and Adjusted EBITDA and the limitations of those metrics.

Key Factors Affecting Our Operating Results

In addition to the metrics described above, a number of other important factors may affect our results of operations in any given period.

Weather Conditions and Seasonality

In a typical year, our operating results are impacted by seasonality. Our Net sales and Net income have been higher in the second and third quarters of each fiscal year due to favorable weather and longer daylight conditions during these quarters. Our Net sales have been significantly lower in the first and fourth quarters due to lower landscaping, irrigation, and turf maintenance activities in these quarters, and historically, we have incurred net losses in these quarters. Seasonal variations in operating results may also be significantly impacted by inclement weather conditions, such as snow and ice storms, wet weather, and hurricanes, which not only impact the demand for certain products like fertilizer and ice melt, but also may delay construction projects where our products are used.

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Industry and Key Economic Conditions

Our business depends on demand from customers for landscape products and services. The landscape supply industry includes a significant amount of landscape products, such as irrigation systems, outdoor lighting, lawn care supplies, nursery goods, and landscape accessories, for use in the construction of newly built homes, commercial buildings and facilities, and recreational spaces. The landscape supply industry has historically grown in line with rates of growth in residential housing and commercial building. The industry is also affected by trends in home prices, mortgage interest rates, home sales, and consumer spending. As general economic conditions improve or deteriorate, consumption of these products and services also tends to fluctuate. The landscape supply industry also includes a significant amount of agronomic products such as fertilizer, herbicides, and ice melt for use in maintaining existing landscapes or facilities. The use of these products is also tied to general economic activity, but levels of sales are not as closely correlated to construction markets.

Popular Consumer Trends

Preferences in housing, lifestyle, and environmental awareness can also impact the overall level of demand and mix for the products we offer. Examples of current trends we believe are important to our business include an ongoing interest in professional landscape services inspired by the popularity of home and garden television shows, magazines, and social media, the increasingly popular concept of "outdoor living," which has been a key driver of sales growth for our hardscapes and outdoor lighting products, and the social focus on eco-friendly products that promote water conservation, energy efficiency, and the adoption of "green" standards.

Acquisitions

In addition to our organic growth, we continue to grow our business through acquisitions in an effort to better service our existing customers and to attract new customers. These acquisitions have allowed us to further broaden our product lines and extend our geographic reach and leadership positions in local markets. In accordance with GAAP, the results of the acquisitions are reflected in our financial statements from the date of acquisition forward. Additionally, we incur transaction costs in connection with identifying and completing acquisitions as well as ongoing costs as we integrate acquired companies and seek to achieve synergies. As of October 1, 2023 March 31, 2024, we completed the following acquisitions since the start of the 2022 fiscal year: 2023 Fiscal Year:

- In December 2023, we acquired the assets and assumed the liabilities of Newsom Seed, Inc. ("Newsom Seed"). With two locations in Fulton, Maryland, Newsom Seed is a wholesale distributor of seed and agronomic products to landscape professionals.
- In August 2023, we acquired the assets and assumed the liabilities of JMJ Organics LTD ("JMJ Organics"). With five locations in Houston, Texas, JMJ Organics is a wholesale distributor of landscape supplies, nursery products, and hardscapes to landscape professionals.
- In August 2023, we acquired the assets and assumed the liabilities of Regal Chemical Company and Monarch Scientific, LLC (collectively, "Regal"). With one location in Alpharetta, Georgia, Regal is a wholesale distributor of agronomic products to landscape professionals.
- In August 2023, we acquired all of the outstanding stock of Pioneer Landscape Centers, Inc. and JLL Pioneer LLC (collectively, "Pioneer"). With 18 locations in Colorado and 16 locations in Arizona, Pioneer is a wholesale distributor of hardscapes and landscape supply products, including decorative rock, pavers, bulk materials, artificial turf, and supporting products to landscape professionals.
- In August 2023, we acquired the assets and assumed the liabilities of Timothy's Center for Gardening, LLC ("Timothy's"). With one location in Robbinsville, New Jersey, Timothy's is a wholesale distributor of hardscapes, nursery products, and bulk materials to landscape professionals.

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- In August 2023, we acquired the assets and assumed the liabilities of New England Silica, Inc. ("New England Silica"). With one location in South Windsor, Connecticut, New England Silica is a wholesale distributor of hardscapes to landscape professionals.
- In July 2023, we acquired the assets and assumed the liabilities of Hickory Hill Farm & Garden, LLC ("Hickory Hill"). With one location in Eatonton, Georgia, Hickory Hill is a wholesale distributor of irrigation, nursery, and landscape supplies to landscape professionals.
- In May 2023, we acquired the assets and assumed the liabilities of Link Inc., doing business as Link Outdoor Lighting Distributors ("Link"). With four locations in Altamonte Springs and Naples, Florida, Nashville, Tennessee, and Houston, Texas, Link is a wholesale distributor of landscape lighting products to landscape professionals.
- In May 2023, we acquired the assets and assumed the liabilities of Adams Wholesale Supply, Inc. ("Adams Wholesale Supply"). With three locations in the San Antonio, Houston, and Dallas, Texas markets, Adams Wholesale Supply is a wholesale distributor of landscape supplies and agronomic products to landscape professionals.

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- In March 2023, we acquired the assets and assumed the liabilities of Triangle Landscape Supplies, Inc., Triangle Landscape Supplies of J.C., LLC, and Triangle Landscape Supplies of Apex, Inc. (collectively, "Triangle"). With four locations in the Raleigh-Durham, North Carolina market, Triangle is a wholesale distributor of hardscapes and landscape supplies to landscape professionals.
- In March 2023, we acquired the assets and assumed the liabilities of J&J Materials Corp. ("J&J Materials"). With five locations in Rhode Island and Southeastern Massachusetts, J&J Materials is a wholesale distributor of hardscapes to landscape professionals.
- In December 2022, we acquired all of the outstanding stock of Whittlesey Landscape Supplies and Recycling, Inc. ("Whittlesey"). With seven locations in the greater Austin, Texas market, Whittlesey is a producer and wholesale distributor of bulk landscape supplies and hardscapes to landscape professionals.
- In December 2022, we acquired the assets and assumed the liabilities of Telluride Natural Stone, Inc. ("Telluride Natural Stone"). With one location in Phoenix, Arizona, Telluride Natural Stone is a wholesale distributor of hardscape products and landscape supplies to landscape professionals.
- In October 2022, we acquired the assets and assumed the liabilities of Madison Block & Stone, LLC ("Madison Block & Stone"). With one location in Madison, Wisconsin, Madison Block & Stone is a wholesale distributor of natural stone, pavers, bulk materials, and landscape supplies to landscape professionals.
- In August 2022, we acquired the assets and assumed the liabilities of Kaknes Landscape Supply, Inc. ("Kaknes"). With one location in Naperville, Illinois, Kaknes is a wholesale distributor of nursery products to landscape professionals.
- In August 2022, we acquired the assets and assumed the liabilities of Stone Plus, LLC ("Stone Plus"). With three locations in Northeast Florida, Stone Plus is a wholesale distributor of landscape supplies and hardscapes to landscape professionals.
- In August 2022, we acquired the assets and assumed the liabilities of JimStone Co. of Louisiana, LLC ("Jim Stone"). With three locations in Southern Louisiana, Jim Stone is a wholesale distributor of natural stone and other hardscapes to landscape professionals.
- In August 2022, we acquired the assets and assumed the liabilities of Linzel Distributing Inc. ("Linzel"). With one location in Hamilton, Ontario, Canada, Linzel is a wholesale distributor of outdoor lighting and landscape supplies to landscape professionals.
- In August 2022, we acquired the assets and assumed the liabilities of Cape Cod Stone & Masonry Supply, Inc. ("Cape Cod Stone"). With one location in Orleans, Massachusetts, Cape Cod Stone is a wholesale distributor of hardscapes to landscape professionals.
- In July 2022, we acquired the assets and assumed the liabilities of River Valley Horticultural Products, Inc. and River Valley Equipment Rental and Sales, LLC (collectively, "River Valley"). With one location in Little Rock, Arkansas, River Valley is a wholesale distributor of nursery products, hardscapes, and landscape supplies to landscape professionals.
- In July 2022, we acquired all of the outstanding stock of A&A Stepping Stone Manufacturing, Inc. ("A&A Stepping Stone"). With four locations in Sacramento, California, A&A Stepping Stone is a wholesale distributor of hardscapes and landscape supplies to landscape professionals.
- In June 2022, we acquired the assets and assumed the liabilities of Prescott Dirt, LLC ("Prescott Dirt"). With two locations in Prescott and Prescott Valley, Arizona, Prescott Dirt is a wholesale distributor of landscape supplies to landscape professionals.
- In June 2022, we acquired the assets and assumed the liabilities of Yard Works, LLC ("Yard Works"). With 13 locations in Central Virginia, Yard Works is a wholesale distributor of bulk landscape supplies to landscape professionals.
- In June 2022, we acquired the assets and assumed the liabilities of Across the Pond, Inc. ("Across the Pond"). With one location in Huntsville, Alabama, Across the Pond is a wholesale distributor of hardscapes and bulk landscape supplies to landscape professionals.
- In April 2022, we acquired the assets and assumed the liabilities of Preferred Seed Company, Inc. ("Preferred Seed"). With one location in Buffalo, New York, Preferred Seed is a wholesale distributor of seed and agronomic products to landscape professionals.
- In April 2022, we acquired the assets and assumed the liabilities of RTSB Enterprises, Inc., doing business as Bellstone Masonry Supply ("Bellstone"). With one location in Fort Worth, Texas, Bellstone is a wholesale distributor of hardscapes and landscape supplies to landscape professionals.

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- In March 2022, we acquired all of the outstanding stock of J K Enterprise, Inc., Culpeper Recycling Hauling LLC, Culpeper Recycling Transport LLC, Gateway Home & Garden Center, LLC, JK Enterprise Landscape Supply, Limited Liability Company, Madera Farm Transport, LLC, Saunders LS, LLC, and Tilden Farm Nursery, LLC, and also acquired the assets of Metro Landscape Supply, Limited and Culpeper Recycling, LLC (collectively, "JK Enterprise"). With six locations in Northern Virginia and one location in Maryland, JK Enterprise is a wholesale distributor of bulk and bagged mulches and soil, hardscapes, and nursery products to landscape professionals.

Volume-Based Pricing

We generally procure our products through purchase orders rather than under long-term contracts with firm commitments. We work to develop strong relationships with select suppliers that we target based on a number of factors, including brand and market recognition, price, quality, product support, service levels, delivery terms, and strategic positioning. We typically have annual supplier agreements, and while they generally do not provide for specific product pricing, many include volume-based financial incentives that

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we earn by meeting or exceeding purchase volume targets. Our ability to earn these volume-based incentives is an important factor in our financial results. In certain cases, we have entered enter into supply contracts with terms that exceed one year for the manufacture of our LESCO® branded fertilizer, some nursery goods, and grass seed, and landscape supply products, which may require us to purchase products in the future.

Strategic Initiatives

We continue to undertake initiatives, utilizing our scale to improve our profitability, enhance supply chain efficiency, strengthen our pricing and category management capabilities, streamline and refine our marketing process, and invest in more sophisticated information technology systems and data analytics. We are focusing on our procurement and supply chain management initiatives to better serve our customers and reduce sourcing costs. We are also implementing new inventory planning and stocking system functionalities and new transportation management systems in an effort to reduce costs as well as improve our reliability and level of service. In addition, we continue to enhance our website and B2B e-Commerce platform. We also work closely with our local branches to improve sales, delivery, and branch productivity. We believe we will continue to benefit from the following initiatives, among others:

- Category management initiatives, including the implementation of organic growth strategies, the development of our assortment planning, private label product strategy, the expansion, line of product lines, business training, and the reorganization of brands and products by preferred suppliers. supplier management.
- Supply chain initiatives, including the implementation of new inventory planning and stocking systems and functionalities, the installation continued expansion of new our distribution centers, network footprint and capabilities, local hubs in large markets, inbound freight optimization, and local fleet utilization and cost improvements.
- Sales force performance initiatives, including optimizing our commercial sales strategies, leads, and opportunities, while improving the implementation skills and performance of new compensation plans, the restructuring of our sales force, formal sales and product training for our sales force and sales force management, and the implementation of a comprehensive CRM. team.
- Marketing initiatives, including customer analytics and lifecycle marketing, product marketing, customer strategy and analytics, Hispanic customer engagement, implementation optimization of our digital marketing strategy, and our updated a continued focus on the new Partners Program.
- Digital initiatives, including increasing customer demand and as well as adoption of our website, mobile application, and overall B2B e-Commerce platform, SiteOne.com, which provides the convenience of an online sales channel, enhanced account management functionality, and industry specific productivity tools for our customers.
- Operational excellence initiatives, including the implementation of best practices in branch operations which encompasses safety, merchandising, stocking and assortment, customer engagement, delivery, labor management, as well as the additional automation and enhancement of branch systems, including the rollout of barcoding. improved associate mobile capabilities.

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Working Capital

Our business is characterized by a relatively high level of reported working capital, the effects of which can be compounded by changes in prices. In addition to affecting our Net sales, fluctuations in prices of supplies tend to result in changes in our reported inventories, trade receivables, and trade payables, even when our sales volumes and our rate of turnover of these working capital items remain relatively constant. Our working capital needs are exposed to these price fluctuations, as well as to fluctuations in our cost for transportation and distribution. We may not always be able to reflect these increases changes in our pricing. The strategic initiatives described above are designed to reduce our exposure to these fluctuations and maintain and improve our efficiency.

Results of Operations

In the following discussion of our results of operations, we make comparisons between the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023 (in millions, except percentages).

		Consolidated Statements of Operations															
		Consolidated Statements of Operations															
		Consolidated Statements of Operations															
		Three Months Ended				Nine Months Ended											
		October 1, 2023		October 2, 2022		October 1, 2023		October 2, 2022									
		Consolidated Statements of Operations															
	Three Months Ended																Three Months Ended
	March 31, 2024															March 31, 2024	April 2, 2023
Net sales	Net sales	$1,145.1	100.0 %	$1,102.6	100.0 %	$3,336.2	100.0 %	$3,124.5	100.0 %	Net sales	$904.8	100.0	100.0 %	$837.4	100.0	100.0 %	
Cost of goods sold	Cost of goods sold	757.0	66.1 %	714.0	64.8 %	2,171.6	65.1 %	2,005.6	64.2 %	Cost of goods sold	603.6	66.7	66.7 %	550.3	65.7	65.7 %	
Gross profit	**Gross profit**	388.1	33.9 %	388.6	35.2 %	1,164.6	34.9 %	1,118.9	35.8 %	**Gross profit**	301.2	33.3	33.3 %	287.1	34.3	34.3 %	

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Selling, general and administrative expenses	Selling, general and administrative expenses	311.8	27.2 %	289.2	26.2 %	923.8	27.7 %	792.4	25.4 %	Selling, general and administrative expenses	327.7	36.2	36.2 %	291.4	34.8	34.8 %
Other income	Other income	4.9	0.4 %	2.4	0.2 %	11.4	0.3 %	6.6	0.2 %	Other income	4.2	0.5	0.5 %	4.0	0.5	0.5 %
Operating income		81.2	7.1 %	101.8	9.2 %	252.2	7.6 %	333.1	10.7 %							
Operating loss										**Operating loss**	(22.3)		(2.5)%	(0.3)		— %
Interest and other non-operating expenses, net	Interest and other non-operating expenses, net	6.4	0.6 %	5.6	0.5 %	20.6	0.6 %	14.5	0.5 %	Interest and other non-operating expenses, net	6.7	0.7	0.7 %	6.9	0.8	0.8 %
Income tax expense		17.5	1.5 %	22.9	2.1 %	54.8	1.6 %	72.3	2.3 %							
Net income		$ 57.3	5.0 %	$ 73.3	6.6 %	$ 176.8	5.3 %	$ 246.3	7.9 %							
Income tax benefit										Income tax benefit	(9.7)		(1.1)%	(2.7)		(0.3)%
Net loss										**Net loss**	$ (19.3)		(2.1)%	$ (4.5)		(0.5)%

Net sales

Net sales increased 4% to $1,145.1 million for the three months ended October 1, 2023 March 31, 2024 increased 8% to $904.8 million as compared to $1,102.6 million $837.4 million for the three months ended October 2, 2022, and increased 7% to $3,336.2 million for the nine months ended October 1, 2023 compared to $3,124.5 million for the nine months ended October 2, 2022. These increases were April 2, 2023 primarily due to contributions from acquisitions. Organic Daily Sales decreased 2% in for the third first quarter of 2024 increased by 1% compared to the first quarter of 2023 due primarily to lower prices for solid demand, partially offset by commodity products such as PVC pipe, grass seed, and fertilizer, and increased 1% for the nine months ended October 1, 2023 reflecting modest end market demand and slightly higher prices. price deflation. Based upon year-over-year price changes in our highest selling SKUs, we estimate price deflation reduced Organic Daily Sales by approximately 4% for during the three months ended October 1, 2023, and price inflation contributed approximately 1% to our Organic Daily Sales growth for the nine months ended October 1, 2023 March 31, 2024. Organic Daily Sales for agronomic products (fertilizer, control products, ice melt, equipment, and other products) decreased 2% in the third quarter of 2023 and 2% for the first nine months of 2023 increased 10% primarily due primarily to strong volume growth resulting from lower prices, for fertilizer solid end market demand, more snow events, and grass seed, partially offset by increased volume for those products. an earlier start to spring in many of our key Northern markets. Organic Daily Sales for landscaping products (irrigation supplies, hardscapes, landscape accessories, nursery goods, and outdoor lighting) declined decreased 2% in the third quarter of 2023 due to reflecting lower prices and moderating end market demand and grew 2% less favorable weather in the first nine months several of 2023 reflecting modest end market demand. our key construction markets. Acquisitions contributed $64.7 million, or 6%, to the Net sales growth for the third quarter of 2023, and $207.3 $62.5 million, or 7%, to the Net sales growth for the nine months ended October 1, 2023. first quarter of 2024.

Cost of goods sold

Cost of goods sold increased 6% to $757.0 million for the three months ended October 1, 2023 compared March 31, 2024 increased 10% to $714.0 $603.6 million from $550.3 million for the three months ended October 2, 2022, and increased 8% to $2,171.6 million for the nine months ended October 1, 2023 compared to $2,005.6 million for the nine months ended October 2, 2022 April 2, 2023. The increase in Cost of goods sold for the three and nine months ended October 1, 2023 was primarily attributable to acquisitions.

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Gross profit and gross margin

Gross profit was largely unchanged at $388.1 million for the three months ended October 1, 2023 March 31, 2024 increased 5% to $301.2 million compared to $388.6 million $287.1 million for the three months ended October 2, 2022, and increased 4% to $1,164.6 million for the nine months ended October 1, 2023 compared to $1,118.9 million for the nine months ended October 2, 2022 April 2, 2023. Gross profit growth for the nine months ended October 1, 2023 was driven by Net sales growth, including acquisitions. Gross margin decreased 130 100 basis points to 33.9% in 33.3% for the third first quarter of 2023 2024 as compared to 35.2% in 34.3% for the third first quarter of 2022 and decreased 90 basis points to 34.9% for the nine months ended October 1, 2023 compared to 35.8% for the nine months ended October 2, 2022. 2023. The decrease in gross margin is primarily reflects due to lower prices and the absence of the price realization, benefit recognized in the first nine months of 2022, partially offset by contributions from acquisitions with higher gross margins and lower freight costs. margins.

Selling, general and administrative expenses

SG&A increased 8% to $311.8 million for the three months ended October 1, 2023 compared March 31, 2024 increased 12% to $289.2 million $327.7 million from $291.4 million for the three months ended October 2, 2022, and increased 17% to $923.8 million for the nine months ended October 1, 2023 compared to $792.4 million for the nine months ended October 2, 2022 April 2, 2023. SG&A as a percentage of Net sales increased 100 140 basis points to 27.2% 36.2% for the three months ended October 1, 2023 first quarter of 2024 compared to 26.2% 34.8% for the three months ended October 2, 2022, and increased 230 basis points to 27.7% for the nine months ended October 1, 2023 compared to 25.4% for the nine months ended October 2, 2022. These increases were first quarter of 2023 primarily due to the impact of acquisitions, cost inflation, and higher operating

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expenses supporting our sales growth. acquisitions. Depreciation and amortization expense increased $3.9 million $2.1 million to $31.3 million for the three months ended October 1, 2023, compared to $27.4 million for the three months ended October 2, 2022, and increased $20.9 million to $93.1 million for the nine months ended October 1, 2023 compared to $72.2 million for the nine months ended October 2, 2022. The increase in depreciation and amortization for the three and nine months ended October 1, 2023 was primarily attributable $32.9 million due to our acquisitions.

Interest and other non-operating expenses, net

Interest and other non-operating expenses, net increased $0.8 million decreased $0.2 million to $6.4 million $6.7 million for the three months ended October 1, 2023 compared to $5.6 million March 31, 2024 from $6.9 million for the three months ended October 2, 2022, and increased $6.1 million to $20.6 million for the nine months ended October 1, 2023 compared to $14.5 million for the nine months ended October 2, 2022 April 2, 2023. The increase decrease in interest expense was primarily due to increased decreased borrowings, and partially offset by a higher average interest rate during the three and nine months ended October 1, 2023 first quarter of 2024 as compared to the same periods first quarter of 2022. 2023.

Income tax expense benefit

Income tax expense benefit was $17.5 million $9.7 million for the three months ended October 1, 2023 March 31, 2024 as compared to $22.9 $2.7 million for the three months ended October 2, 2022 April 2, 2023. The effective tax rate was 23.4% 33.4% for the three months ended October 1, 2023 first quarter of 2024 as compared to 23.8% 37.5% for the three months ended October 2, 2022. first quarter of 2023. The decrease change in the effective tax rate was primarily due primarily to an increase in the amount of excess tax benefits from stock-based compensation recognized as a component of Income tax expense benefit in the Consolidated Statements of Operations. Excess tax benefits of $2.4 $2.3 million were recognized for the first quarter of 2024 as compared to $0.8 million for the first quarter of 2023.

Net income

Net loss for the three months ended October 1, 2023 March 31, 2024 increased $14.8 million to $19.3 million as compared to $1.9 $4.5 million for the three months ended October 2, 2022.

Income tax expense was $54.8 million for the nine months ended October 1, 2023 compared to $72.3 million for the nine months ended October 2, 2022. The effective tax rate was 23.7% for the nine months ended October 1, 2023 compared to 22.7% for the nine months ended October 2, 2022 April 2, 2023. The increase in the effective rate was due primarily to a decrease in the amount of excess tax benefits from stock-based compensation recognized as a component of Income tax expense in the Consolidated Statements of Operations. Excess tax benefits of $4.3 million were recognized for the nine months ended October 1, 2023 compared to $9.3 million for the nine months ended October 2, 2022.

Net income

Net income decreased $16.0 million to $57.3 million for the three months ended October 1, 2023 compared to $73.3 million for the three months ended October 2, 2022, and decreased $69.5 million to $176.8 million for the nine months ended October 1, 2023 compared to $246.3 million for the nine months ended October 2, 2022. The decline in Net income for the three and nine months ended October 1, 2023 loss was primarily due to lower gross margins and higher SG&A, and decreased gross margin, partially offset by an increase in Net sales.

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Quarterly Results of Operations Data

The following tables set table sets forth certain financial data for each of the most recent eight fiscal quarters including our unaudited Net sales, Cost of goods sold, Gross profit, Selling, general and administrative expenses, Net income (loss), and Adjusted EBITDA data (including a reconciliation of Adjusted EBITDA to Net income (loss)). We have prepared the quarterly data on a basis that is consistent with the financial statements included in this Quarterly Report on Form 10-Q. In the opinion of management, the financial information reflects all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data. This information is not a complete set of financial statements and should be read in conjunction with our financial statements and related notes included in this Quarterly Report on Form 10-Q. The results of historical periods are not necessarily indicative of the results of operations for a full year or any future period.

(In millions, except per share information and percentages)

	2023			2022				2021
	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4
Net sales	$ 1,145.1	$ 1,353.7	$ 837.4	$ 890.0	$ 1,102.6	$ 1,216.6	$ 805.3	$ 805.2
Cost of goods sold	757.0	864.3	550.3	587.4	714.0	755.5	536.1	522.8
Gross profit	388.1	489.4	287.1	302.6	388.6	461.1	269.2	282.4
Selling, general and administrative expenses	311.8	320.6	291.4	304.6	289.2	272.7	230.5	247.2
Other (income) expense, net	(4.9)	(2.5)	(4.0)	(2.0)	(2.4)	(1.7)	(2.5)	(0.1)
Operating income (loss)	81.2	171.3	(0.3)	—	101.8	190.1	41.2	35.3
Interest and other non-operating expenses, net	6.4	7.3	6.9	5.5	5.6	4.6	4.3	5.1
Income tax (benefit) expense	17.5	40.0	(2.7)	(4.6)	22.9	44.8	4.6	2.7
Net income (loss)	$ 57.3	$ 124.0	$ (4.5)	$ (0.9)	$ 73.3	$ 140.7	$ 32.3	$ 27.5
Net income (loss) per common share:								
Basic	$ 1.27	$ 2.75	$ (0.10)	$ (0.02)	$ 1.63	$ 3.12	$ 0.72	$ 0.61
Diluted	$ 1.25	$ 2.71	$ (0.10)	$ (0.02)	$ 1.60	$ 3.07	$ 0.70	$ 0.60

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Adjusted EBITDA[a]	$ 119.8	$ 211.2	$ 39.8	$ 38.9	$ 135.6	$ 222.0	$ 67.8	$ 61.8

(In millions, except per share information and percentages)

(In millions, except per share information and percentages)

(In millions, except per share information and percentages)

2024	
	Qtr 1
	Qtr 1
	Qtr 1
Net sales	
Net sales	
Net sales	
Cost of goods sold	
Cost of goods sold	
Cost of goods sold	
Gross profit	
Gross profit	
Gross profit	
Selling, general and administrative expenses	
Selling, general and administrative expenses	
Selling, general and administrative expenses	
Other income, net	
Other income, net	
Other income, net	
Operating income (loss)	
Operating income (loss)	
Operating income (loss)	
Interest and other non-operating expenses, net	
Interest and other non-operating expenses, net	
Interest and other non-operating expenses, net	
Income tax expense (benefit)	
Income tax expense (benefit)	
Income tax expense (benefit)	
Net income (loss)	
Net income (loss)	
Net income (loss)	
Net income (loss) per common share:	
Net income (loss) per common share:	
Net income (loss) per common share:	
Basic	
Basic	
Basic	
Diluted	
Diluted	

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Diluted											
Adjusted EBITDA(a)											
Adjusted EBITDA(a)											
Adjusted EBITDA(a)											
Net sales as a percentage of annual Net sales											
Net sales as a percentage of annual Net sales											
Net sales as a percentage of annual Net sales	Net sales as a percentage of annual Net sales	22.2	%	27.5	%	30.3	%	20.0	%	23.2	%
Gross profit as a percentage of annual Gross profit	Gross profit as a percentage of annual Gross profit	21.3	%	27.3	%	32.4	%	19.0	%	23.3	%
Gross profit as a percentage of annual Gross profit											
Gross profit as a percentage of annual Gross profit											
Adjusted EBITDA as a percentage of annual Adjusted EBITDA	Adjusted EBITDA as a percentage of annual Adjusted EBITDA	8.4	%	29.2	%	47.8	%	14.6	%	14.9	%
Adjusted EBITDA as a percentage of annual Adjusted EBITDA											
Adjusted EBITDA as a percentage of annual Adjusted EBITDA											

(a) In addition to our Net income (loss) determined in accordance with GAAP, we present Adjusted EBITDA in this Quarterly Report on Form 10-Q to evaluate the operating performance and efficiency of our business. EBITDA represents our Net income (loss) plus the sum of income Income tax expense (benefit) expense, , interest expense, net of interest income, and depreciation and amortization. Adjusted EBITDA represents EBITDA as is further adjusted for stock-based compensation expense, (gain) loss on sale of assets and termination of finance leases not in the ordinary course of business, financing fees, as well as other fees and expenses related to acquisitions, and other non-recurring (income) loss. We believe that Adjusted EBITDA is an important supplemental measure of operating performance because:

- Adjusted EBITDA is used to test compliance with certain covenants under our long-term debt agreements;
- Adjusted EBITDA is frequently used by securities analysts, investors, and other interested parties in their evaluation of companies, many of which present an Adjusted EBITDA measure when reporting their results;
- Adjusted EBITDA is helpful in highlighting operating trends, because it excludes the results of decisions that are outside the control of operating management and that can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, age and book depreciation of facilities, and capital investments;
- we consider (gains) losses on the acquisition, disposal, and impairment of assets as resulting from investing decisions rather than ongoing operations; and
- other significant non-recurring items, while periodically affecting our results, may vary significantly from period to period and have a disproportionate effect in a given period, which affects comparability of our results.

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Adjusted EBITDA is not a measure of our liquidity or financial performance under GAAP and should not be considered as an alternative to Net income, operating Operating income, or any other performance measures derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of our liquidity. The use of Adjusted EBITDA instead of Net income has limitations as an analytical tool. For example, this measure:

- does not reflect changes in, or cash requirements for, our working capital needs;
- does not reflect our interest expense, net, or the cash requirements necessary to service interest or principal payments, on our debt;
- does not reflect our Income tax expense (benefit) expense or the cash requirements to pay our income taxes;
- does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments; and
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and does not reflect any cash requirements for such replacements.

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Management compensates for these limitations by relying primarily on the GAAP results and by using Adjusted EBITDA only as a supplement to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies limiting their usefulness as a comparative measure.

The following table presents a reconciliation of Adjusted EBITDA to Net income (loss) (in millions):

		2024							
		2023			2022				2021
		2024							
		Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4
		2024							
		Qtr 1							
		Qtr 1							
		Qtr 1							
Reported Net income (loss)	**Reported Net income (loss)**	$ 57.3	$ 124.0	$ (4.5)	$ (0.9)	$ 73.3	$ 140.7	$ 32.3	$ 27.5
	Income tax (benefit) expense	17.5	40.0	(2.7)	(4.6)	22.9	44.8	4.6	2.7
	Interest expense, net	6.4	7.3	6.9	5.5	5.6	4.6	4.3	5.1
	Depreciation and amortization	31.3	31.0	30.8	31.6	27.4	23.1	21.7	22.3
Reported Net income (loss)									
Reported Net income (loss)									
	Income tax expense (benefit)								
	Income tax expense (benefit)								
	Income tax expense (benefit)								
	Interest expense, net								
	Interest expense, net								
	Interest expense, net								
	Depreciation and amortization								
	Depreciation and amortization								
	Depreciation and amortization								
EBITDA	**EBITDA**	112.5	202.3	30.5	31.6	129.2	213.2	62.9	57.6
	Stock-based compensation(a)	5.0	7.1	8.6	4.3	4.5	5.8	3.7	3.1
	(Gain) loss on sale of assets(b)	(0.2)	0.2	(0.4)	0.2	(0.7)	(0.2)	(0.1)	0.2
	Financing fees(c)	0.4	0.1	—	—	0.1	0.2	—	—
	Acquisitions and other adjustments(d)	2.1	1.5	1.1	2.8	2.5	3.0	1.3	0.9
EBITDA									
EBITDA									
	Stock-based compensation(a)								

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	Stock-based compensation(a)								
	Stock-based compensation(a)								
	(Gain) loss on sale of assets(b)								
	(Gain) loss on sale of assets(b)								
	(Gain) loss on sale of assets(b)								
	Financing fees(c)								
	Financing fees(c)								
	Financing fees(c)								
	Acquisitions and other adjustments(d)								
	Acquisitions and other adjustments(d)								
	Acquisitions and other adjustments(d)								
Adjusted EBITDA(e)									
Adjusted EBITDA(e)									
Adjusted EBITDA(e)	**Adjusted EBITDA(e)**	$ 119.8	$ 211.2	$ 39.8	$ 38.9	$ 135.6	$ 222.0	$ 67.8	$ 61.8

(a) Represents stock-based compensation expense recorded during the period.
(b) Represents any gain or loss associated with the sale of assets and termination of finance leases not in the ordinary course of business.
(c) Represents fees associated with our debt refinancing and debt amendments.
(d) Represents professional fees, retention and severance payments, and performance bonuses related to historical acquisitions. Although we have incurred professional fees, retention and severance payments, and performance bonuses related to acquisitions in several historical periods and expect to incur such fees and payments for any future acquisitions, we cannot predict the timing or amount of any such fees or payments. These amounts are recorded in Selling, general and administrative expenses in the Consolidated Statements of Operations.
(e) Adjusted EBITDA excludes any earnings or loss of acquisitions prior to their respective acquisition dates for all periods presented.

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The following table presents a reconciliation of Organic Daily Sales to Net sales (in millions, except Selling Days):

		2023			2022		
		Qtr 3	**Qtr 2**	**Qtr 1**	**Qtr 3**	**Qtr 2**	**Qtr 1**
		2024					
		2024					
		2024					
	Qtr 1						
Reported Net sales	**Reported Net sales**	$ 1,145.1	$1,353.7	$837.4	$1,102.6	$1,216.6	$805.3
	Organic Sales(a)	1,046.7	1,252.4	777.6	1,068.9	1,201.4	802.0
	Acquisition contribution(b)	98.4	101.3	59.8	33.7	15.2	3.3
	Organic Sales(a)						
	Acquisition contribution(b)						
Selling Days	**Selling Days**	63	64	64	63	64	65

			2023	
		Qtr 1		**Qtr 1**

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Organic Daily Sales	**Organic Daily Sales**	$ 16.6	$ 19.6	$ 12.2	$ 17.0	$ 18.8	$ 12.3

(a) Organic Sales sales equal Net sales less Net sales from branches acquired in 2023 2024 and 2022. 2023.

(b) Represents Net sales from acquired branches that have not been under our ownership for at least four full fiscal quarters at the start of the 2023 2024 Fiscal Year. Includes Net sales from branches acquired in 2023 2024 and 2022. 2023.

Liquidity and Capital Resources

We assess our liquidity in terms of our cash and cash equivalents on hand and the ability to generate cash to fund our operating and investing activities, repurchase shares, and service our debt, taking into consideration available borrowings and the seasonal nature of our business. We expect that cash and cash equivalents on hand, cash provided from operations, and available capacity under the ABL Facility will provide sufficient funds to operate our business, make capital expenditures, complete acquisitions and share repurchases, and meet all of our liquidity requirements for the next 12 months, including payment of interest and principal on our debt. Longer-term projects or significant investments in acquisitions may be financed through borrowings under our credit facilities or other forms of financing and will depend on then-existing conditions.

In October 2022, our Board of Directors approved a share repurchase authorization for up to $400.0 million of our common stock. We intend to purchase shares under the repurchase authorization from time to time on the open market at the discretion of management, subject to strategic considerations, market conditions, and other factors. The share repurchase authorization does not have an expiration date and may be amended, suspended, or terminated by our Board of Directors at any time. During the three and nine months ended October 1, 2023 March 31, 2024, we did not repurchase shares under the share repurchase program. As of October 1, 2023 March 31, 2024, the dollar value of shares that may yet be purchased under the share repurchase authorization was $375.0 $363.6 million.

Our borrowing base capacity under the ABL Facility was $513.2 $497.6 million as of October 1, 2023 March 31, 2024, after giving effect to $72.5 $83.6 million of revolving credit loans under the ABL Facility and outstanding letters of credit of $14.3 $18.8 million. Our borrowing base capacity under the ABL Facility was $487.4 million $578.2 million as of January 1, 2023 December 31, 2023, after giving effect to $100.0 million $7.5 million of revolving credit loans under the ABL Facility and outstanding letters of credit of $11.5 million $14.3 million. As of October 1, 2023 March 31, 2024, we had total cash and cash equivalents of $74.9 $41.5 million, total gross long-term debt of $445.3 $453.8 million, and total finance lease obligations (excluding interest) of $82.0 $101.5 million.

Working capital was $918.8 $910.0 million as of October 1, 2023 March 31, 2024, an increase of $159.3 million $83.0 million compared to $759.5 million $827.0 million as of January 1, 2023 December 31, 2023. The change in working capital was primarily attributable to the seasonality of our business.

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The following table summarizes current and long-term material cash requirements related to our long-term debt as of October 1, 2023 March 31, 2024 (in millions):

		Total	Next 12 Months	Beyond 12 Months
Total				
Long-term debt, including current maturities	Long-term debt, including current maturities	$445.3	$ 5.3	$ 440.0
Interest on long-term debt	Interest on long-term debt	$132.5	$ 24.2	$ 108.3

Total	**Next 12 Months**	**Beyond 12 Months**	

Our gross long-term debt balance increased $89.2 million $74.8 million since January 1, 2023 December 31, 2023. This increase was primarily attributable to funding the seasonal increase in our working capital and our acquisition investments. capital. We have current maturities on our long-term debt of $5.3 million, which includes $3.8 million $3.8 million related to the term loan facility and $1.5 million related to the hybrid debt instruments. The projected interest payments on our debt only pertain to obligations and agreements outstanding as of October 1, 2023 March 31, 2024 and expected payments for agent administration fees. The projected interest payments are calculated for future periods through maturity dates of our long-term debt using interest rates in effect as of October 1, 2023 March 31, 2024. Certain of these projected interest payments may differ in the future based on changes in floating interest rates or other factors and events, including our entry into amendments of the term loans loan facility and the ABL Facility. The total amount of interest on long-term debt balance increased $34.6 $10.9 million since January 1, 2023, December 31, 2023 to $123.3 million, primarily due to the increase in borrowings under the term loans and rising interest rates. ABL Facility. Refer to "Note 9. Long-Term Debt" in the notes to the consolidated financial statements for further information regarding our debt instruments.

Cash Flow Summary

Information about our cash flows, by category, is presented in our statements of cash flows and is summarized below (in millions):

	Nine Months Ended

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		Three Months Ended				
		Three Months Ended				
		Three Months Ended				
Net cash provided by (used in):	**Net cash provided by (used in):**	**October 1, 2023**	**October 2, 2022**	**Net cash provided by (used in):**	**March 31, 2024**	**April 2, 2023**
Operating activities	Operating activities	$ 189.9	$ 112.5			
Investing activities	Investing activities	$(209.2)	$(211.0)			
Financing activities	Financing activities	$ 65.1	$ 108.5			

Cash flow provided by used in operating activities

Net cash provided by used in operating activities for the nine three months ended October 1, 2023 March 31, 2024 was $189.9 million $99.3 million compared to $112.5 $152.6 million for the nine three months ended October 2, 2022 April 2, 2023. The increase decrease in cash provided by used in operating activities was primarily due to improved reflects a lower seasonal investment in working capital management reflecting our progress in reducing inventory levels that we increased in prior periods in response to supply chain uncertainty. capital.

Cash flow used in investing activities

Net cash used in investing activities was $209.2 million $7.3 million for the nine three months ended October 1, 2023 March 31, 2024 compared to $211.0 $39.6 million for the nine three months ended October 2, 2022 April 2, 2023. The decrease reflects slightly lower no acquisition investments in the first nine three months of 2023 2024 compared to $33.2 million for the same period of 2022. 2023. Capital expenditures were $24.1 million $8.9 million for the first nine three months of 2023 2024 compared to $20.5 $7.1 million for the same period of 2022 2023 due to increased investment in branch improvements including relocations. material handling equipment used in our branches.

Cash flow provided by financing activities

Net cash provided by financing activities was $65.1 million $65.7 million for the nine three months ended October 1, 2023 March 31, 2024 compared to $108.5 $203.4 million for the nine three months ended October 2, 2022 April 2, 2023. The decrease primarily reflects lower borrowings under the ABL Facility partially offset by increased borrowings under the term loan facility as a result of no acquisition investments and a lower investments seasonal increase in working capital during the first nine three months of 2023 2024 compared to the same period of 2022. 2023.

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External Financing

Term Loans

Landscape Holding and Landscape, as borrowers (collectively, the “Borrowers”), entered into the Fifth Amendment to the Amended and Restated Credit Agreement, the (“Fifth Amendment”), dated as of March 23, 2021, with JPMorgan Chase Bank, N.A. (the “New Agent”), as administrative agent and collateral agent, the several banks and other financial institutions party thereto, and certain other parties party thereto from time to time. The Fifth Amendment amends amended and restates restated the Amended and Restated Credit Agreement, dated as of April 29, 2016, among the Borrowers, the lenders from time to time party thereto, and UBS AG, Stamford Branch (the “Existing Agent”) as administrative agent and collateral agent (as amended prior to March 23, 2021, the “Existing Credit Agreement” and, as so amended and restated pursuant to the Fifth Amendment, the “Second Amended and Restated Credit Agreement”) in order to, among other things, incur $325.0 million of term loans (the “New Term Loans”). The New Term Loans mature on March 23, 2028.

On March 27, 2023, Landscape Holding, as representative for the Borrowers, entered into the First Amendment to the Second Amended and Restated Credit Agreement (the “Sixth Amendment”) to implement a forward-looking interest rate based on SOFR in lieu of LIBOR.

On July 12, 2023, Landscape Holding, as representative for the Borrowers, entered into the Increase Supplement (the “Increase Supplement”) to the Second Amended and Restated Credit Agreement to provide for an additional $120.0 million of New Term Loans.

Subject to certain conditions, without the consent of the then existing lenders (but subject to the receipt of commitments), the New Term Loans may be increased (or a new term loan facility, revolving credit facility, or letter of credit facility added) by up to (i) the greater of (a) $275.0 million and (b) 100% of Consolidated EBITDA (as defined in the Second Amended and Restated Credit Agreement) for the trailing 12-month period plus (ii) an additional amount that will not cause the net secured leverage ratio after giving effect to the incurrence of such additional amount and any use of proceeds thereof to exceed 4.00 to 1.00.

The New Term Loans are subject to mandatory prepayment provisions, covenants, and events of default. Failure to comply with these covenants and other provisions could result in an event of default under the Second Amended and Restated Credit Agreement. If an event of default occurs, the lenders could elect to declare all amounts outstanding

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under the New Term Loans to be immediately due and payable and enforce their interest in collateral pledged under the agreement.

Amendments of the Term Loans

On July 12, 2023, Landscape Holding, as representative for the Borrowers, entered into the Increase Supplement, which provides provided for an additional $120.0 million of New Term Loans and makes made such other changes to the Second Amended and Restated Credit Agreement as agreed between Landscape Holding and JPMorgan Chase Bank, N.A.. Proceeds of the term loans borrowed pursuant to the Increase Supplement were used, among other things, to (i) repay certain loans outstanding under the ABL Facility and (ii) pay fees and expenses related to the Increase Supplement. The maturity date of the New Term Loans of March 23, 2028 did not change as a result of the Increase Supplement.

On March 27, 2023, Landscape Holding entered into the Sixth Amendment, which amends amended the Second Amended and Restated Credit Agreement to implement a forward-looking interest rate based on SOFR in lieu of LIBOR. The New Term Loans bear interest, at Landscape Holding's option, at either (i) an adjusted Term SOFR rate plus an applicable margin equal to 2.00% (with a Term SOFR floor of 0.50% on initial term loans and 0.00% on all other term loans) or (ii) an alternative base rate plus an applicable margin equal to 1.00%. Voluntary prepayments of the New Term Loans are permitted at any time, in minimum principal amounts, without premium or penalty, subject to a 1.00% premium payable unless in connection with certain repricing transactions if the transactions that occurred within the first 12 months after the date of the initial funding of the New Term Loans. The interest rate on the outstanding balance of the New Terms Term Loans was 7.43056% 7.44464% as of October 1, 2023 March 31, 2024.

On March 23, 2021, the Borrowers entered into the Fifth Amendment in order to, among other things, (i) incur $325.0 million of term loans, (ii) replace the Existing Agent as administrative and collateral agent with the New Agent, and (iii) make such other changes in the Second Amended and Restated Credit Agreement as agreed among the Borrowers and the lenders. Proceeds of the New Term Loans were used, to, among other things, (i) to repay in full the term loans outstanding under the Existing Credit Agreement immediately prior to effectiveness of the Fifth Amendment (the "Tranche E Term Loans"), (ii) to pay fees and expenses related to the Fifth Amendment and the Second Amended and Restated Credit Agreement, and (iii) for working capital and other general corporate purposes.

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The Second Amended and Restated Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants limit the ability of Landscape Holding and Landscape to:

- incur additional indebtedness;
- pay dividends, redeem stock, or make other distributions;
- repurchase, prepay, or redeem subordinated indebtedness;
- make investments;
- create restrictions on the ability of Landscape Holding's restricted subsidiaries to pay dividends or make other intercompany transfers;
- create liens;
- transfer or sell assets;
- make negative pledges;
- consolidate, merge, sell, or otherwise dispose of all or substantially all of Landscape Holding's assets;
- change lines of business; and
- enter into certain transactions with affiliates.

ABL Facility

Landscape Holding and Landscape (collectively, the "ABL Borrowers") are parties to the credit agreement dated December 23, 2013 (as amended by the First Amendment to the Credit Agreement, dated June 13, 2014, the Second Amendment to the Credit Agreement, dated January 26, 2015, the Third Amendment to the Credit Agreement, dated February 13, 2015, the Fourth Amendment to the Credit Agreement, dated October 20, 2015, the Omnibus Amendment to the Credit Agreement, dated May 24, 2017, the Sixth Amendment to the Credit Agreement, dated February 1, 2019, and the Seventh Amendment to the Credit Agreement, dated July 22, 2022, the "ABL Credit Agreement") providing for an asset-based credit facility (the "ABL Facility") of up to $600.0 million, subject to borrowing base availability, with a maturity date of July 22, 2027. The ABL Facility is secured by a first lien on the inventory and receivables of the ABL Borrowers. The ABL Facility is guaranteed by SiteOne Landscape Supply Bidco, Inc. ("Bidco"), an indirect wholly-owned subsidiary of the Company, and each direct and indirect wholly-owned U.S. restricted subsidiary of Landscape. Availability is determined using borrowing base calculations of eligible inventory and receivable balances less the current outstanding ABL Facility and letters of credit balances.

On July 22, 2022, the ABL Borrowers entered into the Seventh Amendment to the ABL Credit Agreement (the "Seventh Amendment"). The Seventh Amendment amended and restated the ABL Credit Agreement in order to, among other things, (i) increase the aggregate principal amount of the commitments to $600.0 million, (ii) extend the final scheduled maturity of the revolving credit facility to July 22, 2027, (iii) establish an alternate rate of interest to the LIBOR rate, (iv) replace the administrative and collateral agent, and (v) make such other changes as agreed among the ABL Borrowers and the lenders. Proceeds of the initial borrowings under the ABL Credit Agreement on the closing date of the Seventh Amendment were used, among other things, (i) to repay in full the loans outstanding under the ABL Credit Agreement immediately prior to the effectiveness of the Seventh Amendment, (ii) to pay fees and expenses related to the Seventh Amendment and the ABL Credit Agreement, and (iii) for working capital and other general corporate purposes.

Loans under the ABL Credit Agreement bear interest, at Landscape Holding's option, at either (i) an adjusted term SOFR rate equal to term SOFR plus 0.10% (subject to a floor of 0.00%) plus an applicable margin of 1.25% or 1.50% or (ii) an alternate base rate plus an applicable margin of 0.25% or 0.50%, in each case depending on the average daily excess availability under the ABL Credit Agreement, and in each case subject to a 0.125% reduction when the Consolidated First Lien Leverage Ratio (as defined in the ABL Credit

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Agreement) is less than 1.50:1.00. Additionally, undrawn commitments under the ABL Credit Agreement bear a commitment fee of 0.20% or 0.25%, depending on the average daily undrawn portion of the commitments under the ABL Credit Agreement.

The interest rate on outstanding balances under the ABL Facility was 6.67741% ranged from 6.54483% to 6.55167% as of October 1, 2023 March 31, 2024 and ranged from 5.68561% to 5.77336% was 6.69508% as of January 1, 2023 December 31, 2023. Additionally, the ABL Borrowers paid a The commitment fee of paid on unfunded amounts was 0.25% on the unfunded amount and 0.25% as of October 1, 2023 March 31, 2024 and a commitment fee of 0.20% on the unfunded amount as of January 1, 2023. December 31, 2023, respectively.

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The ABL Facility is subject to mandatory prepayments if the outstanding loans and letters of credit exceed either the aggregate revolving commitments or the current borrowing base, in an amount equal to such excess. Additionally, the ABL Facility is subject to various covenants, including incurrence covenants that require the Company to meet minimum financial ratios, and additional borrowings and other corporate transactions may be limited by failure to meet these financial ratios. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interest in collateral pledged under the agreement, or restrict the ABL Borrowers' ability to obtain additional borrowings under these agreements. The ABL Facility is secured by a first lien security interest over inventory and receivables and a second lien security interest over all other assets pledged as collateral.

The ABL Facility contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants are limited to the following: financial condition, fundamental changes, dividends and distributions, acquisitions, dispositions of collateral, payments and modifications of restricted indebtedness, negative pledge clauses, changes in line of business, currency, commodity and other hedging transactions, transactions with affiliates, investments, indebtedness, and liens. The negative covenants are subject to customary exceptions and also permit the payment of dividends and distributions, investments, permitted acquisitions, payments or redemptions of indebtedness under the Second Amended and Restated Credit Agreement, asset sales and mergers, consolidations, and sales of all or substantially all assets involving subsidiaries upon satisfaction of a "payment condition." The payment condition is deemed satisfied upon 30-day specified excess availability and specified availability exceeding agreed upon thresholds and, in certain cases, the absence of specified events of default or known events of default and pro forma compliance with a consolidated fixed charge coverage ratio of 1.00 to 1.00.

Subject to certain conditions and subject to the receipt of commitments, the ABL Facility may be increased (or a new term loan facility added) by up to (i) the greater of (a) $450.0 million and (b) 100% of Consolidated EBITDA (as defined in the ABL Credit Agreement) for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination plus (ii) an additional amount that will not cause the Consolidated First Lien Leverage Ratio, after giving effect to the incurrence of such additional amount and any use of proceeds thereof, to exceed 5.00 to 1.00.

There are no financial covenants included in the ABL Credit Agreement, other than a springing minimum consolidated fixed charge coverage ratio of at least 1.00 to 1.00, which is tested only when specified availability is less than 10.0% of the lesser of (x) the then applicable borrowing base and (y) the then aggregate effective commitments under the ABL Facility, and continuing until such time as specified availability has been in excess of such threshold for a period of 20 consecutive calendar days.

Failure to comply with the covenants and other provisions included in the ABL Credit Agreement could result in an event of default under the ABL Facility. If an event of default occurs, the lenders could elect to declare all amounts outstanding under the ABL Facility to be immediately due and payable, enforce their interest in collateral pledged under the agreement, or restrict the ABL Borrowers' ability to obtain additional borrowings thereunder.

Limitations on Distributions and Dividends by Subsidiaries

The ability of our subsidiaries to make distributions and dividends to us depends on their operating results, cash requirements, financial condition, and general business conditions, as well as restrictions under the laws of our subsidiaries' jurisdictions.

The agreements governing the Second Amended and Restated Credit Agreement and the ABL Facility restrict the ability of our subsidiaries to pay dividends, make loans, or otherwise transfer assets to us. Further, our subsidiaries are permitted under the terms of the Second Amended and Restated Credit Agreement and the ABL Facility and other indebtedness to incur additional indebtedness that may restrict or prohibit the making of distributions, the payment of dividends, or the making of loans to us.

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Interest Rate Swaps

We are subject to interest rate risk with regard to existing and future issuances of debt. We utilize interest rate swap contracts to reduce our exposure to fluctuations in variable interest rates for future interest payments on existing debt. We are party to interest rate swap contracts to convert the variable interest rate to a fixed interest rate on portions of the borrowings under the term loans.

On March 31, 2023, we amended the terms of our interest rate swaps to implement a forward-looking interest rate based on SOFR in place of LIBOR. Since the interest rate swaps were affected by reference rate reform, we applied the expedients and exceptions provided in Topic 848 to preserve the past presentation of our derivatives without de-designating the existing hedging relationships. All interest rate swap amendments were executed with the existing counterparties and did not change the notional amounts, maturity dates, or other critical terms of the hedging relationships. The interest rate swaps will continue to be net settled on a quarterly basis with the counterparties for the difference between the fixed rates and the variable rates based upon three-month Term SOFR (subject to a floor) as applied to the notional amounts of each interest rate swap.

During the first quarter of 2021, we amended and restructured certain of our interest rate swap contracts using a strategy commonly referred to as a "blend and extend". In a blend and extend arrangement, the liability position of the existing interest rate swap arrangement is blended into the amended or new interest rate swap arrangement and the term to maturity of the hedged position is extended. We reclassified $5.9 million from Accrued liabilities and Other long-term liabilities to long-term debt with $1.5 million classified as

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Long-term debt, current portion and $4.4 million classified as Long-term debt, less current portion on our Consolidated Balance Sheets since for the interest rate swap arrangements executed during the first quarter of 2021 that were determined to be hybrid debt instruments containing embedded at-market swap derivatives. As of October 1, 2023 March 31, 2024, approximately the outstanding amount of $1.5 million was classified as Long-term debt, current portion and approximately $0.7 million was classified as Long-term debt, less current portion on our Consolidated Balance Sheets.

We recognize any differences between the variable interest rate payments and the fixed interest rate settlements from the swap counterparties as an adjustment to interest expense over the life of the swaps. We have designated these swaps as cash flow hedges and record the changes in the estimated fair value of the swaps to Accumulated other comprehensive income (loss) ("AOCI") on our Consolidated Balance Sheets. If it becomes probable that the forecasted transaction will not occur, the hedge relationship will be de-designated and amounts accumulated in AOCI will be reclassified to Interest and other non-operating expenses, net in the current period. To the extent the interest rate swaps are determined to be ineffective, we recognize the changes in the estimated fair value of the swaps in earnings.

Failure of the swap counterparties to make payments would result in the loss of any potential benefit to us under the swap agreements. In this case, we would still be obligated to pay the variable interest payments underlying the debt agreements. Additionally, failure of the swap counterparties would not eliminate our obligation to continue to make payments under the existing swap agreements if they were in a net pay position.

For additional information, refer to "Note 1. Nature of Business and Significant Accounting Polices", "Note 4. Fair Value Measurement and Interest Rate Swaps", and "Note 9. Long-Term Debt" in the notes to the consolidated financial statements.

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Critical Accounting Estimates

The accounting estimates we believe to be most sensitive due to their significance to the financial statements and the possibility that future events may be significantly different from our expectations are: inventory valuation, acquisitions, and goodwill. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended January 1, 2023 2023 Fiscal Year for additional detail and discussion of these critical accounting estimates. There have been no material changes to our critical accounting estimates as described in our most recent Annual Report.

Recently Issued and Adopted Accounting Pronouncements

Refer to "Note 1. Nature of Business and Significant Accounting Policies" in the notes to the consolidated financial statements.

Accounting Pronouncements Issued But Not Yet Adopted

Refer to "Note 1. Nature of Business and Significant Accounting Policies" in the notes to the consolidated financial statements.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes from the information provided in our Annual Report on Form 10-K for the fiscal year ended January 1, 2023. 2023 Fiscal Year.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were designed at a reasonable assurance level and were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control over Financial Reporting

There were no significant changes in our internal control over financial reporting during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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We are not currently involved in any material litigation or arbitration. We anticipate that we will be subject to litigation and arbitration from time to time in the ordinary course of business. At this time, we do not expect any of these proceedings to have a material effect on our reputation, business, financial position, results of operations, or and cash flows. However, we can give no assurance that the results of any such proceedings will not materially affect our reputation, business, financial position, results of operations, or and cash flows.

Item 1A. Risk Factors

The significant factors known to us that could materially adversely affect our business, financial condition, or operating results are disclosed in our Annual Report on Form 10-K for the fiscal year ended January 1, 2023. 2023 Fiscal Year.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the three months ended October 1, 2023 March 31, 2024, the following none of our directors or executive officers adopted, modified, or terminated contracts, instructions, any contract, instruction, or written plans plan for the purchase or sale of our common stock that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement"; .

			Plans
Aggregate # of Securities to be Purchased/Sold			

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Item 6. Exhibits.

Exhibit Number	Description
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a - 14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a - 14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following unaudited financial information from this Quarterly Report on Form 10-Q for the quarter ended October 1, 2023 March 31, 2024 is formatted in Inline XBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in Inline XBRL with applicable taxonomy extension information contained in Exhibit 101).

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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SITEONE LANDSCAPE SUPPLY, INC.

Date: November May 1, 2023 2024

By: /s/ John T. Guthrie

John T. Guthrie

Executive Vice President, Chief Financial Officer and Assistant Secretary

(Principal Financial Officer and Principal Accounting Officer)

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Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Doug Black, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SiteOne Landscape Supply, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023 May 1, 2024

/s/ Doug Black

Doug Black

Chairman and Chief Executive Officer

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Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John T. Guthrie, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SiteOne Landscape Supply, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023 May 1, 2024

/s/ John T. Guthrie

John T. Guthrie

Executive Vice President, Chief Financial Officer and Assistant Secretary

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SiteOne Landscape Supply, Inc. (the "Company") on Form 10-Q for the quarter ended October 1, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Doug Black, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2023 May 1, 2024

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/s/ Doug Black

Doug Black

Chairman and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SiteOne Landscape Supply, Inc. (the "Company") on Form 10-Q for the quarter ended October 1, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John T. Guthrie, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2023 May 1, 2024

/s/ John T. Guthrie

John T. Guthrie

Executive Vice President, Chief Financial Officer and Assistant Secretary

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