
**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 September 29, 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 Landscape Supply, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

46-4056061
(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

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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.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 25, 2024
Common Stock, \$0.01 par value per share	45,120,885

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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:

- cyclicalities in residential and commercial construction markets;
- general business, financial market, and economic conditions;
- seasonality of our business and its impact on demand for our products;
- severe weather and climate conditions, such as Hurricanes Helene and Milton;
- prices for the products we purchase may fluctuate;
- market variables, including inflation and elevated interest rates for prolonged periods;
- increases in operating costs;
- 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;
- 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 (including as a result of the upcoming 2024 elections), and geopolitical conflicts such as the ongoing conflict between Russia and Ukraine, the conflict in the Gaza Strip, and general 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.

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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)

Assets	September 29, 2024	December 31, 2023
Current assets:		
Cash and cash equivalents	\$ 85.5	\$ 82.5
Accounts receivable, net of allowance for doubtful accounts of \$25.8 and \$27.3, respectively	574.9	490.6
Inventory, net	884.9	771.2
Income tax receivable	4.0	—
Prepaid expenses and other current assets	91.4	61.0
Total current assets	1,640.7	1,405.3
Property and equipment, net (Note 5)	288.4	249.4
Operating lease right-of-use assets, net (Note 7)	419.9	388.9
Goodwill (Note 6)	509.9	485.5
Intangible assets, net (Note 6)	268.3	280.8
Deferred tax assets	7.2	5.3
Other assets	11.8	13.7
Total assets	\$ 3,146.2	\$ 2,828.9
Liabilities, Redeemable Non-controlling Interest, and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 327.8	\$ 270.8
Current portion of finance leases (Note 7)	28.1	21.8
Current portion of operating leases (Note 7)	86.1	83.6
Accrued compensation	67.5	74.2
Long-term debt, current portion (Note 9)	4.7	5.3
Income tax payable	—	8.0
Accrued liabilities	134.8	114.6
Total current liabilities	649.0	578.3
Other long-term liabilities	10.5	11.5
Finance leases, less current portion (Note 7)	96.1	69.8
Operating leases, less current portion (Note 7)	342.2	313.3
Deferred tax liabilities	—	2.3
Long-term debt, less current portion (Note 9)	405.9	367.6
Total liabilities	1,503.7	1,342.8
Commitments and contingencies (Note 11)		
Redeemable non-controlling interest	19.2	—
Stockholders' equity:		
Common stock, par value \$0.01; 1,000,000,000 shares authorized; 45,583,961 and 45,404,091 shares issued, and 45,118,918 and 45,082,070 shares outstanding at September 29, 2024 and December 31, 2023, respectively	0.5	0.5
Additional paid-in capital	620.9	601.8
Retained earnings	1,061.6	916.3
Accumulated other comprehensive income (loss)	(1.4)	4.2
Treasury stock, at cost, 465,043 and 322,021 shares at September 29, 2024 and December 31, 2023, respectively	(58.3)	(36.7)
Total stockholders' equity	1,623.3	1,486.1
Total liabilities, redeemable non-controlling interest, and stockholders' equity	\$ 3,146.2	\$ 2,828.9

See Notes to Consolidated Financial Statements (Unaudited).

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

	Three Months Ended		Nine Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Net sales	\$ 1,208.8	\$ 1,145.1	\$ 3,527.5	\$ 3,336.2
Cost of goods sold	797.8	757.0	2,305.0	2,171.6
Gross profit	411.0	388.1	1,222.5	1,164.6
Selling, general and administrative expenses	349.1	311.8	1,020.6	923.8
Other income	8.0	4.9	15.3	11.4
Operating income	69.9	81.2	217.2	252.2
Interest and other non-operating expenses, net	9.5	6.4	25.2	20.6
Income before taxes	60.4	74.8	192.0	231.6
Income tax expense	15.8	17.5	46.1	54.8
Net income	44.6	57.3	145.9	176.8
Less: Net income attributable to non-controlling interest	0.2	—	0.6	—
Net income attributable to SiteOne	\$ 44.4	\$ 57.3	\$ 145.3	\$ 176.8
Net income per common share:				
Basic	\$ 0.98	\$ 1.27	\$ 3.21	\$ 3.92
Diluted	\$ 0.97	\$ 1.25	\$ 3.18	\$ 3.87
Weighted average number of common shares outstanding:				
Basic	45,229,528	45,149,650	45,253,447	45,096,404
Diluted	45,572,078	45,747,398	45,647,670	45,690,285

See Notes to Consolidated Financial Statements (Unaudited).

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

	Three Months Ended		Nine Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Net income	\$ 44.6	\$ 57.3	\$ 145.9	\$ 176.8
Other comprehensive income (loss):				
Foreign currency translation adjustments	0.7	(1.4)	(1.0)	(0.1)
Interest rate swaps - net unrealized gains (losses) and reclassifications into earnings, net of taxes of \$0.9, \$0.4, \$1.6, and \$0.7 respectively	(2.4)	(1.0)	(4.6)	(1.9)
Total other comprehensive loss	(1.7)	(2.4)	(5.6)	(2.0)
Comprehensive income	42.9	54.9	140.3	174.8
Less: Comprehensive income attributable to non-controlling interest	0.2	—	0.6	—
Comprehensive income attributable to SiteOne	\$ 42.7	\$ 54.9	\$ 139.7	\$ 174.8

See Notes to Consolidated Financial Statements (Unaudited).

SiteOne Landscape Supply, Inc.
Consolidated Statements of Equity and Redeemable Non-controlling Interest (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	Redeemable Non- controlling Interest
Balance at December 31, 2023	45,082.1	\$ 0.5	\$ 601.8	\$ 916.3	\$ 4.2	\$ (36.7)	\$ 1,486.1	\$ —
Net loss attributable to SiteOne	—	—	—	(19.3)	—	—	(19.3)	—
Other comprehensive loss	—	—	—	—	(1.9)	—	(1.9)	—
Issuance of common shares under stock-based compensation plan	116.6	—	(1.6)	—	—	—	(1.6)	—
Stock-based compensation	—	—	10.5	—	—	—	10.5	—
Balance at March 31, 2024	45,198.7	\$ 0.5	\$ 610.7	\$ 897.0	\$ 2.3	\$ (36.7)	\$ 1,473.8	\$ —
Net income attributable to SiteOne	—	—	—	120.2	—	—	120.2	—
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	0.4
Other comprehensive loss	—	—	—	—	(2.0)	—	(2.0)	—
Acquisition of non-controlling interest	—	—	—	—	—	—	—	18.6
Issuance of common shares under stock-based compensation plan	49.9	—	0.9	—	—	—	0.9	—
Stock-based compensation	—	—	3.8	—	—	—	3.8	—
Repurchases of common shares	(128.9)	—	—	—	—	(19.8)	(19.8)	—
Balance at June 30, 2024	45,119.7	\$ 0.5	\$ 615.4	\$ 1,017.2	\$ 0.3	\$ (56.5)	\$ 1,576.9	\$ 19.0
Net income attributable to SiteOne	—	—	—	44.4	—	—	44.4	—
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	0.2
Other comprehensive loss	—	—	—	—	(1.7)	—	(1.7)	—
Issuance of common shares under stock-based compensation plan	13.3	—	0.3	—	—	—	0.3	—
Stock-based compensation	—	—	5.2	—	—	—	5.2	—
Repurchases of common shares	(14.1)	—	—	—	—	(1.8)	(1.8)	—
Balance at September 29, 2024	45,118.9	\$ 0.5	\$ 620.9	\$ 1,061.6	\$ (1.4)	\$ (58.3)	\$ 1,623.3	\$ 19.2

	Common Stock Shares	Common Stock Amount	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity	Redeemable Non- controlling Interest
Balance at January 1, 2023	44,916.3	\$ 0.5	\$ 577.1	\$ 742.9	\$ 7.7	\$ (25.3)	\$ 1,302.9	\$ —
Net loss attributable to SiteOne	—	—	—	(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 attributable to SiteOne	—	—	—	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 July 2, 2023	45,041.9	\$ 0.5	\$ 589.3	\$ 862.4	\$ 8.1	\$ (25.3)	\$ 1,435.0	\$ —
Net income attributable to SiteOne	—	—	—	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	\$ —

See Notes to Consolidated Financial Statements (Unaudited).

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

	Nine Months Ended	
	September 29, 2024	October 1, 2023
Cash Flows from Operating Activities:		
Net income	\$ 145.9	\$ 176.8
Adjustments to reconcile Net income to net cash provided by operating activities:		
Amortization of finance lease right-of-use assets and depreciation	55.3	46.1
Stock-based compensation	19.5	20.7
Amortization of software and intangible assets	48.1	47.0
Amortization of debt related costs	1.0	0.9
Loss on extinguishment of debt	1.8	—
Gain on sale of equipment	(1.0)	(0.4)
Other	(5.8)	(3.8)
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Receivables	(72.4)	(68.8)
Inventory	(44.2)	(45.4)
Income tax receivable	(4.0)	7.2
Prepaid expenses and other assets	(28.1)	(37.2)
Accounts payable	47.2	55.2
Income tax payable	(8.0)	—
Accrued expenses and other liabilities	8.7	(8.4)
Net Cash Provided By Operating Activities	\$ 164.0	\$ 189.9
Cash Flows from Investing Activities:		
Purchases of property and equipment	(31.0)	(24.1)
Purchases of intangible assets	(3.4)	(5.3)
Acquisitions, net of cash acquired	(110.4)	(181.7)
Proceeds from the sale of property and equipment	4.5	1.9
Net Cash Used In Investing Activities	\$ (140.3)	\$ (209.2)
Cash Flows from Financing Activities:		
Equity proceeds from common stock	5.1	3.0
Repurchases of common shares	(21.6)	(0.6)
Borrowings under term loan	220.1	120.0
Repayments under term loan	(197.0)	(2.2)
Borrowings on asset-based credit facilities	360.9	434.3
Repayments on asset-based credit facilities	(354.9)	(461.8)
Payments of debt issuance costs	(2.2)	(1.8)
Payments on finance lease obligations	(19.4)	(13.2)
Payments of acquisition related contingent obligations	(4.7)	(5.6)
Other financing activities	(6.8)	(7.0)
Net Cash (Used In) Provided By Financing Activities	\$ (20.5)	\$ 65.1
Effect of exchange rate on cash	(0.2)	—
Net change in cash	3.0	45.8
Cash and cash equivalents:		
Beginning	82.5	29.1
Ending	<u>\$ 85.5</u>	<u>\$ 74.9</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ 23.0	\$ 19.8
Cash paid during the year for income taxes	\$ 56.3	\$ 46.0

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 three percent of sales and total assets in Canada for all periods presented. As of September 29, 2024, the Company had over 700 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.

The following table summarizes the activity under the share repurchase program during the nine months ended September 29, 2024.

Amount Authorized (in millions)	Total Number of Shares Purchased	Average Price Paid Per Share	Amount Remaining (in millions)
\$ 400.0	143,022	\$ 151.46	\$ 342.0

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 December 31, 2023. The interim period unaudited financial results for the three and nine-month periods presented are not necessarily indicative of results to be expected for any other interim period or for the entire year.

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 (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 September 29, 2024 and October 1, 2023 both include 13 weeks. The nine months ended September 29, 2024 and October 1, 2023 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 intercompany balances and transactions have been eliminated in consolidation.

Significant Accounting Policies

Except as updated immediately below and 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 2023 Fiscal Year.

Redeemable Non-controlling Interest

In April 2024, the Company entered into a Securities Purchase and Redemption Agreement, pursuant to which it acquired a 75% ownership interest in Devil Mountain Wholesale Nursery, LLC ("Devil Mountain"). The Company maintains a controlling financial interest in Devil Mountain and consolidates this entity. The portion of Net income (loss) and Comprehensive income (loss) of Devil Mountain attributable to the non-controlling interest is shown separately in the Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income. The share of equity in Devil Mountain attributable to the non-controlling interest is reported as Redeemable non-controlling interest in the Consolidated Balance Sheets as temporary equity. In addition, the Company entered into an amended operating agreement, the Second Amended and Restated Operating Agreement (the "Operating Agreement"), in connection with the acquisition of the Company's controlling interest. The Operating Agreement contains put and call options whereby the remaining 25% ownership interest in Devil Mountain may be sold to the Company through the exercise of the holders' put option or purchased by the Company through the exercise of the Company's call option. The put option may be exercised any time on or after three years from the date of acquisition, or earlier upon the occurrence of certain circumstances. The Company's call option may be redeemed any time on or after five years from the date of acquisition, or earlier upon the occurrence of certain circumstances. The put and call option price is based on a multiple of earnings, subject to the terms of the Operating Agreement.

Non-controlling interest represents the portion of profit or loss, net assets, and comprehensive income or loss that is not allocable to the Company. A non-controlling interest that contains an option requiring the Company to purchase such ownership interest for cash is considered to be a redeemable non-controlling interest as the redemption feature is not deemed to be a freestanding financial instrument and the redemption is not solely within the Company's control. The put and call options embedded in the Redeemable non-controlling interest did not require bifurcation as they did not meet the definition of a derivative and were considered to be clearly and closely related to the Redeemable non-controlling interest. Redeemable non-controlling interest is recorded as a temporary equity mezzanine item between liabilities and stockholders' equity in the Consolidated Balance Sheets. In connection with the purchase accounting of the Company's ownership interest in Devil Mountain, the Company recorded the estimated fair value of the non-controlling interest as redeemable. The carrying value of the Redeemable non-controlling interest is remeasured to allocate Net income (loss) each reporting period and by adjusting the carrying amount of the redeemable security to what would be the redemption amount assuming the security was redeemable at the balance sheet date. Any increase (decrease) in the carrying amount of the Redeemable non-controlling interest as a result of adjusting to the redemption value is recorded as an offset to retained earnings. In addition, the earnings (loss) per share ("EPS") impact of the Redeemable non-controlling interest is included in the allocation of the Net income (loss) during the period. Should an adjustment to the redemption value of the Redeemable non-controlling interest exceed the then current fair value of the Redeemable non-controlling interest, the Company will apply the two-class method and reduce the EPS numerator by the portion of the periodic adjustment that reflects a redemption in excess of fair value. Refer to "[Note 3. Acquisitions](#)" for additional information.

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 Contract Liabilities from Contracts with Customers*” (“ASU 2021-08”). The guidance requires an acquirer in a business combination to recognize and measure 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 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 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		Nine Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Landscaping products ^(a)	\$ 936.1	\$ 887.8	\$ 2,735.8	\$ 2,599.9
Agronomic and other products ^(b)	272.7	257.3	791.7	736.3
	<u>\$ 1,208.8</u>	<u>\$ 1,145.1</u>	<u>\$ 3,527.5</u>	<u>\$ 3,336.2</u>

(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 September 29, 2024, the aggregate amount of the transaction price allocated to remaining performance obligations was \$18.5 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 September 29, 2024 and December 31, 2023, contract liabilities were \$18.5 million and \$12.4 million, respectively, and were included within Accrued liabilities in the accompanying Consolidated Balance Sheets. The increase in the contract liability balance during the nine months ended September 29, 2024 is primarily a result of cash payments received in advance of satisfying performance obligations, partially offset by \$7.7 million of revenue recognized and the expiration of points related to the customer loyalty rewards program during the period.

Note 3. Acquisitions

The Company enters into strategic acquisitions in an effort to better service existing customers and to attract new customers. The Company completed acquisitions for an aggregate purchase price of \$110.1 million and \$187.5 million and deferred contingent consideration of \$6.0 million and \$11.3 million for the nine months ended September 29, 2024 and October 1, 2023, respectively. As of September 29, 2024, the Company completed the following acquisitions since the start of the 2023 Fiscal Year:

- In July 2024, the Company acquired the assets and assumed the liabilities of Millican Nurseries, LLC (“Millican Nurseries”). With one location in Chichester, New Hampshire, Millican Nurseries is a wholesale distributor of nursery products to landscape professionals.
- In June 2024, the Company acquired the assets and assumed the liabilities of Cohen & Cohen Natural Stone Inc. (“Cohen & Cohen”). With one location in Ottawa, Ontario, Canada, Cohen & Cohen is a wholesale distributor of hardscapes to landscape professionals.
- In May 2024, the Company acquired the assets and assumed the liabilities of AC Florida Pavers, LLC, doing business as Hardscape.com (“Hardscape.com”). With four locations in Boca Raton, Ft. Myers, Tampa, and Jupiter, Florida, Hardscape.com is a wholesale distributor of hardscapes to landscape professionals.
- In April 2024, the Company entered into a Securities Purchase and Redemption Agreement, pursuant to which it acquired a 75% ownership interest in Devil Mountain. The Company also entered into the Operating Agreement in connection with the acquisition of the Company’s controlling interest that contains put and call options whereby the remaining 25% ownership interest in Devil Mountain may be sold to the Company through the exercise of the holders’ put option or purchased by the Company through the exercise of the Company’s call option. The acquisition date fair value of the Redeemable non-controlling interest was \$18.6 million. 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.
- In April 2024, the Company acquired the assets and assumed the liabilities of Eggemeyer Land Clearing, LLC (“Eggemeyer”). With one location in New Braunfels, Texas, Eggemeyer is a wholesale distributor of bulk landscape supplies to landscape professionals.
- 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.
- 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.

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, long-term debt, and redeemable non-controlling interest. 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 0.23839% 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 interest rate swaps 4, 5, and 6 to extend the terms to maturity using a strategy 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 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 the liability positions of the forward-starting interest rate swaps were blended into the amended interest rate swap agreements and the term of the hedged positions were extended to mature on March 23, 2025. Due to the size of the initial net investment amounts resulting from the termination values of the forward-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 September 29, 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 7	March 23, 2021	March 31, 2023	March 23, 2025	\$ 50.0	0.73300 %	Cash flow
Interest rate swap 8	March 23, 2021	March 31, 2023	March 23, 2025	\$ 90.0	0.74300 %	Cash flow
Interest rate swap 9	March 23, 2021	March 31, 2023	March 23, 2025	\$ 70.0	0.75424 %	Cash flow

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 September 29, 2024 and December 31, 2023 (in millions):

Derivatives designated as hedging instruments	Derivative Assets			
	September 29, 2024		December 31, 2023	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate contracts	Prepaid expenses and other current assets	\$ 3.5	Prepaid expenses and other current assets	\$ 8.4
	Other assets	—	Other assets	1.3
Total derivative assets		\$ 3.5		\$ 9.7

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 September 29, 2024 and October 1, 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 \$2.6 million as of September 29, 2024. The ultimate amount recognized will vary based on fluctuations of interest rates through the maturity dates.

The tables below provide 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 September 29, 2024 and October 1, 2023 (in millions):

Derivatives in Cash Flow Hedging Relationships	Three Months Ended					
	September 29, 2024			October 1, 2023		
	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	\$ (0.9)	Interest and other non-operating expenses, net	\$ 2.4	\$ 1.2	Interest and other non-operating expenses, net	\$ 2.6

Derivatives in Cash Flow Hedging Relationships	Nine Months Ended					
	September 29, 2024			October 1, 2023		
	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	\$ 1.1	Interest and other non-operating expenses, net	\$ 7.3	\$ 4.2	Interest and other non-operating expenses, net	\$ 6.9

For the three months ended September 29, 2024 and October 1, 2023, there was no gain (loss) reclassified from AOCI into income for derivatives not designated as hedging instruments.

The table below provides details regarding gain (loss) reclassified from AOCI into income for derivatives not designated as hedging instruments for the nine months ended September 29, 2024 and October 1, 2023 (in millions):

Derivatives not designated as hedging instruments	Location of Gain (Loss)	Nine Months Ended	
		Gain (Loss) Reclassified from AOCI into Income	
		September 29, 2024	October 1, 2023
Interest rate contracts	Interest and other non-operating expenses, net	\$ —	\$ (0.1)

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):

	September 29, 2024	December 31, 2023
Land	\$ 13.2	\$ 13.2
Buildings and leasehold improvements:		
Buildings	9.1	8.4
Leasehold improvements	77.2	55.7
Branch equipment	131.2	121.5
Office furniture and fixtures and vehicles:		
Office furniture and fixtures	33.8	30.4
Vehicles	70.5	77.5
Finance lease right-of-use assets	201.1	151.0
Mineral rights	2.2	2.2
Construction in progress	17.3	14.0
Total property and equipment, gross	555.6	473.9
Less: accumulated depreciation and amortization	267.2	224.5
Property and equipment, net	\$ 288.4	\$ 249.4

Amortization of finance right-of-use (“ROU”) assets and depreciation expense was \$19.5 million and \$55.3 million for the three and nine months ended September 29, 2024, and \$15.1 million and \$46.1 million for the three and nine months ended October 1, 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 September 29, 2024 and December 31, 2023 were \$20.5 million and \$19.7 million, less accumulated amortization of \$12.4 million and \$11.1 million, respectively. Amortization of these software costs was \$0.8 million and \$2.0 million for the three and nine months ended September 29, 2024, and \$0.2 million and \$0.5 million for the three and nine months ended October 1, 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, 2024 to September 29, 2024	January 2, 2023 to December 31, 2023
Beginning balance	\$ 485.5	\$ 411.9
Goodwill acquired during the period ^(a)	23.8	75.4
Goodwill adjusted during the period	0.6	(1.8)
Ending balance	\$ 509.9	\$ 485.5

(a) Additions to goodwill during the nine months ended September 29, 2024 related to the acquisitions completed in 2024 as described in [Note 3](#).

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):

	Weighted Average Remaining Useful Life	September 29, 2024			December 31, 2023		
		Amount	Accumulated Amortization	Net	Amount	Accumulated Amortization	Net
Customer relationships	16.6 years	\$ 579.8	\$ 335.1	\$ 244.7	\$ 551.8	\$ 295.7	\$ 256.1
Trademarks and other	3.2 years	53.7	30.1	23.6	49.5	24.8	24.7
Total intangibles		\$ 633.5	\$ 365.2	\$ 268.3	\$ 601.3	\$ 320.5	\$ 280.8

During the nine months ended September 29, 2024, the Company recorded \$33.4 million of intangible assets, including \$28.0 million in Customer relationship intangibles and \$5.4 million in Trademarks and other intangibles. The change in Customer relationship intangibles and Trademarks and other intangibles included additions of \$26.7 million and \$5.4 million, respectively, as a result of the acquisitions completed in 2024 as described in "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 was \$1.3 million.

During the nine months ended October 1, 2023, the Company recorded \$74.7 million of intangible assets, including \$66.3 million in Customer relationship intangibles and \$8.4 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 acquisitions completed in 2023 as described in "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 \$2.4 million and \$(1.1) 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 \$15.6 million and \$46.1 million for the three and nine months ended September 29, 2024, and \$16.0 million and \$46.5 million for the three and nine months ended October 1, 2023, respectively.

Total future amortization estimated as of September 29, 2024 is as follows (in millions):

Fiscal year ending:		
2024 (remainder)	\$	14.8
2025		52.7
2026		43.3
2027		34.1
2028		26.4
Thereafter		97.0
Total future amortization	\$	268.3

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. 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 exercises of lease renewal options are at the Company's sole discretion. Finance lease obligations consist primarily of the Company's vehicle fleet. 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):

Lease Cost	Classification	Three Months Ended		Nine Months Ended	
		September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Finance lease cost:					
Amortization of right-of-use assets	Selling, general and administrative expenses	\$ 7.5	\$ 5.2	\$ 20.5	\$ 14.1
Amortization of right-of-use assets	Cost of goods sold	0.2	—	0.5	—
Interest on lease liabilities	Interest and other non-operating expenses, net	2.1	1.1	5.1	2.8
Operating lease cost	Cost of goods sold	1.8	2.0	5.9	6.1
Operating lease cost	Selling, general and administrative expenses	26.3	22.4	74.7	63.9
Short-term lease cost	Selling, general and administrative expenses	1.0	0.8	2.9	2.3
Short-term lease cost	Cost of goods sold	0.2	—	0.4	—
Variable lease cost	Selling, general and administrative expenses	0.5	0.5	2.1	1.1
Sublease income	Selling, general and administrative expenses	(0.3)	(0.2)	(0.8)	(0.6)
Total lease cost		<u>\$ 39.3</u>	<u>\$ 31.8</u>	<u>\$ 111.3</u>	<u>\$ 89.7</u>

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

Other Information	Three Months Ended		Nine Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Cash paid for amounts included in the measurements of lease liabilities:				
Operating cash flows from finance leases	\$ 2.1	\$ 1.1	\$ 5.1	\$ 2.8
Operating cash flows from operating leases	\$ 27.1	\$ 24.7	\$ 80.7	\$ 68.9
Financing cash flows from finance leases	\$ 7.1	\$ 4.9	\$ 19.4	\$ 13.2
Right-of-use assets obtained in exchange for new lease liabilities:				
Finance leases	\$ 15.0	\$ 12.5	\$ 47.3	\$ 36.5
Operating leases	\$ 36.7	\$ 22.8	\$ 86.8	\$ 95.5

The aggregate future lease payments for operating and finance leases as of September 29, 2024 were as follows (in millions):

Maturity of Lease Liabilities	Operating Leases	Finance Leases
Fiscal year:		
2024 (remainder)	\$ 19.1	\$ 9.0
2025	105.0	34.2
2026	87.5	31.0
2027	74.3	27.2
2028	60.4	23.2
2029	54.5	15.4
Thereafter	113.3	3.5
Total lease payments	514.1	143.5
Less: interest	85.8	19.3
Present value of lease liabilities	\$ 428.3	\$ 124.2

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

Lease Term and Discount Rate	September 29, 2024	October 1, 2023
Weighted-average remaining lease term:		
Finance leases	4.6 years	4.5 years
Operating leases	6.3 years	6.5 years
Weighted-average discount rate:		
Finance leases	6.5 %	5.7 %
Operating leases	5.4 %	5.0 %

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 \$4.1 million and \$14.0 million for the three and nine months ended September 29, 2024, and \$3.8 million and \$13.2 million for the three and nine months ended October 1, 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 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 2,015,682 shares remain available as of September 29, 2024.

Stock options and RSUs granted to employees vest over a four-year period at 25% per year. Stock options expire 10 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. Since the start of the 2023 Fiscal Year, expected volatilities are based on the historical volatility of the Company's common stock. Prior to 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 had been publicly traded, which exceeded the expected term of the stock 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 costs for stock options and RSUs are recognized on a straight-line basis over the requisite vesting 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 months ended September 29, 2024 was as follows (in thousands):

	Stock Options	RSUs	DSUs	PSUs
Outstanding as of December 31, 2023	837.0	239.5	54.7	62.5
Granted ^(a)	—	125.5	3.4	53.8
Exercised/Vested/Settled ^{(a)(b)}	(114.8)	(83.2)	—	(18.8)
Expired or forfeited	(2.1)	(8.4)	—	(1.1)
Outstanding as of September 29, 2024	720.1	273.4	58.1	96.4

(a) PSUs granted includes 2.0 thousand PSUs granted and settled during the nine months ended September 29, 2024 at greater than 100% of their original grant amount.

(b) Does not include 25.1 thousand stock options and 46.3 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:

	September 29, 2024		October 1, 2023	
Stock options	\$	—	\$	72.27
RSUs	\$	156.01	\$	149.18
DSUs	\$	156.14	\$	148.09
PSUs ^(a)	\$	157.59	\$	148.89

(a) Includes PSUs granted and settled during the nine months ended September 29, 2024 and October 1, 2023 at greater than 100% of their original grant amount.

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

	Three Months Ended				Nine Months Ended			
	September 29, 2024		October 1, 2023		September 29, 2024		October 1, 2023	
Stock options ^(a)	\$	0.5	\$	0.7	\$	1.9	\$	3.9
RSUs ^(a)		3.2		3.1		15.2		11.9
DSUs		0.2		0.1		0.6		0.4
PSUs		1.3		1.1		1.8		4.5
Total stock-based compensation	\$	5.2	\$	5.0	\$	19.5	\$	20.7

(a) Stock-based compensation expense for the three and nine months ended September 29, 2024 and October 1, 2023 included accelerated expense related to retirement eligible associates under the Rule of 65. These amounts on a net expense basis included \$3.6 million related to RSUs for the nine months ended September 29, 2024, and \$1.3 million related to stock options and \$2.3 million related to RSUs for the nine months ended October 1, 2023.

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

	September 29, 2024				December 31, 2023			
	Unrecognized Compensation (in millions)		Weighted Average Remaining Period		Unrecognized Compensation (in millions)		Weighted Average Remaining Period	
Stock options	\$	2.9		1.7 years	\$	4.9		2.3 years
RSUs	\$	26.4		2.6 years	\$	23.7		2.5 years
DSUs	\$	0.4		1.1 years	\$	0.2		0.9 years
PSUs	\$	8.2		2.0 years	\$	3.9		1.7 years

Note 9. Long-Term Debt

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

	September 29, 2024	December 31, 2023
ABL facility	\$ 20.0	\$ 7.5
Subsidiary ABL facility	2.6	—
Term loans	392.7	369.6
Hybrid debt instruments	0.7	1.9
Total gross long-term debt	416.0	379.0
Less: unamortized debt issuance costs and discounts on debt	(5.4)	(6.1)
Total debt	\$ 410.6	\$ 372.9
Less: current portion	(4.7)	(5.3)
Total long-term debt	\$ 405.9	\$ 367.6

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 \$561.2 million and \$578.2 million as of September 29, 2024 and 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 rates on outstanding balances under the ABL Facility were 6.33577% as of September 29, 2024 and 6.69508% as of December 31, 2023. The commitment fees on unfunded amounts were 0.25% and 0.25% as of September 29, 2024 and 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 September 29, 2024, the Company was in compliance with all of the ABL Facility covenants.

Subsidiary ABL Facility

In connection with the Company's acquisition of a controlling interest in Devil Mountain, on April 30, 2024, Devil Mountain entered into the Eighth Amendment to the Credit Agreement and Consent providing for an asset-based credit facility (the "Devil Mountain ABL Facility") of up to \$20.0 million, subject to borrowing base availability.

Loans under the Devil Mountain ABL facility bear interest at either (i) an adjusted term SOFR rate equal to term SOFR plus an applicable margin of 1.90% or 2.10% or (ii) an alternate base rate plus an applicable margin of 0.80% or 1.00%, subject to a 0.20% reduction when the Fixed Charge Coverage Ratio (as defined in the Devil Mountain ABL Facility) is greater than 2.00:1.00. Additionally, undrawn commitments under the Devil Mountain ABL Facility bear a commitment fee of 0.25% on the actual undrawn portion of the commitments under the Devil Mountain ABL Facility based upon the daily utilization for the previous quarter. The interest rate on the outstanding balance under the Devil Mountain ABL Facility was 7.30055% as of September 29, 2024. Devil Mountain was in compliance with all of the Devil Mountain ABL Facility covenants as of September 29, 2024.

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 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. On July 2, 2024, the Borrowers entered into the Second Amendment to the Second Amended and Restated Credit Agreement (the "Second Amendment") that amends and restates the Second Amended and Restated Credit Agreement, dated as of March 23, 2021. The Second Amendment provides for, among other things, an aggregate principal amount of approximately \$392.7 million in term loans (the "Tranche B Term Loans"). The Tranche B Term Loans are guaranteed by Bidco and each direct and indirect wholly-owned U.S. restricted subsidiary of Landscape. The Tranche B 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 Tranche B Term Loans mature on March 22, 2030.

Amendments of Term Loans

On July 2, 2024, the Company, through its subsidiaries Landscape Holding and Landscape, entered into the Second Amendment that amends and restates the Second Amended and Restated Credit Agreement, dated as of March 23, 2021. The Second Amendment provides for, among other things, an aggregate principal amount of approximately \$392.7 million in Tranche B Term Loans, and makes certain other changes to the existing credit agreement. The aggregate principal amount includes \$172.6 million of cashless roll by existing lenders and \$220.1 million of proceeds from new lenders. Repayments of \$195.1 million were made to lenders who did not participate in the Tranche B Term Loans. Proceeds of the Tranche B Term Loans were used, among other things, (i) to repay in full the term loans outstanding immediately prior to the effectiveness of the Second Amendment, (ii) to repay certain loans outstanding under the ABL Facility, and (iii) to pay fees, costs, and expenses related to the foregoing transactions.

The Tranche B Term Loans bear interest, at Landscape Holding's option, at either (i) an adjusted Term SOFR rate plus an applicable margin equal to 1.75% (with a Term SOFR floor of 0.50%) or (ii) an alternative base rate plus an applicable margin equal to 0.75%. Voluntary prepayments of the Tranche B Term Loans are permitted at any time, in minimum principal amounts, without premium or penalty, unless in connection with certain repricing transactions that occur within the first six-months after the date of effectiveness of the Second Amendment. The Tranche B Term Loans will mature on March 22, 2030. The interest rate on the outstanding balance of the Tranche B Term Loans was 6.95055% as of September 29, 2024.

The Second Amended and Restated Credit Agreement, as amended by the Second Amendment, 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 Tranche B Term Loans are payable in consecutive quarterly installments equal to 0.25% of the aggregate initial principal amount of the Tranche B Term Loans until the maturity date. In addition, the Tranche B Term Loans are subject to annual mandatory prepayments in an amount equal to 50% of excess cash flow, as defined in the Second Amendment for the applicable fiscal year if 50% of excess cash flow exceeds \$24.0 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 Amendment. As of September 29, 2024, the Company was in compliance with all of the Second Amendment covenants.

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 provided for an additional \$120.0 million of New Term Loans and 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.

On March 27, 2023, the Company, through its subsidiary, Landscape Holding, entered into the Sixth Amendment, which 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 bore 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%.

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 amended and 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.

Interest Expense

During the three and nine months ended September 29, 2024, the Company incurred total interest expense of \$9.5 million and \$25.2 million, respectively, of which \$5.7 million and \$17.9 million related to interest on the asset-based credit facilities and the term loans for the three and nine months ended September 29, 2024, respectively. Debt issuance costs and discounts are amortized as interest expense over the life of the debt. As a result of the Second Amendment, unamortized debt issuance costs and discounts in the amount of \$1.8 million were written off to expense and new debt fees and issuance costs of \$2.2 million were capitalized during the three and nine months ended September 29, 2024, in accordance with ASC 470-50, “Debt Modifications and Extinguishments”. No gain or loss was recorded as it related to all participating lenders. Amortization expense related to debt issuance costs and discounts was \$0.3 million and \$1.0 million for the three and nine months ended September 29, 2024, respectively. The remaining \$1.7 million and \$4.5 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 September 29, 2024, respectively.

During the three and nine months ended October 1, 2023, the Company incurred total interest expense of \$6.4 million and \$20.6 million, respectively, of which \$5.3 million and \$17.5 million related to interest on the ABL Facility and the term loans for the three and nine months ended October 1, 2023, respectively. 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 million and \$0.9 million for the three and nine months ended October 1, 2023, respectively. The remaining \$0.7 million and \$2.2 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.

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 for the interest rate swap arrangements executed on March 23, 2021 that were determined to be hybrid debt instruments. As of September 29, 2024, the outstanding amount of \$0.7 million was classified as Long-term debt, 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 24.0% for the nine months ended September 29, 2024 and approximately 23.7% for the nine months ended October 1, 2023. The increase in the effective rate was primarily due to a decrease in the amount of excess tax benefits from stock-based compensation recognized as a component of Income tax expense in the Company’s Consolidated Statements of Operations. The Company recognized excess tax benefits of \$2.9 million for the nine months ended September 29, 2024, and \$4.3 million for the nine months ended October 1, 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 months ended September 29, 2024 and October 1, 2023, the Company recorded no material increases or decreases to the valuation allowance against deferred tax assets.

Note 11. Commitments and Contingencies***Environmental 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 September 29, 2024 and December 31, 2023, respectively. As part of the CD&R Acquisition, Deere 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 September 29, 2024 and December 31, 2023, respectively.

Letters of Credit

As of September 29, 2024 and December 31, 2023, outstanding letters of credit were \$18.8 million and \$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 EPS by dividing Net income (loss) attributable to SiteOne 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 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 September 29, 2024 and October 1, 2023:

	Three Months Ended		Nine Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Shares used in the computation of basic earnings per share	45,229,528	45,149,650	45,253,447	45,096,404
Effect of dilutive securities:				
Stock options	305,791	500,837	349,696	515,888
RSUs and PSUs	23,309	86,100	32,712	68,615
DSUs	13,450	10,811	11,815	9,378
Shares used in the computation of diluted earnings per share	45,572,078	45,747,398	45,647,670	45,690,285

The diluted earnings per common share calculation for the three months ended September 29, 2024 and October 1, 2023 excluded the effect of 183,776 and 183,837 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 September 29, 2024 and October 1, 2023 excluded the anti-dilutive effect of 190,469 and 180,154 potential shares of common stock, respectively.

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 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 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 September 29, 2024, we had over 700 branch locations in 45 U.S. states and six Canadian provinces. Through our expansive North American network, we offer a comprehensive selection of 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

The third quarter and first nine months of 2024 presented ongoing economic challenges, characterized by weakness in the repair and upgrade end market and commodity price deflation, particularly in PVC pipe and grass seed. Consumer discretionary spending on outdoor living has declined amid the current economic environment. While the Federal Reserve’s 50 basis point rate cut late in the third quarter provided some relief, we anticipate continued pressure on Net sales growth and Net income through the remainder of 2024 due to elevated interest rates, tighter financial markets, reduced consumer spending, persistent commodity price deflation, and general market and political uncertainty. Organic Daily Sales declined 1% and 2% for the three and nine months ended September 29, 2024, respectively, with price deflation reducing Organic Daily Sales by approximately 3% in both periods. Net sales grew 6% for the three and nine months ended September 29, 2024, respectively, primarily driven by acquisitions. The negative pricing trend that began in the second half of the 2023 Fiscal Year is expected to persist through the remainder of 2024, with price deflation projected to be approximately 3% for the 2024 Fiscal Year, exceeding our initial anticipated range of down 1% to 2%. Gross margin increased 10 basis points in the third quarter and decreased 20 basis points for the nine-month period ended September 29, 2024. The positive impact from higher-margin acquisitions was offset by lower price realization on a year-to-date basis. Selling, general and administrative expenses (“SG&A”) increased 12% and 10% for the three and nine months ended September 29, 2024, respectively, primarily reflecting the impact of acquisitions. Net income attributable to SiteOne decreased to \$44.4 million in the third quarter of 2024 from \$57.3 million in the same period of 2023, and declined to \$145.3 million for the nine months ended September 29, 2024, from \$176.8 million for the same prior year period. These decreases were primarily due to lower price realization and the Organic Daily Sales decrease resulting from price deflation. Net cash provided by operating activities decreased to \$164.0 million for the nine months ended September 29, 2024, compared to \$189.9 million for the same prior year period, reflecting the decline in Net income.

Looking forward, the trend of consumers spending more time at home and investing in their outdoor living spaces is expected to continue, although at lower 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 for longer periods. However, the long-term outlook for the landscape supply industry remains strong, driven by favorable population trends, housing demand, reduced levels of inflation, moderation of interest rates, and continued interest in outdoor living. We are confident in the landscape supply industry growth opportunities and our 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. With a robust acquisition pipeline and a flexible business model, we remain committed to our strategic and operational initiatives and will continue to focus on driving growth organically and through acquisitions while gaining market share and delivering margin expansion by leveraging our scale, resources, and capabilities.

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 well-balanced business, strong financial condition, dedicated and experienced teams, and focused business strategy. Our strong balance sheet and liquidity position provide the flexibility to operate effectively and execute our growth strategy, as well as complete share repurchases through the evolving market conditions. We continue to closely monitor the impact on our business and the related uncertainties and risks of declining prices and 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 upcoming 2024 elections, the ongoing war in Ukraine, the conflict in the Gaza Strip, and general 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 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”). Our fiscal year is a 52- or 53-week period ending on the Sunday nearest to December 31 in each year. Our fiscal years ending December 29, 2024 (the “2024 Fiscal Year”) and December 31, 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 September 29, 2024 and October 1, 2023 both included 13 weeks. The nine months ended September 29, 2024 and October 1, 2023 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.

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.

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 consolidated 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. Adjusted EBITDA includes Adjusted EBITDA attributable to non-controlling interest. 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.

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 September 29, 2024, we completed the following acquisitions since the start of the 2023 Fiscal Year:

- In July 2024, we acquired the assets and assumed the liabilities of Millican Nurseries, LLC (“Millican Nurseries”). With one location in Chichester, New Hampshire, Millican Nurseries is a wholesale distributor of nursery products to landscape professionals.
- In June 2024, we acquired the assets and assumed the liabilities of Cohen & Cohen Natural Stone Inc. (“Cohen & Cohen”). With one location in Ottawa, Ontario, Canada, Cohen & Cohen is a wholesale distributor of hardscapes to landscape professionals.
- In May 2024, we acquired the assets and assumed the liabilities of AC Florida Pavers, LLC, doing business as Hardscape.com (“Hardscape.com”). With four locations in Boca Raton, Ft. Myers, Tampa, and Jupiter, Florida, Hardscape.com is a wholesale distributor of hardscapes to landscape professionals.
- In April 2024, we entered into a Securities Purchase and Redemption Agreement, pursuant to which we acquired a 75% ownership interest in Devil Mountain Wholesale Nursery, LLC (“Devil Mountain”). We also entered into an amended operating agreement, the Second Amended and Restated Operating Agreement, in connection with the acquisition of our controlling interest that contains put and call options whereby the remaining 25% ownership interest in Devil Mountain may be sold to us through the exercise of the holders’ put option or purchased by us through the exercise of our 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.
- In April 2024, we acquired the assets and assumed the liabilities of Eggemeyer Land Clearing, LLC (“Eggemeyer”). With one location in New Braunfels, Texas, Eggemeyer is a wholesale distributor of bulk landscape supplies to landscape professionals.
- 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.
- 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.
- 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.

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 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 enter into supply contracts with terms that exceed one year for the manufacture of our LESCO® branded fertilizer, some nursery goods, 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, assortment planning, private label expansion, line of business training, and supplier management.
- Supply chain initiatives, including the implementation of new inventory planning and stocking systems and functionalities, the continued expansion of our distribution network footprint and capabilities, local hubs in large markets, inbound freight optimization, and local fleet utilization and cost improvements.
- Sales force initiatives, including optimizing our commercial sales strategies, leads, and opportunities, while improving the skills and performance of the team.
- Marketing initiatives, including customer analytics and lifecycle marketing, product marketing, Hispanic customer engagement, optimization of our digital marketing strategy, and a continued focus on the new Partners Program.
- Digital initiatives, including increasing customer demand 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 improved associate mobile capabilities.

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 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 September 29, 2024 and October 1, 2023 (in millions, except percentages).

Consolidated Statements of Operations

	Three Months Ended				Nine Months Ended			
	September 29, 2024		October 1, 2023		September 29, 2024		October 1, 2023	
Net sales	\$ 1,208.8	100.0 %	\$ 1,145.1	100.0 %	\$ 3,527.5	100.0 %	\$ 3,336.2	100.0 %
Cost of goods sold	797.8	66.0 %	757.0	66.1 %	2,305.0	65.3 %	2,171.6	65.1 %
Gross profit	411.0	34.0 %	388.1	33.9 %	1,222.5	34.7 %	1,164.6	34.9 %
Selling, general and administrative expenses	349.1	28.9 %	311.8	27.2 %	1,020.6	28.9 %	923.8	27.7 %
Other income	8.0	0.7 %	4.9	0.4 %	15.3	0.4 %	11.4	0.3 %
Operating income	69.9	5.8 %	81.2	7.1 %	217.2	6.2 %	252.2	7.6 %
Interest and other non-operating expenses, net	9.5	0.8 %	6.4	0.6 %	25.2	0.7 %	20.6	0.6 %
Income tax expense	15.8	1.3 %	17.5	1.5 %	46.1	1.3 %	54.8	1.6 %
Net income	44.6	3.7 %	57.3	5.0 %	145.9	4.1 %	176.8	5.3 %
Less: Net income attributable to non-controlling interest	0.2	— %	—	— %	0.6	— %	—	— %
Net income attributable to SiteOne	\$ 44.4	3.7 %	\$ 57.3	5.0 %	\$ 145.3	4.1 %	\$ 176.8	5.3 %

Net sales

Net sales for the three months ended September 29, 2024 increased 6% to \$1,208.8 million as compared to \$1,145.1 million for the three months ended October 1, 2023, and increased 6% to \$3,527.5 million for the nine months ended September 29, 2024 compared to \$3,336.2 million for the nine months ended October 1, 2023. These increases were primarily due to contributions from acquisitions. Organic Daily Sales decreased 1% in the third quarter of 2024 and 2% for the nine months ended September 29, 2024 primarily due to commodity price deflation. Based upon year-over-year price changes in our highest selling SKUs, we estimate price deflation reduced Organic Daily Sales by 3% for the three and nine months ended September 29, 2024. Organic Daily Sales for agronomic products (fertilizer, control products, ice melt, equipment, and other products) increased 2% in the third quarter of 2024 and increased 3% for the nine months ended September 29, 2024 primarily due to strong volume growth resulting from lower prices and solid end market demand. Organic Daily Sales for landscaping products (irrigation supplies, hardscapes, landscape accessories, nursery goods, and outdoor lighting) decreased 2% in the third quarter of 2024 and 3% for the nine months ended September 29, 2024 reflecting price deflation and weaker demand in the repair and remodel end market. Acquisitions contributed \$77.3 million, or 7%, to the Net sales growth for the third quarter of 2024 and \$243.0 million, or 7%, to the Net sales growth for the nine months ended September 29, 2024.

Cost of goods sold

Cost of goods sold increased 5% to \$797.8 million for the three months ended September 29, 2024 compared to \$757.0 million for the three months ended October 1, 2023, and increased 6% to \$2,305.0 million for the nine months ended September 29, 2024 compared to \$2,171.6 million for the nine months ended October 1, 2023. The increase in Cost of goods sold for the three and nine months ended September 29, 2024 was primarily attributable to acquisitions.

Gross profit and gross margin

Gross profit increased 6% to \$411.0 million for the three months ended September 29, 2024 compared to \$388.1 million for the three months ended October 1, 2023, and increased 5% to \$1,222.5 million for the nine months ended September 29, 2024 compared to \$1,164.6 million for the nine months ended October 1, 2023. Gross profit growth was driven by Net sales growth, including acquisitions. Gross margin increased 10 basis points to 34.0% for the third quarter of 2024 as compared to 33.9% for the third quarter of 2023 primarily due to contributions from acquisitions with higher gross margins, partially offset by lower price realization. Gross margin decreased 20 basis points to 34.7% for the nine months ended September 29, 2024 compared to 34.9% for the nine months ended October 1, 2023. The decrease in gross margin is primarily due to lower price realization.

Selling, general and administrative expenses

SG&A increased 12% to \$349.1 million for the three months ended September 29, 2024 compared to \$311.8 million for the three months ended October 1, 2023, and increased 10% to \$1,020.6 million for the nine months ended September 29, 2024 compared to \$923.8 million for the nine months ended October 1, 2023. SG&A as a percentage of Net sales increased 170 basis points to 28.9% for the three months ended September 29, 2024 compared to 27.2% for the third quarter of 2023, and increased 120 basis points to 28.9% for the nine months ended September 29, 2024 compared to 27.7% for the nine months ended October 1, 2023. These increases were primarily due to the impact of acquisitions. Depreciation and amortization expense increased \$4.6 million to \$35.9 million for the three months ended September 29, 2024, compared to \$31.3 million for the three months ended October 1, 2023, and increased \$10.3 million to \$103.4 million for the nine months ended September 29, 2024 compared to \$93.1 million for the nine months ended October 1, 2023. The increase in depreciation and amortization for the three and nine months ended September 29, 2024 was primarily attributable to our acquisitions.

Interest and other non-operating expenses, net

Interest and other non-operating expenses, net increased \$3.1 million to \$9.5 million for the three months ended September 29, 2024 compared to \$6.4 million for the three months ended October 1, 2023, and increased \$4.6 million to \$25.2 million for the nine months ended September 29, 2024 compared to \$20.6 million for the nine months ended October 1, 2023. The increase in interest expense was primarily due to higher average borrowings and the Loss on extinguishment of debt of \$1.8 million during the three and nine months ended September 29, 2024 as compared to the same periods of 2023.

Income tax expense

Income tax expense was \$15.8 million the three months ended September 29, 2024 compared to \$17.5 million for the three months ended October 1, 2023. The effective tax rate was 26.2% for the three months ended September 29, 2024 compared to 23.4% for the three months ended October 1, 2023. The increase in the effective tax rate was primarily due 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 \$0.1 million were recognized for the three months ended September 29, 2024 as compared to \$2.4 million for the three months ended October 1, 2023.

Income tax expense was \$46.1 million for the nine months ended September 29, 2024 as compared to \$54.8 million for the nine months ended October 1, 2023. The effective tax rate was 24.0% for the nine months ended September 29, 2024 compared to 23.7% for the nine months ended October 1, 2023. The increase in the effective tax rate was primarily due 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 \$2.9 million were recognized for the nine months ended September 29, 2024 as compared to \$4.3 million for the nine months ended October 1, 2023.

Net income attributable to non-controlling interest

Net income attributable to non-controlling interest was \$0.2 million for the three months ended September 29, 2024 and \$0.6 million for the nine months ended September 29, 2024 as a result of the acquisition of Devil Mountain. There was no Net income attributable to non-controlling interest for the three and nine months ended October 1, 2023.

Net income attributable to SiteOne

Net income attributable to SiteOne decreased \$12.9 million to \$44.4 million for the three months ended September 29, 2024 as compared to \$57.3 million for the three months ended October 1, 2023, and decreased \$31.5 million to \$145.3 million for the nine months ended September 29, 2024 compared to \$176.8 million for the nine months ended October 1, 2023. The decrease in Net income attributable to SiteOne for the three and nine months ended September 29, 2024 was primarily due to lower price realization and the Organic Daily Sales decrease resulting from price deflation.

Quarterly Results of Operations Data

The following 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)

	2024				2023				2022
	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4	
Net sales	\$ 1,208.8	\$ 1,413.9	\$ 904.8	\$ 965.0	\$ 1,145.1	\$ 1,353.7	\$ 837.4	\$ 890.0	
Cost of goods sold	797.8	903.6	603.6	638.4	757.0	864.3	550.3	587.4	
Gross profit	411.0	510.3	301.2	326.6	388.1	489.4	287.1	302.6	
Selling, general and administrative expenses	349.1	343.8	327.7	332.8	311.8	320.6	291.4	304.6	
Other income, net	(8.0)	(3.1)	(4.2)	(4.3)	(4.9)	(2.5)	(4.0)	(2.0)	
Operating income (loss)	69.9	169.6	(22.3)	(1.9)	81.2	171.3	(0.3)	—	
Interest and other non-operating expenses, net	9.5	9.0	6.7	6.5	6.4	7.3	6.9	5.5	
Income tax expense (benefit)	15.8	40.0	(9.7)	(5.0)	17.5	40.0	(2.7)	(4.6)	
Net income (loss)	\$ 44.6	\$ 120.6	\$ (19.3)	\$ (3.4)	\$ 57.3	\$ 124.0	\$ (4.5)	\$ (0.9)	
Less: Net income attributable to non-controlling interest	0.2	0.4	—	—	—	—	—	—	
Net income (loss) attributable to SiteOne	\$ 44.4	\$ 120.2	\$ (19.3)	\$ (3.4)	\$ 57.3	\$ 124.0	\$ (4.5)	\$ (0.9)	
Net income (loss) per common share:									
Basic	\$ 0.98	\$ 2.66	\$ (0.43)	\$ (0.08)	\$ 1.27	\$ 2.75	\$ (0.10)	\$ (0.02)	
Diluted	\$ 0.97	\$ 2.63	\$ (0.43)	\$ (0.08)	\$ 1.25	\$ 2.71	\$ (0.10)	\$ (0.02)	
Adjusted EBITDA ^(a)	\$ 114.8	\$ 210.5	\$ 21.1	\$ 39.9	\$ 119.8	\$ 211.2	\$ 39.8	\$ 38.9	
Net sales as a percentage of annual Net sales				22.4 %	26.6 %	31.5 %	19.5 %	22.2 %	
Gross profit as a percentage of annual Gross profit				21.9 %	26.0 %	32.8 %	19.3 %	21.3 %	
Adjusted EBITDA as a percentage of annual Adjusted EBITDA				9.7 %	29.2 %	51.4 %	9.7 %	8.4 %	

(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 Net income (loss) plus the sum of Income tax expense (benefit), interest expense, net of interest income, and depreciation and amortization. Adjusted EBITDA 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.

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 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) or the cash requirements to pay our income taxes;
- does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- does not reflect the recognition of the step-up basis in inventory from acquisitions (i.e., the adjustment to record inventory from historic cost to fair value at acquisitions) as the adjustment does not reflect the ongoing expense associated with sale of our products as part of our underlying business; 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.

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	
	Qtr 3	Qtr 2	Qtr 1	Qtr 4	Qtr 3	Qtr 2	Qtr 1	Qtr 4
Reported Net income (loss)	\$ 44.6	\$ 120.6	\$ (19.3)	\$ (3.4)	\$ 57.3	\$ 124.0	\$ (4.5)	\$ (0.9)
Income tax expense (benefit)	15.8	40.0	(9.7)	(5.0)	17.5	40.0	(2.7)	(4.6)
Interest expense, net	9.5	9.0	6.7	6.5	6.4	7.3	6.9	5.5
Depreciation and amortization	35.9	34.6	32.9	34.6	31.3	31.0	30.8	31.6
EBITDA	105.8	204.2	10.6	32.7	112.5	202.3	30.5	31.6
Stock-based compensation ^(a)	5.2	3.8	10.5	5.0	5.0	7.1	8.6	4.3
(Gain) loss on sale of assets ^(b)	0.3	(0.3)	(1.0)	(0.1)	(0.2)	0.2	(0.4)	0.2
Financing fees ^(c)	0.5	—	—	—	0.4	0.1	—	—
Acquisitions and other adjustments ^(d)	3.0	2.8	1.0	2.3	2.1	1.5	1.1	2.8
Adjusted EBITDA^(e)	\$ 114.8	\$ 210.5	\$ 21.1	\$ 39.9	\$ 119.8	\$ 211.2	\$ 39.8	\$ 38.9

(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, performance bonuses, and retention and severance payments related to historical acquisitions, as well as the cost of inventory that was stepped up to fair value during the second quarter of 2024 related to the purchase accounting of Devil Mountain. We cannot predict the timing or amount of any such fees or payments. These amounts are recorded in Cost of goods sold and 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. Adjusted EBITDA includes Adjusted EBITDA attributable to non-controlling interest of \$0.8 million and \$0.9 million for the third and second quarter of 2024, respectively.

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

	2024			2023		
	Qtr 3	Qtr 2	Qtr 1	Qtr 3	Qtr 2	Qtr 1
Reported Net sales	\$ 1,208.8	\$ 1,413.9	\$ 904.8	\$ 1,145.1	\$ 1,353.7	\$ 837.4
Organic Sales ^(a)	1,089.6	1,291.5	840.7	1,103.2	1,334.5	835.8
Acquisition contribution ^(b)	119.2	122.4	64.1	41.9	19.2	1.6
Selling Days	63	64	64	63	64	64
Organic Daily Sales	\$ 17.3	\$ 20.2	\$ 13.1	\$ 17.5	\$ 20.9	\$ 13.1

(a) Organic Sales equal Net sales less Net sales from branches acquired in 2024 and 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 2024 Fiscal Year. Includes Net sales from branches acquired in 2024 and 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 nine months ended September 29, 2024, we repurchased 143,022 shares of our common stock at an average price per share of \$151.46. As of September 29, 2024, the dollar value of shares that may yet be purchased under the share repurchase authorization was \$342.0 million.

Our borrowing base capacity under the ABL Facility was \$561.2 million as of September 29, 2024, after giving effect to \$20.0 million of revolving credit loans under the ABL Facility and outstanding letters of credit of \$18.8 million. Our borrowing base capacity under the ABL Facility was \$578.2 million as of December 31, 2023, after giving effect to \$7.5 million of revolving credit loans under the ABL Facility and outstanding letters of credit of \$14.3 million. As of September 29, 2024, we had total cash and cash equivalents of \$85.5 million, total gross long-term debt of \$416.0 million, and total finance lease obligations (excluding interest) of \$124.2 million.

Working capital was \$991.7 million as of September 29, 2024, an increase of \$164.7 million compared to \$827.0 million as of December 31, 2023. The change in working capital was primarily attributable to the seasonality of our business.

The following table summarizes current and long-term material cash requirements related to our long-term debt as of September 29, 2024 (in millions):

	Total	Next 12 Months	Beyond 12 Months
Long-term debt, including current maturities	\$ 416.0	\$ 4.7	\$ 411.3
Interest on long-term debt	\$ 153.9	\$ 24.7	\$ 129.2

Our gross long-term debt balance increased \$37.0 million since December 31, 2023. This increase was primarily attributable to funding the seasonal increase in our working capital and our acquisition investments. We have current maturities on our long-term debt of \$4.7 million, which includes \$4.0 million related to the term loan facility and \$0.7 million related to the hybrid debt instruments. The projected interest payments on our debt only pertain to obligations and agreements outstanding as of September 29, 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 September 29, 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 loan facility and the ABL Facility. The total amount of interest on long-term debt increased \$41.5 million since December 31, 2023 to \$153.9 million, primarily due to the extension of the maturity date of the term loan facility as well as the increase in borrowings under the term loan 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):

Net cash provided by (used in):	Nine Months Ended	
	September 29, 2024	October 1, 2023
Operating activities	\$ 164.0	\$ 189.9
Investing activities	\$ (140.3)	\$ (209.2)
Financing activities	\$ (20.5)	\$ 65.1

Cash flow provided by operating activities

Net cash provided by operating activities for the nine months ended September 29, 2024 was \$164.0 million compared to \$189.9 million for the nine months ended October 1, 2023. The decrease in cash provided by operating activities primarily reflects a decline in Net income during the first nine months of 2024 compared to the same period of 2023.

Cash flow used in investing activities

Net cash used in investing activities was \$140.3 million for the nine months ended September 29, 2024 compared to \$209.2 million for the nine months ended October 1, 2023. The decrease reflects lower acquisition investments in the first nine months of 2024 compared to the same period of 2023. Capital expenditures were \$31.0 million for the first nine months of 2024 compared to \$24.1 million for the same period of 2023 due to increased investment in branch improvements and information technology.

Cash flow (used in) provided by financing activities

Net cash used in financing activities was \$(20.5) million for the nine months ended September 29, 2024 compared to net cash provided by financing activities of \$65.1 million for the nine months ended October 1, 2023. The change in cash flows from financing activities primarily reflects lower borrowings to fund our acquisition investments during the first nine months of 2024 compared to the same period of 2023.

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 amended and 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”).

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.

On July 2, 2024, Landscape Holding, as representative for the Borrowers, entered into the Second Amendment to the Second Amended and Restated Credit Agreement (the “Second Amendment”) that amends and restates the Second Amended and Restated Credit Agreement, dated as of March 23, 2021. The Second Amendment provides for, among other things, an aggregate principal amount of approximately \$392.7 million in term loans (the “Tranche B Term Loans”). The Tranche B Term Loans mature on March 22, 2030.

Subject to certain conditions, without the consent of the then existing lenders (but subject to the receipt of commitments), the Tranche B 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) \$392.0 million and (b) 100% of Consolidated EBITDA (as defined in the Second Amendment) 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 Tranche B 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 Amendment. If an event of default occurs, the lenders could elect to declare all amounts outstanding under the Tranche B Term Loans to be immediately due and payable and enforce their interest in collateral pledged under the agreement.

Amendments of Term Loans

On July 2, 2024, Landscape Holding and Landscape entered into the Second Amendment that amends and restates the Second Amended and Restated Credit Agreement, dated as of March 23, 2021. The Second Amendment provides for, among other things, an aggregate principal amount of approximately \$392.7 million in Tranche B Term Loans, and makes certain other changes to the existing credit agreement. Proceeds of the Tranche B Term Loans were used, among other things, (i) to repay in full the term loans outstanding immediately prior to the effectiveness of the Second Amendment, (ii) to repay certain loans outstanding under the ABL Facility, and (iii) to pay fees, costs, and expenses related to the foregoing transactions. The Tranche B Term Loans bear interest, at Landscape Holding's option, at either (i) an adjusted Term SOFR rate plus an applicable margin equal to 1.75% (with a Term SOFR floor of 0.50%) or (ii) an alternative base rate plus an applicable margin equal to 0.75%. Voluntary prepayments of the Tranche B Term Loans are permitted at any time, in minimum principal amounts, without premium or penalty, unless in connection with certain repricing transactions that occur within the first six-months after the date of effectiveness of the Second Amendment. The Tranche B Term Loans will mature on March 22, 2030. The interest rate on the outstanding balance of the Tranche B Term Loans was 6.95055% as of September 29, 2024.

On July 12, 2023, Landscape Holding, as representative for the Borrowers, entered into the Increase Supplement, which provided for an additional \$120.0 million of New Term Loans and 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.

On March 27, 2023, Landscape Holding entered into the Sixth Amendment, which 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 bore 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%.

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, 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.

The Second Amendment 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 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 rates on outstanding balances under the ABL Facility were 6.33577% as of September 29, 2024 and 6.69508% as of December 31, 2023. The commitment fees on unfunded amounts were 0.25% and 0.25% as of September 29, 2024 and 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 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.

Subsidiary ABL Facility

In connection with our acquisition of a controlling interest in Devil Mountain, on April 30, 2024, Devil Mountain entered into the Eighth Amendment to the Credit Agreement and Consent providing for an asset-based credit facility (the "Devil Mountain ABL Facility") of up to \$20.0 million, subject to borrowing base availability.

Loans under the Devil Mountain ABL facility bear interest at either (i) an adjusted term SOFR rate equal to term SOFR plus an applicable margin of 1.90% or 2.10% or (ii) an alternate base rate plus an applicable margin of 0.80% or 1.00%, subject to a 0.20% reduction when the Fixed Charge Coverage Ratio (as defined in the Devil Mountain ABL Facility) is greater than 2.00:1.00. Additionally, undrawn commitments under the Devil Mountain ABL Facility bear a commitment fee of 0.25% on the actual undrawn portion of the commitments under the Devil Mountain ABL Facility based upon the daily utilization for the previous quarter. The interest rate on the outstanding balance under the Devil Mountain ABL Facility was 7.30055% as of September 29, 2024.

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.

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 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 Long-term debt, current portion and \$4.4 million classified as Long-term debt, less current portion on our Consolidated Balance Sheets for the interest rate swap arrangements executed during the first quarter of 2021 that were determined to be hybrid debt instruments. As of September 29, 2024, the outstanding amount of \$0.7 million was classified as Long-term debt, 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 Policies”, “[Note 4](#). Fair Value Measurement and Interest Rate Swaps”, and “[Note 9](#). Long-Term Debt” in the notes to the consolidated financial statements.

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 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.

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 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.

PART II - OTHER INFORMATION**Item 1. Legal Proceedings**

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, 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, 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 2023 Fiscal Year.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about the purchases of our common stock made during the three months ended September 29, 2024:

Periods	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)^(a)
July 1, 2024 - Aug 4, 2024	—	\$ —	—	\$ 343.8
Aug 5, 2024 - Sept 1, 2024	5,700	\$ 129.99	5,700	\$ 343.1
Sept 2, 2024 - Sept 29, 2024	8,400	\$ 129.48	8,400	\$ 342.0
Total	14,100	\$ 129.69	14,100	\$ 342.0

^(a) In October 2022, our Board of Directors approved a share repurchase authorization for up to \$400.0 million of our common stock. The share repurchase authorization, which was announced on November 2, 2022, does not have an expiration date and may be amended, suspended, or terminated by our Board of Directors at any time.

Item 5. Other Information**Rule 10b5-1 Trading Plans**

During the three months ended September 29, 2024, none of our directors or executive officers adopted, modified, or terminated any contract, instruction, or written 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”.

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 September 29, 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).

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.

SITEONE LANDSCAPE SUPPLY, INC.

Date: October 30, 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)

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: October 30, 2024

/s/ Doug Black

Doug Black

Chairman and Chief Executive Officer

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: October 30, 2024

/s/ John T. Guthrie

John T. Guthrie

Executive Vice President, Chief Financial Officer and Assistant Secretary

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 September 29, 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: October 30, 2024

/s/ Doug Black

Doug Black

Chairman and Chief Executive Officer

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 September 29, 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: October 30, 2024

/s/ John T. Guthrie

John T. Guthrie

Executive Vice President, Chief Financial Officer and Assistant Secretary