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DELTA REPORT

10-Q

PDCO - PATTERSON COMPANIES, INC.

10-Q - JANUARY 27, 2024 COMPARED TO 10-Q - OCTOBER 28, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	462
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 CHANGES	335
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 DELETIONS	65
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 ADDITIONS	62
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- FOR THE QUARTERLY PERIOD ENDED **October 28, 2023** **January 27, 2024**.
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 0-20572

PATTERSON COMPANIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Minnesota		41-0886515
(State or Other Jurisdiction of Incorporation or Organization)		(I.R.S. Employer Identification Number)
1031 Mendota Heights Road		
St. Paul	Minnesota	55120
(Address of Principal Executive Offices)		(Zip Code)
	(651) 686-1600	
	(Registrant's Telephone Number, Including Area Code)	

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, par value \$.01	PDCO	NASDAQ Global Select Market

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

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

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

Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

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

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

As of November 20, 2023 February 20, 2024, there were 92,661,000 89,592,000 shares of Common Stock of the registrant issued and outstanding.

PATTERSON COMPANIES, INC.

INDEX

	Page
PART I - FINANCIAL INFORMATION	
Item 1- Financial Statements	3
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Operations and Other Comprehensive Income	4
Condensed Consolidated Statements of Changes in Stockholders' Equity	5
Condensed Consolidated Statements of Cash Flows	7
Notes to Condensed Consolidated Financial Statements	8
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3 - Quantitative and Qualitative Disclosures about Market Risk	24
Item 4 - Controls and Procedures	24
PART II - OTHER INFORMATION	
Item 1 - Legal Proceedings	25
Item 1A - Risk Factors	25
Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds	25
Item 5 - Other Information	25
Item 6 - Exhibits	27
Signatures	28

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PATTERSON COMPANIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)
(Unaudited)

		October 28, 2023		April 29, 2023
		January 27, 2024		January 27, 2024
				April 29, 2023
ASSETS	ASSETS			
Current assets:	Current assets:			
Current assets:				
Current assets:				
Cash and cash equivalents	Cash and cash equivalents	\$ 113,886	\$ 159,669	
Receivables, net of allowance for doubtful accounts of \$3,875 and \$3,667		490,428	477,384	
Cash and cash equivalents				
Cash and cash equivalents				
Receivables, net of allowance for doubtful accounts of \$3,949 and \$3,667				
Inventory	Inventory	858,028	795,072	
Prepaid expenses and other current assets	Prepaid expenses and other current assets	328,334	351,011	
Total current assets	Total current assets	1,790,676	1,783,136	
Property and equipment, net	Property and equipment, net	218,977	212,283	
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	101,532	92,956	
Long-term receivables, net	Long-term receivables, net	121,030	121,717	
Goodwill	Goodwill	156,172	156,420	
Identifiable intangibles, net	Identifiable intangibles, net	212,179	231,873	
Investments	Investments	162,531	160,022	

Other non-current assets, net	Other non-current assets, net	126,593	120,739
Total assets	Total assets	\$2,889,690	\$2,879,146
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:	Current liabilities:		
Current liabilities:			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	\$ 688,687	\$ 724,993
Accrued payroll expense	Accrued payroll expense	54,718	82,253
Other accrued liabilities	Other accrued liabilities	169,005	168,696
Operating lease liabilities	Operating lease liabilities	30,132	28,390
Current maturities of long-term debt	Current maturities of long-term debt	36,000	36,000
Borrowings on revolving credit	Borrowings on revolving credit	170,000	45,000
Total current liabilities	Total current liabilities	1,148,542	1,085,332
Long-term debt	Long-term debt	449,974	451,231
Non-current operating lease liabilities	Non-current operating lease liabilities	74,393	67,376
Other non-current liabilities	Other non-current liabilities	161,692	156,672
Total liabilities	Total liabilities	1,834,601	1,760,611
Stockholders' equity:	Stockholders' equity:		
Common stock, \$0.01 par value: 600,000 shares authorized; 94,089 and 96,350 shares issued and outstanding		941	964
Common stock, \$0.01 par value: 600,000 shares authorized; 90,092 and 96,350 shares issued and outstanding			
Common stock, \$0.01 par value: 600,000 shares authorized; 90,092 and 96,350 shares issued and outstanding			

Common stock, \$0.01 par value: 600,000 shares authorized; 90,092 and 96,350 shares issued and outstanding			
Additional paid-in capital	Additional paid-in capital	249,490	233,706
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(98,962)	(89,262)
Retained earnings	Retained earnings	902,827	972,127
Total Patterson Companies, Inc. stockholders' equity	Total Patterson Companies, Inc. stockholders' equity	1,054,296	1,117,535
Total Patterson Companies, Inc. stockholders' equity			
Total Patterson Companies, Inc. stockholders' equity			
Noncontrolling interests	Noncontrolling interests	793	1,000
Total stockholders' equity	Total stockholders' equity	1,055,089	1,118,535
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$2,889,690	\$2,879,146

See accompanying notes

PATTERSON COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND OTHER COMPREHENSIVE INCOME
(In thousands, except per share amounts)
(Unaudited)

						Three Months Ended	Nine Months Ended		
		Three Months Ended		Six Months Ended					
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022				
							January 28, 2024	January 27, 2023	January 28, 2023
							January 27, 2024	2023	2024
Net sales	Net sales	\$1,652,772	\$1,626,204	\$3,229,517	\$3,149,469				

Cost of sales	Cost of sales	1,313,746	1,298,115	2,571,436	2,509,247
Gross profit	Gross profit	339,026	328,089	658,081	640,222
Operating expenses	Operating expenses	282,123	267,994	562,956	545,283
Operating income	Operating income	56,903	60,095	95,125	94,939
Other income (expense):	Other income (expense):				
Other income, net	Other income, net	7,096	18,203	18,997	19,983
Other income, net					
Other income, net					
Interest expense	Interest expense	(10,642)	(7,544)	(20,154)	(13,107)
Income before taxes	Income before taxes	53,357	70,754	93,968	101,815
Income tax expense	Income tax expense	13,502	17,105	22,983	23,906
Net income					
Net income					
Net income	Net income	39,855	53,649	70,985	77,909
Net loss attributable to noncontrolling interests	Net loss attributable to noncontrolling interests	(103)	(424)	(207)	(754)
Net income attributable to Patterson Companies, Inc.	Net income attributable to Patterson Companies, Inc.	\$ 39,958	\$ 54,073	\$ 71,192	\$ 78,663
Earnings per share attributable to Patterson Companies, Inc.:	Earnings per share attributable to Patterson Companies, Inc.:				
Basic	Basic	\$ 0.42	\$ 0.56	\$ 0.75	\$ 0.81
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	\$ 0.42	\$ 0.55	\$ 0.74	\$ 0.81

Weighted average shares:	Weighted average shares:				
Basic	Basic				
Basic	Basic	94,710	96,913	95,127	96,771
Diluted	Diluted	95,156	97,552	95,722	97,708
Dividends declared per common share	Dividends declared per common share	\$ 0.26	\$ 0.26	\$ 0.52	\$ 0.52
Comprehensive income:	Comprehensive income:				
Net income	Net income	\$ 39,855	\$ 53,649	\$ 70,985	\$ 77,909
Foreign currency translation loss		(17,589)	(17,591)	(10,221)	(22,582)
Net income					
Net income					
Foreign currency translation gain (loss)					
Cash flow hedges, net of tax	Cash flow hedges, net of tax	260	260	521	521
Comprehensive income	Comprehensive income	\$ 22,526	\$ 36,318	\$ 61,285	\$ 55,848

See accompanying notes

PATTERSON COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock		Additional	Accumulated		Non-	
	Shares	Amount	Paid-in	Other	Retained	controlling	Total
			Capital	Comprehensive	Earnings	Interests	
				Loss			
Balance at April 30, 2022	96,762	\$ 968	\$ 200,520	\$ (81,516)	\$ 921,704	\$ 959	\$ 1,042,635
Foreign currency translation	—	—	—	(4,991)	—	—	(4,991)
Cash flow hedges	—	—	—	261	—	—	261
Net income (loss)	—	—	—	—	24,590	(330)	24,260
Dividends declared	—	—	—	—	(25,667)	—	(25,667)

Common stock issued	653	6	(2,148)	—	—	—	(2,142)
Repurchases of common stock	(516)	(5)	—	—	(14,995)	—	(15,000)
Stock-based compensation	—	—	7,159	—	—	—	7,159
Contribution from noncontrolling interest	—	—	—	—	—	500	500
Balance at July 30, 2022	96,899	969	205,531	(86,246)	905,632	1,129	1,027,015
Foreign currency translation	—	—	—	(17,591)	—	—	(17,591)
Cash flow hedges	—	—	—	260	—	—	260
Net income (loss)	—	—	—	—	54,073	(424)	53,649
Dividends declared	—	—	—	—	(25,138)	—	(25,138)
Common stock issued	150	1	2,178	—	—	—	2,179
Stock-based compensation	—	—	1,234	—	—	—	1,234
Contribution from noncontrolling interest	—	—	—	—	—	500	500
Balance at October 29, 2022	97,049	970	208,943	(103,577)	934,567	1,205	1,042,108
Foreign currency translation	—	—	—	14,197	—	—	14,197
Cash flow hedges	—	—	—	261	—	—	261
Net income (loss)	—	—	—	—	53,929	(82)	53,847
Dividends declared	—	—	—	—	(25,581)	—	(25,581)
Common stock issued	659	7	14,626	—	—	—	14,633
Stock-based compensation	—	—	2,956	—	—	—	2,956
Balance at January 28, 2023	97,708	977	226,525	(89,119)	962,915	1,123	1,102,421
Foreign currency translation	—	—	—	(403)	—	—	(403)
Cash flow hedges	—	—	—	260	—	—	260
Net income (loss)	—	—	—	—	74,965	(123)	74,842
Dividends declared	—	—	—	—	(25,276)	—	(25,276)
Common stock issued	146	2	2,987	—	—	—	2,989
Repurchases of common stock	(1,504)	(15)	—	—	(40,477)	—	(40,492)
Stock-based compensation	—	—	4,194	—	—	—	4,194
Balance at April 29, 2023	96,350	\$ 964	\$ 233,706	\$ (89,262)	\$ 972,127	\$ 1,000	\$ 1,118,535

See accompanying notes

PATTERSON COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

		Accumulated					Total	Non-controlling Interests	Total
Common Stock		Additional Paid-in Capital	Other Comprehensive Loss	Retained Earnings					
Shares	Amount								

Common Stock									
Common Stock									
Common Stock									
Shares									
Balance at April 29, 2023									
Balance at April 29, 2023									
Balance at April 29, 2023	Balance at April 29, 2023	96,350	\$ 964	\$ 233,706	\$ (89,262)	\$ 972,127	\$ 1,000	\$ 1,118,535	
Foreign currency translation	Foreign currency translation	—	—	—	7,368	—	—	7,368	
Cash flow hedges	Cash flow hedges	—	—	—	261	—	—	261	
Net income (loss)	Net income (loss)	—	—	—	—	31,234	(104)	31,130	
Dividends declared	Dividends declared	—	—	—	—	(25,134)	—	(25,134)	
Common stock issued	Common stock issued	565	5	1,569	—	—	—	1,574	
Repurchases of common stock	Repurchases of common stock	(1,109)	(11)	—	—	(29,497)	—	(29,508)	
Stock-based compensation	Stock-based compensation	—	—	7,015	—	—	—	7,015	
Balance at July 29, 2023									
Balance at July 29, 2023									
Balance at July 29, 2023	Balance at July 29, 2023	95,806	958	242,290	(81,633)	948,730	896	1,111,241	
Foreign currency translation	Foreign currency translation	—	—	—	(17,589)	—	—	(17,589)	
Cash flow hedges	Cash flow hedges	—	—	—	260	—	—	260	
Net income (loss)	Net income (loss)	—	—	—	—	39,958	(103)	39,855	
Dividends declared	Dividends declared	—	—	—	—	(24,897)	—	(24,897)	
Common stock issued	Common stock issued	180	2	3,226	—	—	—	3,228	
Repurchases of common stock	Repurchases of common stock	(1,897)	(19)	(661)	—	(60,964)	—	(61,644)	
Stock-based	Stock-based	—	—	4,635	—	—	—	4,635	

compensation	compensation								
Balance at	Balance at								
October 28,	October 28,								
2023	2023	94,089	\$ 941	\$ 249,490	\$ (98,962)	\$902,827	\$ 793	\$1,055,089	
Balance at October 28, 2023									
Balance at October 28, 2023									
Foreign									
currency									
translation									
Cash flow									
hedges									
Net income									
(loss)									
Dividends									
declared									
Common									
stock issued									
Repurchases									
of common									
stock									
Stock-based									
compensation									
Balance at January 27, 2024									
Balance at January 27, 2024									
Balance at January 27, 2024									

See accompanying notes

PATTERSON COMPANIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

		Six Months Ended		Nine Months Ended	
		October 28, 2023	October 29, 2022		
	January 27, 2024			January 27, 2024	January 28, 2023
Operating activities:	Operating activities:				
Net income					
Net income					
Net income	Net income	\$ 70,985	\$ 77,909		

Adjustments to reconcile net income to net cash used in operating activities:	Adjustments to reconcile net income to net cash used in operating activities:		
Adjustments to reconcile net income to net cash used in operating activities:			
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation	Depreciation		
Depreciation	Depreciation	23,583	22,412
Amortization	Amortization	19,253	18,678
Non-cash employee compensation	Non-cash employee compensation	11,650	8,393
Non-cash employee compensation			
Non-cash employee compensation			
Non-cash losses (gains) and other, net			
Non-cash losses (gains) and other, net			
Non-cash losses (gains) and other, net	Non-cash losses (gains) and other, net	3,166	5,085
Change in assets and liabilities:	Change in assets and liabilities:		
Change in assets and liabilities:			
Change in assets and liabilities:			
Receivables	Receivables		
Receivables	Receivables	(487,186)	(508,811)
Inventory	Inventory	(67,416)	(100,596)
Accounts payable	Accounts payable	(30,911)	41,557
Accrued liabilities	Accrued liabilities	(24,908)	(47,519)
Other changes from operating activities, net	Other changes from operating activities, net	(3,492)	(37,269)
Other changes from operating activities, net			

Other changes from operating activities, net			
Net cash used in operating activities	Net cash used in operating activities	(485,276)	(520,161)
Net cash used in operating activities			
Net cash used in operating activities			
Investing activities:	Investing activities:		
Additions to property and equipment and software			
Additions to property and equipment and software			
Additions to property and equipment and software	Additions to property and equipment and software	(33,467)	(26,779)
Collection of deferred purchase price receivables	Collection of deferred purchase price receivables	489,452	489,639
Payments related to acquisitions, net of cash acquired	Payments related to acquisitions, net of cash acquired	(1,108)	—
Payments related to investments	Payments related to investments	—	(15,000)
Net cash provided by investing activities	Net cash provided by investing activities	454,877	447,860
Net cash provided by investing activities			
Net cash provided by investing activities			
Financing activities:	Financing activities:		
Dividends paid			
Dividends paid			
Dividends paid	Dividends paid	(50,331)	(50,732)
Repurchases of common stock	Repurchases of common stock	(90,491)	(15,000)
Payments on long-term debt			
Payments on long-term debt			
Payments on long-term debt	Payments on long-term debt	(1,500)	—
Draw on revolving credit	Draw on revolving credit	125,000	145,000
Other financing activities	Other financing activities	4,141	(1,766)

Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(13,181)	77,502
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(2,203)	(6,935)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	(45,783)	(1,734)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	159,669	142,014
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$113,886	\$140,280
Supplemental disclosure of non-cash investing activity:	Supplemental disclosure of non-cash investing activity:		
Supplemental disclosure of non-cash investing activity:			
Supplemental disclosure of non-cash investing activity:			
Retained interest in securitization transactions	Retained interest in securitization transactions	\$465,058	\$479,797
Retained interest in securitization transactions			
Retained interest in securitization transactions			

See accompanying notes

PATTERSON COMPANIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars, except per share amounts, and shares in thousands)
(Unaudited)

Note 1. General

Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position of Patterson Companies, Inc. (referred to herein as "Patterson" or in the first person notations "we," "our," and "us") as of **October 28, 2023** **January 27, 2024**, and our results of operations and cash flows for the periods ended **October 28, 2023** **January 27,**

2024 and October 29, 2022 January 28, 2023. Such adjustments are of a normal, recurring nature. The results of operations for the three and six nine months ended October 28, 2023 January 27, 2024 are not necessarily indicative of the results to be expected for any other interim period or for the year ending April 27, 2024. These financial statements should be read in conjunction with the financial statements included in our 2023 Annual Report on Form 10-K filed on June 21, 2023.

The unaudited condensed consolidated financial statements include the assets and liabilities of PDC Funding Company, LLC ("PDC Funding"), PDC Funding Company II, LLC ("PDC Funding II"), PDC Funding Company III, LLC ("PDC Funding III") and PDC Funding Company IV, LLC ("PDC Funding IV"), which are our wholly owned subsidiaries and separate legal entities formed under Minnesota law. PDC Funding and PDC Funding II are fully consolidated special purpose entities established to sell customer installment sale contracts to outside financial institutions in the normal course of their business. PDC Funding III and PDC Funding IV are fully consolidated special purpose entities established to sell certain receivables to unaffiliated financial institutions. The assets of PDC Funding, PDC Funding II, PDC Funding III and PDC Funding IV would be available first and foremost to satisfy the claims of its creditors. There are no known creditors of PDC Funding, PDC Funding II, PDC Funding III or PDC Funding IV. The unaudited condensed consolidated financial statements also include the assets and liabilities of Technology Partner Innovations, LLC, which is further described in Note 8.

Fiscal Year End

We operate with a 52-53 week accounting convention with our fiscal year ending on the last Saturday in April. The second third quarter of fiscal 2024 and 2023 represents the 13 weeks ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively. Fiscal 2024 will include 52 weeks and fiscal 2023 included 52 weeks.

Other Income, Net

Other income, net consisted of the following:

	Three Months			
	Ended		Six Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Gain on interest rate swap agreements	\$2,786	\$13,072	\$ 9,561	\$11,124

	Three Months Ended	Three Months Ended		Nine Months Ended	
	January 27, 2024	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
(Loss) gain on interest rate swap agreements					
Investment income and other		4,310	5,131	9,436	8,859
Other income, net	\$7,096	\$18,203	\$18,997	\$19,983	

Comprehensive Income

Comprehensive income is computed as net income including certain other items that are recorded directly to stockholders' equity. Significant items included in comprehensive income are foreign currency translation adjustments and the effective portion of cash flow hedges, net of tax. Foreign currency translation adjustments do not include a provision for income tax because earnings from foreign operations are considered to be indefinitely reinvested outside the U.S. The income tax expense related to cash flow hedges was \$81 \$80 and \$81 \$80 for the three months ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively. The income tax expense related to cash flow

Earnings Per Share ("EPS")

		Three Months			
		Ended		Six Months Ended	
		October	October	October	October
		28, 2023	29, 2022	28, 2023	29, 2022
	Three Months Ended				
	January 27, 2024				
		Three Months Ended		Nine Months Ended	
		January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Denominator for basic EPS – weighted average shares	Denominator for basic EPS – weighted average shares	94,710	96,913	95,127	96,771
Effect of dilutive securities – stock options, restricted stock and stock purchase plans	Effect of dilutive securities – stock options, restricted stock and stock purchase plans	446	639	595	937
Denominator for diluted EPS – weighted average shares	Denominator for diluted EPS – weighted average shares	95,156	97,552	95,722	97,708

Revenue Recognition

Consumable, equipment, software and parts sales are recorded upon delivery, except in those circumstances where terms of the sale are FOB shipping point, in which case sales are recorded upon shipment. Technical service labor is recognized as it is provided. Revenue derived from

equipment and software support is recognized ratably over the period in which the support is provided.

In addition to revenues generated from the distribution of consumable products under arrangements (buy/sell agreements) where the full market value of the product is recorded as revenue, we earn commissions for services provided under agency agreements. The agency agreement contrasts to a buy/sell agreement in that we do not have control over the transaction, as we do not have the primary responsibility of fulfilling the promise of the good or service and we do not bill or collect from the customer in an agency relationship. Commissions under agency agreements are recorded when the services are provided.

Estimates for returns, damaged goods, rebates, loyalty programs and other revenue allowances are made at the time the revenue is recognized based on the historical experience for such items. The receivables that result from the recognition of revenue are reported net of related allowances. We maintain a valuation allowance based upon the expected collectability of receivables held. Estimates are used to determine the valuation allowance and are based on several factors, including historical collection data, current and forecasted economic trends and credit worthiness of customers. Receivables are written off when we determine the amounts to be uncollectible, typically upon customer bankruptcy or non-response to continuous collection efforts. The portions of receivable amounts that are not expected to be collected during the next twelve months are classified as long-term.

Net sales do not include sales tax as we are considered a pass-through conduit for collecting and remitting sales tax.

Contract Balances

Contract balances represent amounts presented in our condensed consolidated balance sheets when either we have transferred goods or services to the customer or the customer has paid consideration to us under the contract. These contract balances include accounts receivable, contract assets and contract liabilities.

Contract asset balances as of **October 28, 2023** **January 27, 2024** and April 29, 2023 were **\$2,321** **\$3,211** and \$1,338, respectively. Our contract liabilities primarily relate to advance payments from customers, upfront payments for software and support provided over time, and options that provide a material right to customers, such as our customer loyalty programs. At **October 28, 2023** **January 27, 2024** and April 29, 2023, contract liabilities of **\$40,131** **\$40,324** and \$36,850 were reported in other accrued liabilities, respectively. During the **six** **nine** months ended **October 28, 2023** **January 27, 2024**, we recognized **\$20,814** **\$31,022** of the amount previously deferred at April 29, 2023.

Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". This ASU requires additional disclosures related to rate reconciliation and income taxes paid. The new standard is effective for annual disclosures in fiscal year 2026 and interim disclosures in fiscal year 2027, with early adoption permitted. We **do not expect any** currently are evaluating the impact of adopting this pronouncement.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". This ASU requires disclosures of significant segment expenses and other segment items. Disclosures about a reportable segment's profit or loss and assets will be required for both annual and interim periods. This ASU also requires disclosure of the **recently issued accounting pronouncements to materially affect our financial statements**, title and position of Chief Operating Decision Maker ("CODM") and an explanation of how the CODM uses the reported measures of profit or loss in assessing performance and allocating resources. The new standard is effective for annual disclosures in fiscal year 2025 and interim disclosures in fiscal year 2026, with early adoption permitted. We currently are evaluating the impact of adopting this pronouncement.

Note 2. Acquisitions

During the first quarter of fiscal 2024, we used \$1,108 to pay a holdback following our acquisition of substantially all of the assets of Miller Vet Holdings, LLC. The payment was due on the 24 month anniversary of the closing date.

During the third quarter of fiscal 2023, we acquired substantially all of the assets of Relief Services for Veterinary Practitioners and Animal Care Technologies (RSVP and ACT), Texas-based companies that provide innovative solutions to veterinary practices through data extraction and conversion, staffing and video-based training services. Also during the third quarter of fiscal 2023, we acquired substantially all of the assets of Dairy Tech, Inc., a Colorado-based company that provides pasteurizing equipment and single-use bags that allow dairy producers to produce,

store and feed colostrum for newborn calves, as well as product offerings for beef cattle producers. These acquisitions expand our Companion Animal and Production Animal value-added platforms and add solutions to their suite of offerings.

The total purchase price for these acquisitions is \$37,535, which includes holdbacks of \$4,255 that will be paid on the 24 month anniversary of the closing dates and working capital adjustments of \$23 which were paid in the fourth quarter of fiscal 2023. As of the acquisition date, we have recorded \$17,300 of identifiable intangibles, \$16,040 of goodwill and net tangible assets of \$4,233 in our condensed consolidated balance sheets related to these acquisitions. Goodwill, which is deductible for income tax purposes, was increased by \$272 subsequent to acquisition date as a result of working capital adjustments. Goodwill was recorded within the Animal Health segment and represents the expected benefit of integrating these value-added platforms with our existing operations. We have included their results of operations in our financial statements since the date of acquisition within the Animal Health segment. The accounting for the acquisitions was complete as of October 28, 2023. The acquisitions did not materially impact our financial statements, and, therefore, pro forma results are not provided.

Note 3. Receivables Securitization Program

We are party to certain receivables purchase agreements (the “Receivables Purchase Agreements”) with MUFG Bank, Ltd. (“MUFG”) (f.k.a. The Bank of Tokyo-Mitsubishi UFJ, Ltd.), under which MUFG acts as an agent to facilitate the sale of certain Patterson receivables (the “Receivables”) to certain unaffiliated financial institutions (the “Purchasers”). The sale of these receivables is accounted for as a sale of assets under the provisions of ASC 860, Transfers and Servicing. We utilize PDC Funding III and PDC Funding IV to facilitate the sale to fulfill requirements within the agreement. We use a daily unit of account for these Receivables.

The proceeds from the sale of these Receivables comprise a combination of cash and a deferred purchase price (“DPP”) receivable. The DPP receivable is ultimately realized by Patterson following the collection of the underlying Receivables sold to the Purchasers. The amount available under the Receivables Purchase Agreements fluctuates over time based on the total amount of eligible Receivables generated during the normal course of business, with maximum availability of \$200,000 as of **October 28, 2023** **January 27, 2024**, of which \$200,000 was utilized.

We have no retained interests in the transferred Receivables, other than our right to the DPP receivable and collection and administrative service fees. We consider the fees received adequate compensation for services rendered, and accordingly have recorded no servicing asset or liability. As of **October 28, 2023** **January 27, 2024** and April 29, 2023, the fair value of outstanding trade receivables transferred to the Purchasers under the facility and derecognized from the condensed consolidated balance sheets were **\$403,848** **\$386,932** and \$429,853, respectively. Sales of trade receivables under this facility were **\$1,824,520** **\$2,681,935** and **\$1,826,156**, **\$2,729,673**, and cash collections from customers on receivables sold were **\$1,850,208** **\$2,725,094** and **\$1,804,576** **\$2,723,952** during the **six** **nine** months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively.

The DPP receivable is recorded at fair value within the condensed consolidated balance sheets within prepaid expenses and other current assets. The difference between the carrying amount of the Receivables and the sum of the cash and fair value of the DPP receivable received at time of transfer is recognized as a gain or loss on sale of the related Receivables inclusive of bank fees and allowance for credit losses. In operating expenses in the condensed consolidated statements of operations and other comprehensive income, we recorded losses of **\$3,736** **\$3,110** and **\$3,211** **\$3,254** during the three months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively, and **\$7,160** **\$10,270** and

\$4,646 **\$7,900** during the **six** **nine** months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively, related to the Receivables.

The following rollforward summarizes the activity related to the DPP receivable:

Six Months Ended	
October 28, 2023	October 29, 2022
Nine Months Ended	
Nine Months Ended	
Nine Months Ended	

January 27, 2024		January 27, 2024		January 28, 2023	
Beginning DPP receivable balance	Beginning DPP receivable balance	\$227,946	\$195,764		
Non-cash additions to DPP receivable	Non-cash additions to DPP receivable	445,567	467,761		
Collection of DPP receivable	Collection of DPP receivable	(471,511)	(447,241)		
Ending DPP receivable balance	Ending DPP receivable balance	\$202,002	\$216,284		

Note 4. Customer Financing

As a convenience to our customers, we offer several different financing alternatives, including a third party program and a Patterson-sponsored program. For the third party program, we act as a facilitator between the customer and the third party financing entity with no on-going involvement in the financing transaction. Under the Patterson-sponsored program, equipment purchased by creditworthy customers may be financed up to a maximum of \$2,000. We generally sell our customers' financing contracts to an outside financial institution in the normal course of our business. These financing arrangements are accounted for as a sale of assets under the provisions of ASC 860, Transfers and Servicing. We use a monthly unit of account for these financing contracts.

The portion of the purchase price for the receivables held by the conduits is deemed a DPP receivable, which is paid to the applicable special purpose entity, PDC Funding or PDC Funding II, as payments on the customers' financing contracts are collected by Patterson from customers. The difference between the carrying amount of the receivables sold under these programs and the sum of the cash and fair value of the DPP receivable received at time of transfer is recognized as a gain or loss on sale of the related receivables and recorded in net sales in the condensed consolidated statements of operations and other comprehensive income. Expenses incurred related to customer financing activities are recorded in operating expenses in our condensed consolidated statements of operations and other comprehensive income.

Historically, we maintained two arrangements under which we sell these contracts.

We operate under an agreement to sell our equipment finance contracts to commercial paper conduits with MUFG serving as the agent. We utilize PDC Funding to fulfill a requirement of participating in the commercial paper conduit. We receive the proceeds of the contracts upon sale to MUFG. At least 15.0% of the proceeds are held by the conduit as security against eventual performance of the portfolio. This percentage can be greater and is based upon certain ratios defined in the agreement with MUFG. The capacity under the agreement with MUFG at **October 28, 2023** **January 27, 2024** was \$575,000.

We formerly maintained an agreement with Fifth Third Bank ("Fifth Third") whereby Fifth Third purchased customers' financing contracts. PDC Funding II sold its financing contracts to Fifth Third. We received the proceeds of the contracts upon sale to Fifth Third. At least 15.0% of the proceeds were held by the conduit as security against eventual performance of the portfolio.

During the first quarter of fiscal 2024, Fifth Third sold and assigned the remaining purchased customer financing contracts to the facility in which MUFG is the agent. We transferred and assigned the related DPP receivable of \$15,400 from PDC Funding II to PDC Funding, and the DPP counterparty changed from Fifth Third to MUFG. We

amended our agreement with MUFG as agent and expanded capacity under that agreement from \$525,000 to \$575,000. We thereby ended our agreement with Fifth Third.

We service the financing contracts for which we are paid a servicing fee. The servicing fees we receive are considered adequate compensation for services rendered. Accordingly, no servicing asset or liability has been recorded.

During the **six nine** months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, we sold **\$115,266** **\$197,712** and **\$111,612** **\$205,140** of contracts under these arrangements, respectively. In net sales in the condensed consolidated statements of operations and other comprehensive income, we recorded **losses** **gains** of **\$3,953** **\$9,117** and **\$8,456** **\$2,417** during the three months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively, related to these contracts sold. In net sales in the condensed consolidated statements of operations and other comprehensive income, we recorded losses of **\$12,880** **\$3,763** and **\$7,468** **\$5,051** during the **six nine** months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively, related to these contracts sold. Cash collections on financed receivables sold were **\$141,353** **\$211,827** and **\$163,088** **\$238,091** during the **six nine** months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively.

Included in cash and cash equivalents in the condensed consolidated balance sheets are **\$30,621** **\$27,771** and \$33,072 as of **October 28, 2023** **January 27, 2024** and April 29, 2023, respectively, which represent cash collected from previously sold customer financing contracts that have not yet been settled. Included in current receivables in the condensed consolidated balance sheets are **\$44,757** **\$54,177** and \$77,646 as of **October 28, 2023** **January 27, 2024** and April 29, 2023, respectively, of finance contracts we have not yet sold. A total of **\$546,042** **\$563,242** of finance contracts receivable sold under the arrangements was outstanding at **October 28, 2023** **January 27, 2024**. Since the internal financing program began in 1994, bad debt write-offs have amounted to less than 1% of the loans originated.

The following rollforward summarizes the activity related to the DPP receivable:

		Six Months Ended	
		October 28, 2023	October 29, 2022
		Nine Months Ended	
		Nine Months Ended	
		Nine Months Ended	
		January 27, 2024	January 28, 2023
Beginning DPP receivable balance	Beginning DPP receivable balance	\$102,979	\$125,332
Non-cash additions to DPP receivable	Non-cash additions to DPP receivable	19,491	12,036
Collection of DPP receivable	Collection of DPP receivable	(17,941)	(42,398)
Ending DPP receivable balance	Ending DPP receivable balance	\$104,529	\$ 94,970

The arrangements require us to maintain a minimum current ratio and maximum leverage ratio. We were in compliance with those covenants at **October 28, 2023** **January 27, 2024**.

Note 5. Derivative Financial Instruments

We are a party to certain offsetting and identical interest rate cap agreements entered into to fulfill certain covenants of the equipment finance contract sale agreements. The interest rate cap agreements also provide a credit enhancement feature for the financing contracts sold by PDC Funding and PDC Funding II to the commercial paper conduit.

The interest rate cap agreements are entered into periodically to maintain consistency with the dollar maximum of the sale agreements and the maturity of the underlying financing contracts. As of **October 28, 2023** **January 27, 2024**, PDC Funding had purchased an interest rate cap from a bank with a notional amount of \$575,000 and a maturity date of July 2031. We sold an identical interest rate cap to the same bank.

These interest rate cap agreements do not qualify for hedge accounting treatment and, accordingly, we record the fair value of the agreements as an asset or liability and the change in fair value as income or expense during the period in which the change occurs.

In January 2014, we entered into a forward interest rate swap agreement with a notional amount of \$250,000 and accounted for it as a cash flow hedge, in order to hedge interest rate fluctuations in anticipation of refinancing the 5.17% senior notes due March 25, 2015. These notes were repaid on March 25, 2015 and replaced with new \$250,000 3.48% senior notes due March 24, 2025. A cash payment of \$29,003 was made in March 2015 to settle the interest rate swap. This amount is recorded in other comprehensive income (loss), net of tax, and is recognized as interest expense over the life of the related debt.

We utilize forward interest rate swap agreements to hedge against interest rate fluctuations that impact the amount of net sales we record related to our customer financing contracts. These interest rate swap agreements do not qualify for hedge accounting treatment and, accordingly, we record the fair value of the agreements as an asset or liability and the change in fair value as income or expense during the period in which the change occurs.

As of April 29, 2023, the remaining notional amount for interest rate swap agreements was \$551,504, with the latest maturity date in fiscal 2030. During the **six** **nine** months ended **October 28, 2023** **January 27, 2024**, we entered into forward interest rate swap agreements with a notional amount of **\$97,387**, **\$174,215**. As of **October 28, 2023** **January 27, 2024**, the remaining notional amount for interest rate swap agreements was **\$533,943**, **\$557,610**, with the latest maturity date in fiscal 2031.

Net cash receipts of **\$7,244** **\$10,893** and **\$782** **\$3,687** were received during the **six** **nine** months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively, to settle a portion of our assets and liabilities related to interest rate swap agreements. These payments and receipts are reflected as cash flows in the condensed consolidated statements of cash flows within net cash used in operating activities.

The following presents the fair value of derivative instruments included in the condensed consolidated balance sheets:

<u>Derivative</u>	<u>Derivative</u>		October	April 29,			
<u>type</u>	<u>type</u>	<u>Classification</u>	<u>28, 2023</u>	<u>2023</u>	<u>Derivative type</u>	<u>Classification</u>	<u>January 27, 2024</u>
Assets:	Assets:						April 29, 2023
	Interest rate						
	contracts						
	Interest rate						
	contracts						

Interest rate contracts	Interest rate contracts	Prepaid expenses and other current assets	\$ 6,789	\$ 5,875
Interest rate contracts	Interest rate contracts	Other non-current assets, net	28,018	23,210
Total asset derivatives	Total asset derivatives		<u>\$34,807</u>	<u>\$29,085</u>
Liabilities:	Liabilities:			
Interest rate contracts	Interest rate contracts	Other accrued liabilities	\$ 221	\$ 267
Interest rate contracts	Interest rate contracts	Other non-current liabilities	16,787	12,993
Interest rate contracts	Interest rate contracts			
Total liability derivatives	Total liability derivatives		<u>\$17,008</u>	<u>\$13,260</u>

The following tables present the pre-tax effect of derivative instruments on the condensed consolidated statements of operations and other comprehensive income:

Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)			
Three Months Ended	Six Months Ended		
Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Three Months Ended	Nine Months Ended

Derivatives in cash flow hedging relationships	Derivatives in cash flow hedging relationships	Statements of operations location	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	Derivatives in cash flow hedging relationships	Statements of operations location	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Interest rate contracts	Interest rate contracts	Interest expense	\$(341)	\$(341)	\$(682)	\$(682)						
			Amount of Gain Recognized in Income on Derivatives									
			Three Months Ended		Six Months Ended							
							Amount of Gain (Loss) Recognized in Income on Derivatives					
			Amount of Gain (Loss) Recognized in Income on Derivatives									
			Three Months Ended						Three Months Ended		Nine Months Ended	
Derivatives not designated as hedging instruments	Derivatives not designated as hedging instruments	Statements of operations location	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	Derivatives not designated as hedging instruments	Statements of operations location	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Interest rate contracts	Interest rate contracts	Other income, net	\$2,786	\$13,072	\$9,561	\$11,124						

There were no gains or losses recognized in other comprehensive income (loss) on cash flow hedging derivatives during the three and **six** nine months ended **October 28, 2023** **January 27, 2024** or **October 29, 2022** **January 28, 2023**.

We recorded no ineffectiveness during the three and **six** nine month periods ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**. As of **October 28, 2023** **January 27, 2024**, the estimated pre-tax portion of accumulated other comprehensive loss that is expected to be reclassified into earnings over the next twelve months is \$1,363, which will be recorded as an increase to interest expense.

Note 6. Fair Value Measurements

Fair value is the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. The fair value hierarchy of measurements is categorized into one of three levels based on the lowest level of significant input used:

Level 1 - Quoted prices in active markets for identical assets and liabilities at the measurement date.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs for which there is little or no market data available. These inputs reflect management's assumptions of what market participants would use in pricing the asset or liability.

Our hierarchy for assets and liabilities measured at fair value on a recurring basis is as follows:

		October 28, 2023			
		Total	Level 1	Level 2	Level 3
		January 27, 2024			
		Total			
		January 27, 2024			
		Total	Level 1	Level 2	Level 3
Assets:	Assets:				
Cash equivalents	Cash equivalents				
Cash equivalents	Cash equivalents				
Cash equivalents	Cash equivalents	\$ 2,060	\$2,060	\$ —	\$ —
DPP receivable - receivables securitization program	DPP receivable - receivables securitization program	202,002	—	—	202,002
DPP receivable - customer financing	DPP receivable - customer financing	104,529	—	—	104,529
Derivative instruments	Derivative instruments	34,807	—	34,807	—
Total assets	Total assets	\$343,398	\$2,060	\$34,807	\$306,531
Liabilities:	Liabilities:				
Derivative instruments	Derivative instruments	\$ 17,008	\$ —	\$17,008	\$ —
Derivative instruments	Derivative instruments				
Derivative instruments	Derivative instruments				

		April 29, 2023			
		Total	Level 1	Level 2	Level 3
Assets:					
Cash equivalents		\$ 47,777	\$ 47,777	\$ —	\$ —
DPP receivable - receivables securitization program		227,946	—	—	227,946
DPP receivable - customer financing		102,979	—	—	102,979
Derivative instruments		29,085	—	29,085	—
Total assets		\$ 407,787	\$ 47,777	\$ 29,085	\$ 330,925

Liabilities:				
Derivative instruments	\$ 13,260	\$ —	\$ 13,260	\$ —

Cash equivalents – We value cash equivalents at their current market rates. The carrying value of cash equivalents approximates fair value and maturities are less than three months.

DPP receivable - receivables securitization program – We value this DPP receivable based on a discounted cash flow analysis using unobservable inputs, which include the estimated timing of payments and the credit quality of the underlying creditor. Significant changes in any of the significant unobservable inputs in isolation would not result in a materially different fair value estimate. The interrelationship between these inputs is insignificant.

DPP receivable - customer financing – We value this DPP receivable based on a discounted cash flow analysis using unobservable inputs, which include a forward yield curve, the estimated timing of payments and the credit quality of the underlying creditor. Significant changes in any of the significant unobservable inputs in isolation would not result in a materially different fair value estimate. The interrelationship between these inputs is insignificant.

Derivative instruments – Our derivative instruments consist of interest rate cap agreements and interest rate swaps. These instruments are valued using inputs such as interest rates and credit spreads.

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments under certain circumstances. We adjust the carrying value of our non-marketable equity securities to fair value when observable transactions of identical or similar securities occur, or due to an impairment.

We have an investment in Vetsource, a commercial partner and leading home delivery provider for veterinarians. The investment was valued based on the selling price of the portion of the investment we sold in the first quarter of fiscal 2022. The carrying value of the investment we owned following this sale was \$56,849 and \$56,849 as of **October 28, 2023** **January 27, 2024** and April 29, 2023, respectively. Concurrent with the sale completed in the first quarter of fiscal 2022, we obtained rights that will allow us, under certain circumstances, to require another shareholder of Vetsource to purchase our remaining shares. The carrying value of this put option, which is subject to a floor, as of **October 28, 2023** **January 27, 2024** is \$25,757, and is reported within investments in our condensed consolidated balance sheets. Concurrent with obtaining this put option, we also granted rights to the same Vetsource shareholder that would allow such shareholder, under certain circumstances, to require us to sell our remaining shares at fair value. There were no fair value adjustments to such assets during the **six nine** months ended **October 28, 2023** **January 27, 2024**.

Our debt is not measured at fair value in the condensed consolidated balance sheets. The estimated fair value of our debt as of **October 28, 2023** **January 27, 2024** and April 29, 2023 was **\$479,877** **\$449,645** and \$483,139, respectively, as compared to a carrying value of **\$485,974** **\$452,344** and \$487,231 at **October 28, 2023** **January 27, 2024** and April 29, 2023, respectively. The fair value of debt was measured using a discounted cash flow analysis based on expected market based yields (i.e., Level 2 inputs).

The carrying amounts of receivables, net of allowances, accounts payable, and certain accrued and other current liabilities approximated fair value at **October 28, 2023** **January 27, 2024** and April 29, 2023.

Note 7. Income Taxes

The effective income tax rate for the three months ended **October 28, 2023** **January 27, 2024** was **25.3%** **23.2%** compared to **24.2%** **22.3%** for the three months ended **October 29, 2022** **January 28, 2023**. The increase in the rate was primarily due to provision to return and income tax reserve adjustments in the prior year quarter. The effective income tax rate for the nine months ended **January 27, 2024** was **23.9%** compared to **23.0%** for the nine months ended **January 28, 2023**. The increase in the rate was primarily due to an income tax reserve adjustment in the prior year quarter which was partially offset by excess tax benefits associated with stock-based compensation. The effective income tax rate for the six months ended **October 28, 2023** was **24.5%** compared to **23.5%** for the three months ended **October 29, 2022**. The increase in the rate was primarily due to an income tax reserve adjustment in the prior year which was partially offset by excess tax benefits associated with stock-based compensation. **year.**

Note 8. Technology Partner Innovations, LLC ("TPI")

In fiscal 2019, we entered into an agreement with Cure Partners to form TPI, which offers a cloud-based practice management software, NaVetor, to its customers. Patterson and Cure Partners each contributed net assets of \$4,000 to form TPI. Patterson and Cure Partners each contributed additional net assets of \$1,000 during the fiscal year ended April 29, 2023, and no additional net assets were contributed during the **six** **nine** months ended **October 28, 2023** **January 27, 2024**. We have determined that TPI is a variable interest entity, and we consolidate the results of operations of TPI as we have concluded that we are the primary beneficiary of TPI. Since TPI was formed, there have been no changes in ownership interests. As of **October 28, 2023** **January 27, 2024**, we had noncontrolling interests of **\$793** **\$683** on our condensed consolidated balance sheets.

Net loss attributable to the noncontrolling interest was **\$103** **\$110** and **\$424** **\$82** for the three months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively, and **\$207** **\$317** and **\$754** **\$836** for the **six** **nine** months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively.

Note 9. Segment and Geographic Data

We present three reportable segments: Dental, Animal Health and Corporate. Dental and Animal Health are strategic business units that offer similar products and services to different customer bases. Dental provides a virtually complete range of consumable dental products, equipment, software, turnkey digital solutions and value-added services to dentists, dental laboratories, institutions, and other healthcare professionals throughout North America. Animal Health is a leading, full-line distributor in North America and the U.K. of animal health products, services and technologies to both the production-animal and companion-pet markets. Our Corporate segment is comprised of general and administrative expenses, including home office support costs in areas such as information technology, finance, legal, human resources and facilities. In addition, customer financing and other miscellaneous sales are reported within Corporate results. Corporate assets consist primarily of cash and cash equivalents, accounts receivable, property and equipment and long-term receivables. We evaluate segment performance based on operating income. The costs to operate the fulfillment centers are allocated to the operating units based on the through-put of the unit.

The following table provides a breakdown of sales by geographic region:

		Three Months Ended		Six Months Ended	
		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	Three Months Ended	Three Months Ended		Nine Months Ended	
	January 27, 2024	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Consolidated net sales	Consolidated net sales				
United States	United States				
United States	United States	\$1,383,152	\$1,375,622	\$2,674,523	\$2,636,020
United Kingdom	United Kingdom	180,460	157,125	372,071	319,346
Canada	Canada	89,160	93,457	182,923	194,103
Total	Total	<u>\$1,652,772</u>	<u>\$1,626,204</u>	<u>\$3,229,517</u>	<u>\$3,149,469</u>
Dental net sales	Dental net sales				

United States	United States	\$ 573,794	\$ 575,520	\$1,084,044	\$1,075,355
United States					
United States					
Canada	Canada	52,587	53,403	109,637	111,485
Total	Total	\$ 626,381	\$ 628,923	\$1,193,681	\$1,186,840
Animal Health net sales					
United States					
United States					
United States	United States	\$ 807,589	\$ 805,817	\$1,590,255	\$1,561,402
United Kingdom	United Kingdom	180,460	157,125	372,071	319,346
Canada	Canada	36,573	40,054	73,286	82,618
Total	Total	\$1,024,622	\$1,002,996	\$2,035,612	\$1,963,366
Corporate net sales					
United States	United States	\$ 1,769	\$ (5,715)	\$ 224	\$ (737)
United States					
United States					
Total	Total	\$ 1,769	\$ (5,715)	\$ 224	\$ (737)

The following table provides a breakdown of sales by categories of products and services:

		Three Months Ended		Six Months Ended			
		October 28,	October 29,	October 28,	October 29,		
		2023	2022	2023	2022		
	Three Months Ended					Three Months Ended	Nine Months Ended
						January 27,	January 27,
	January 27, 2024					2024	January 28, 2023
Consolidated net sales	Consolidated net sales						
Consumable	Consumable						
Consumable	Consumable	\$1,319,363	\$1,301,256	\$2,635,088	\$2,563,025		
Equipment	Equipment	230,293	243,896	394,264	417,831		

Value-added services and other	Value-added services and other	103,116	81,052	200,165	168,613
Total	Total	<u>\$1,652,772</u>	<u>\$1,626,204</u>	<u>\$3,229,517</u>	<u>\$3,149,469</u>
Dental net sales	Dental net sales				
Consumable	Consumable	\$ 346,492	\$ 337,489	\$ 698,539	\$ 675,329
Consumable	Consumable				
Equipment	Equipment	200,127	214,006	337,676	360,516
Value-added services and other	Value-added services and other	79,762	77,428	157,466	150,995
Total	Total	<u>\$ 626,381</u>	<u>\$ 628,923</u>	<u>\$1,193,681</u>	<u>\$1,186,840</u>
Animal Health net sales	Animal Health net sales				
Consumable	Consumable				
Consumable	Consumable				
Consumable	Consumable	\$ 972,871	\$ 963,767	\$1,936,549	\$1,887,696
Equipment	Equipment	30,166	29,890	56,588	57,315
Value-added services and other	Value-added services and other	21,585	9,339	42,475	18,355
Total	Total	<u>\$1,024,622</u>	<u>\$1,002,996</u>	<u>\$2,035,612</u>	<u>\$1,963,366</u>
Corporate net sales	Corporate net sales				
Value-added services and other	Value-added services and other	\$ 1,769	\$ (5,715)	\$ 224	\$ (737)
Value-added services and other	Value-added services and other				
Total	Total	<u>\$ 1,769</u>	<u>\$ (5,715)</u>	<u>\$ 224</u>	<u>\$ (737)</u>

The following table provides a breakdown of operating income (loss) by reportable segment:

		Three Months Ended		Six Months Ended	
		October	October	October	October
		28, 2023	29, 2022	28, 2023	29, 2022
		Three Months Ended		Three Months Ended	
		January 27, 2024		January 27, 2024	
		January 28, 2023		January 27, 2024	
		January 28, 2023		January 28, 2023	
Operating income (loss)	Operating income (loss)				
Operating income (loss)	Operating income (loss)				

Operating income (loss)					
Dental					
Dental					
Dental	Dental	\$55,277	\$60,950	\$93,947	\$97,845
Animal	Animal				
Health	Health	26,346	28,316	56,039	50,175
Corporate	Corporate	(24,720)	(29,171)	(54,861)	(53,081)
Total	Total	\$56,903	\$60,095	\$95,125	\$94,939

The following table provides a breakdown of total assets by reportable segment:

		October 28, 2023		April 29, 2023	
		January 27, 2024		January 27, 2024	
				April 29, 2023	
Total assets	Total assets				
Dental					
Dental					
Dental	Dental	\$	924,784	\$	853,369
Animal	Animal				
Health	Health	1,578,789		1,570,760	
Corporate	Corporate	386,117		455,017	
Total	Total	\$2,889,690		\$2,879,146	

Note 10. Accumulated Other Comprehensive Loss ("AOCL")

The following table summarizes the changes in AOCL during the **six** nine months ended **October 28, 2023** **January 27, 2024**:

		Currency			
		Cash Flow	Translation		
		Hedges	Adjustment	Total	
		Cash Flow	Cash Flow	Currency	
		Hedges	Hedges	Translation	Total
				Adjustment	
AOCL at April	AOCL at April				
29, 2023	29, 2023	\$ (2,412)	\$ (86,850)		\$ (89,262)
Other	Other				
comprehensive	comprehensive				
loss before	loss before				
reclassifications	reclassifications	—	(10,221)		(10,221)
Amounts	Amounts				
reclassified	reclassified				
from AOCL	from AOCL	521	—		521
AOCL at October 28, 2023		\$ (1,891)	\$ (97,071)		\$ (98,962)

AOCL at
January 27,
2024

The amounts reclassified from AOCL during the **six nine** months ended **October 28, 2023** **January 27, 2024** include gains and losses on cash flow hedges, net of taxes of **\$161. \$241**. The impact to the condensed consolidated statements of operations and other comprehensive income was an increase to interest expense of **\$682 \$1,023** for the **six nine** months ended **October 28, 2023** **January 27, 2024**.

Note 11. Legal Proceedings

From time to time, we become involved in lawsuits, administrative proceedings, government subpoenas, and government investigations (which may, in some cases, involve our entering into settlement agreements or consent decrees), relating to antitrust, commercial, environmental, product liability, intellectual property, regulatory, employment discrimination, securities, and other matters, including matters arising out of the ordinary course of business. The results of any such proceedings cannot be predicted with certainty because such matters are inherently uncertain. Significant damages or penalties may be sought in some matters, and some matters may require years to resolve. We also may be subject to fines or penalties, and equitable remedies (including but not limited to the suspension, revocation or non-renewal of licenses). We accrue for these matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Adverse outcomes may result in significant monetary damages or injunctive relief against us that could adversely affect our ability to conduct our business. There also exists the possibility of a material adverse effect on our financial statements for the period in which the effect of an unfavorable outcome becomes probable and reasonably estimable.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The U.S. Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information, so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those disclosed in the statement.

This Form 10-Q contains certain "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, and the objectives and expectations of management. Forward-looking statements often include words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "seeks" or words of similar meaning, or future or conditional verbs, such as "will," "should," "could" or "may." Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions.

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance on any of these forward-looking statements.

Any number of factors could affect our actual results and cause such results to differ materially from those contemplated by any forward-looking statements, including, but not limited to, the following: wide-spread public health concerns as we experienced, and may continue to experience, with the COVID-19 pandemic; our dependence on suppliers to manufacture and supply substantially all of the products we sell; potential disruption of distribution capabilities, including service issues with third-party shippers; our dependence on relationships with sales representatives and service technicians to retain customers and develop business; adverse changes in supplier rebates or other purchasing incentives; risks of selling private label products, including the risk of adversely affecting our relationships with suppliers; the risk of technological and market obsolescence for the products we sell; the risk of failing to innovate and develop new and enhanced software and e-services products; our dependence on positive perceptions of Patterson's reputation; risks associated with illicit human use of pharmaceutical products we distribute; risks inherent in acquiring and disposing of assets or other businesses and risks inherent in integrating acquired businesses; turnover or loss of key personnel or highly skilled employees; risks associated with information systems, software products and cyber-security attacks; risks related to climate change; our ability to comply with restrictive covenants and other limits in our credit agreement; the risk that our governing documents and Minnesota law may discourage takeovers and business combinations; the effects of the highly competitive dental and animal health supply markets in which we compete; the effects of consolidation within the dental and animal health supply markets; exposure to the risks of the animal production business, including changing consumer demand, the cyclical livestock market, weather conditions, the availability of natural resources and other factors outside our control, and the risks of the companion animal business, including the possibility of disease adversely affecting the pet population; exposure to the risks of the health care industry, including changes in demand due to political, economic and regulatory influences and other factors outside our control; increases in over-the-counter sales and e-commerce options; risks

from the formation or expansion of GPOs, provider networks and buying groups that may place us at a competitive disadvantage; risks of litigation and government inquiries and investigations, including the diversion of management's attention, the cost of defending against such actions, the possibility of damage awards or settlements, fines or penalties, or equitable remedies (including but not limited to the revocation of or non-renewal of licenses) and inherent uncertainty; failure to comply with health care fraud or other laws and regulations; change and uncertainty in the health care industry; failure to comply with existing or future U.S. or foreign laws and regulations including those governing the distribution of pharmaceuticals and controlled substances; failure to comply with evolving data privacy laws and regulations; tax legislation; risks inherent in international operations, including currency fluctuations; and uncertain macro-economic conditions, including inflationary pressures.

The order in which these factors appear should not be construed to indicate their relative importance or priority. We caution that these factors may not be exhaustive, accordingly, any forward-looking statements contained herein should not be relied upon as a prediction of actual results.

You should carefully consider these and other relevant factors, including those risk factors in Part I, Item 1A ("Risk Factors") in our most recent Form 10-K, and information which may be contained in our other filings with the U.S. Securities and Exchange Commission, or SEC, when reviewing any forward-looking statement.

Investors should understand it is impossible to predict or identify all such factors or risks. As such, you should not consider the foregoing list, or the risks identified in our SEC filings, to be a complete discussion of all potential risks or uncertainties.

Any forward-looking statement made in this Form 10-Q is based only on information currently available to us and speaks only as of the date on which it is made. We do not undertake any obligation to release publicly any revisions to any forward-looking statements whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

OVERVIEW

Our financial information for the first **six** months of fiscal 2024 is summarized in this Management's Discussion and Analysis and the Condensed Consolidated Financial Statements and related Notes. The following background is provided to readers to assist in the review of our financial information.

We present three reportable segments: Dental, Animal Health and Corporate. Dental and Animal Health are strategic business units that offer similar products and services to different customer bases. Dental provides a virtually complete range of consumable dental products, equipment, turnkey digital solutions and value-added services to dentists and dental laboratories throughout North America. Animal Health is a leading, full-line distributor in North America and the U.K. of animal health products, services and technologies to both the production-animal and companion-pet markets. Our Corporate segment is comprised of general and administrative expenses, including home office support costs in areas such as information technology, finance, legal, human resources and facilities. In addition, customer financing and other miscellaneous sales are reported within Corporate results.

Operating margins of the animal health business are lower than the dental business. While operating expenses run at a lower rate in the animal health business when compared to the dental business, gross margins in the animal health business are lower due generally to the low margins experienced on the sale of pharmaceutical products.

We operate with a 52-53 week accounting convention with our fiscal year ending on the last Saturday in April. The **second** quarter of fiscal 2024 and 2023 represents the 13 weeks ended **October 28, 2023** and **January 27, 2024** and **October 29, 2022** and **January 28, 2023**, respectively. Fiscal 2024 will include 52 weeks and fiscal 2023 included 52 weeks.

We believe there are several important aspects of our business that are useful in analyzing it, including: (1) growth in the various markets in which we operate; (2) internal growth; (3) growth through acquisition; and (4) continued focus on controlling costs and enhancing efficiency. To measure internal performance, we exclude the impact of foreign currency, contributions from recent acquisitions, and differences in the number of weeks in fiscal periods from net sales. Foreign currency impact represents the difference in results that is attributable to fluctuations in currency exchange rates the company uses to convert results for all foreign entities where the functional currency is not the U.S. dollar. The company calculates the impact as the difference between the current period results translated using the current period currency exchange rates and using the comparable prior period's currency exchange rates. The company believes the disclosure of net sales changes in constant currency provides useful supplementary information to investors in light of fluctuations in currency rates.

FACTORS AFFECTING OUR RESULTS

Macro-economic Conditions. We are impacted by various conditions that create uncertainty in our macro-economic environment. Cost inflation and rising interest rates may affect our customer's willingness to invest in capital equipment and could impact our customers' volume of purchases. Rising interest rates increased the interest expense on variable rate indebtedness. indebtedness increased due to rising interest rates. Cost inflation increases increased certain operating costs, and Patterson has implemented price increases in response; however, cost inflation did not materially impact our net results of operations in the first half nine months of fiscal 2024. We continue to monitor recovery from the disruption of the COVID-19 pandemic. The deflationary impacts on PPE have softened as the supply chain and demand for PPE stabilized.

Receivables Securitization Program. We are a party to certain receivables purchase agreements with MUFG Bank, Ltd. ("MUFG"), under which MUFG acts as an agent to facilitate the sale of certain Patterson receivables (the "Receivables") to certain unaffiliated financial institutions (the "Purchasers"). The proceeds from the sale of these Receivables comprise a combination of cash and a deferred purchase price ("DPP") receivable. The DPP receivable is ultimately realized by Patterson following the collection of the underlying Receivables sold to the Purchasers. The collection of the DPP receivable is recognized as an increase to net cash provided by investing activities within the condensed consolidated statements of cash flows, with a corresponding reduction to net cash used in operating activities within the condensed consolidated statements of cash flows.

RESULTS OF OPERATIONS

QUARTER ENDED OCTOBER 28, 2023 JANUARY 27, 2024 COMPARED TO QUARTER ENDED OCTOBER 29, 2022 JANUARY 28, 2023

The following table summarizes our results as a percent of net sales:

		Three Months Ended					
		October	October				
		28, 2023	29, 2022				
		Three Months Ended				Three Months Ended	
						January 27,	January 28,
						2024	2023
		January 27, 2024					
Net sales	Net sales	100.0 %	100.0 %	Net sales	100.0 %	100.0 %	
Cost of sales	Cost of sales	79.5	79.8				
Gross profit	Gross profit	20.5	20.2				
Operating expenses	Operating expenses	17.1	16.5				
Operating income	Operating income	3.4	3.7				
Other income (expense)	Other income (expense)	(0.2)	0.7				
Income before taxes	Income before taxes	3.2	4.4				
Income tax expense	Income tax expense	0.8	1.1				
Net income	Net income	2.4	3.3				
Net loss attributable to noncontrolling interests	Net loss attributable to noncontrolling interests	—	—				

Net income attributable to Patterson Companies, Inc.	Net income attributable to Patterson Companies, Inc.	2.4 %	3.3 %	Net income attributable to Patterson Companies, Inc.	2.9 %	3.4 %
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Net Sales. Consolidated net sales for the three months ended **October 28, 2023** **January 27, 2024** were **\$1,652.8 million** **\$1,616.1 million**, an increase of **1.6%** **1.0%** from **\$1,626.2 million** **\$1,600.9 million** for the three months ended **October 29, 2022** **January 28, 2023**. Foreign exchange rate changes had a favorable impact of **0.7%** **0.5%** on current quarter net sales. Acquisitions contributed **0.5%** **0.3%** growth.

Dental segment net sales for the three months ended **October 28, 2023** **January 27, 2024** were **\$626.4 million** **\$637.1 million**, a decrease an increase of **0.4%** **2.5%** from **\$628.9 million** **\$621.8 million** for the three months ended **October 29, 2022** **January 28, 2023**. Foreign exchange rate changes had an unfavorable no significant impact of **0.2%** on current quarter net sales. Current quarter net sales of consumables increased **2.7%** **6.3%**, net sales of equipment decreased **6.5%** **2.4%**, and net sales of value-added services and other increased **3.0%** decreased **0.2%**. The decrease in equipment net sales was primarily related to **imaging and core equipment** partially offset by an increase in **CAD/CAM**. **CAM sales**.

Animal Health segment net sales for the three months ended **October 28, 2023** **January 27, 2024** were **\$1,024.6 million** **\$967.3 million**, an increase a decrease of **2.2%** **0.2%** from **\$1,003.0 million** **\$969.4 million** for the three months ended **October 29, 2022** **January 28, 2023**. Acquisitions contributed **0.8%** **0.5%** growth and foreign exchange rate changes had a favorable impact of **1.2%** **0.8%** on current quarter net sales. Production Animal grew sales while Companion Animal sales declined.

Gross Profit. The consolidated gross profit margin rate for the three months ended **October 28, 2023** **January 27, 2024** increased 30 basis points to **20.5%** **21.7%**. The increase in gross margin rate was primarily driven by the Animal Health segment. The Corporate segment increase was attributable to unfavorable gross profit included the favorable impacts of interest rate changes on our customer financing portfolio in the prior year current quarter. This interest rate impact was partially offset by a gain loss on associated interest rate swap agreements, which is reflected in other income, net in our condensed consolidated statements of operations and other comprehensive income. Gross profit margin rate increased for Dental and Animal Health in the current quarter as compared to the prior year quarter.

Operating Expenses. Consolidated operating expenses for the three months ended **October 28, 2023** **January 27, 2024** were **\$282.1 million** **\$281.0 million**, a **5.3%** **5.2%** increase from the prior year quarter of **\$268.0 million** **\$267.0 million**. The consolidated operating expense ratio of **17.1%** **17.4%** increased **60** **70** basis points from the prior year quarter. The increase in operating expenses included investment in margin-accrative initiatives **technology**, and **facility enhancements**. **technology**.

Operating Income. For the three months ended **October 28, 2023** **January 27, 2024**, operating income was **\$56.9 million** **\$70.0 million**, or **3.4%** **4.3%** of net sales, as compared to **\$60.1 million** **\$75.9 million**, or **3.7%** **4.7%** of net sales for the three months ended **October 29, 2022** **January 28, 2023**. The decrease in operating income was driven by an increase in operating expenses.

Dental segment operating income was **\$55.3 million** **\$53.6 million** and **\$61.0 million** **\$60.3 million** for the three months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively. The decrease in operating income was primarily due to an increase in operating expenses. expenses, partially offset by an increase in net sales and gross profit.

Animal Health segment operating income was **\$26.3 million** **\$32.1 million** and **\$28.3 million** **\$30.2 million** for the three months ended **October 28, 2023** **January 27, 2024**, and **October 29, 2022** **January 28, 2023**, respectively. The decrease in operating income increase was primarily due to an increase within driven by net sales growth and a higher gross profit margin rate, partially offset by higher operating expenses. expenses in the current quarter.

Corporate segment operating loss was **\$24.7 million** **\$15.7 million** and **\$29.2 million** **\$14.6 million** for the three months ended **October 28, 2023** **January 27, 2024** and **October 29, 2022** **January 28, 2023**, respectively. The change was primarily attributable to higher unfavorable an increase in operating expenses partially offset by an increase in favorable impacts of interest rate changes on our customer financing portfolio in the prior current year quarter.

Income Tax Expense. The effective income tax rate for the three months ended October 28, 2023 January 27, 2024 was 25.3% 23.2%, compared to 24.2% 22.3% for the three months ended October 29, 2022 January 28, 2023. The increase in the rate was primarily due attributable to an return to provision and income tax reserve adjustment adjustments in the prior year quarter which was partially offset by excess tax benefits associated with stock-based compensation. quarter.

SIX NINE MONTHS ENDED OCTOBER JANUARY 27, 2024 COMPARED TO NINE MONTHS ENDED JANUARY 28, 2023 COMPARED TO SIX MONTHS ENDED OCTOBER 29, 2022

	Six Months Ended					
	October		October			
	28, 2023		29, 2022			
	Nine Months Ended			Nine Months Ended		
				January 27, 2024		January 28, 2023
Net sales	Net sales	100.0 %	100.0 %	Net sales	100.0 %	100.0 %
Cost of sales	Cost of sales	79.6	79.7			
Gross profit	Gross profit	20.4	20.3			
Operating expenses	Operating expenses	17.5	17.3			
Operating income	Operating income	2.9	3.0			
Other income (expense)	Other income (expense)	—	0.2			
Income before taxes	Income before taxes	2.9	3.2			
Income tax expense	Income tax expense	0.7	0.7			
Net income	Net income	2.2	2.5			

Net loss attributable to noncontrolling interests	Net loss attributable to noncontrolling interests	—	—						
Net income attributable to Patterson Companies, Inc.	Net income attributable to Patterson Companies, Inc.	2.2 %	2.5 %	Net income attributable to Patterson Companies, Inc.	2.4 %	2.8 %			

Net Sales. Consolidated net sales for the **six nine** months ended **October 28, 2023** **January 27, 2024** were **\$3,229.5 million** **\$4,845.6 million**, a **2.5%** **2.0%** increase from **\$3,149.5 million** **\$4,750.3 million** for the **six nine** months ended **October 29, 2022** **January 28, 2023**. Foreign exchange rate changes had a favorable impact of **0.4%** **0.5%** on current period net sales. Acquisitions contributed **0.5%** **0.4%** growth.

Dental segment net sales for the **six nine** months ended **October 28, 2023** **January 27, 2024** were **\$1,193.7 million** **\$1,830.8 million**, a **0.6%** **1.2%** increase from **\$1,186.8 million** **\$1,808.6 million** for the **six nine** months ended **October 29, 2022** **January 28, 2023**. Foreign exchange rate changes had an unfavorable impact of **0.3%** **0.2%** on current period net sales. Current period net sales of consumables increased **3.4%** **4.4%**, net sales of equipment decreased **6.3%** **4.9%**, and net sales of value-added services and other increased **4.3%** **2.8%**. The decrease in equipment net sales was primarily related to **imaging and CAD/CAM**. **imaging**.

Animal Health segment net sales for the **six nine** months ended **October 28, 2023** **January 27, 2024** were **\$2,035.6 million** **\$3,002.9 million**, a **3.7%** **2.4%** increase from **\$1,963.4 million** **\$2,932.7 million** for the **six nine** months ended **October 29, 2022** **January 28, 2023**. Foreign exchange rate changes had a favorable impact of **0.9%** on current period net sales. Acquisitions contributed **0.8%** **0.7%** growth.

Gross Profit. The consolidated gross profit margin rate for the **six nine** months ended **October 28, 2023** **January 27, 2024** increased 10 basis points from the prior year period to **20.4%** **20.8%**, primarily driven by gross profit margin rate increases in the **Dental and Animal Health segments for the six months ended October 28, 2023**. **segment**. The Corporate segment increase was attributable to unfavorable impacts of interest rate changes on our customer financing portfolio in the prior year period. This interest rate impact was partially offset by a gain on associated interest rate swap agreements, which is reflected in other income, net in our condensed consolidated statements of operations and other comprehensive income.

Operating Expenses. Consolidated operating expenses for the **six nine** months ended **October 28, 2023** **January 27, 2024** were **\$563.0 million** **\$844.0 million**, a **3.2%** **3.9%** increase from the prior year period of **\$545.3 million** **\$812.3 million**. The increase in operating expenses included investment in margin-accretive initiatives, technology, and facility enhancements. The consolidated operating expense ratio of **17.5%** **17.4%** increased **20** **30** basis points from the prior year period, which was also driven by these same factors.

Operating Income. For the **six nine** months ended **October 28, 2023** **January 27, 2024**, operating income was **\$95.1 million** **\$165.1 million**, or **2.9%** **3.4%** of net sales, as compared to **\$94.9 million** **\$170.9 million**, or **3.0%** **3.6%** of net sales for the **six nine** months ended **October 29, 2022** **January 28, 2023**. The change in operating income was primarily driven by an increase in operating expenses, partially offset by the increase in net sales and gross **margin was offset by higher operating expenses** **profit** compared to the prior year period.

Dental segment operating income was **\$93.9 million** **\$147.6 million** for the **six nine** months ended **October 28, 2023** **January 27, 2024**, a decrease of **\$3.9 million** **\$10.6 million** from the prior year period. The decrease was primarily driven by increased operating expenses, partially offset by net sales and gross profit **margin** growth.

Animal Health segment operating income was **\$56.0 million** **\$88.1 million** for the **six nine** months ended **October 28, 2023** **January 27, 2024**, an increase of **\$5.9 million** **\$7.8 million** from the prior year period. The increase was primarily driven by net sales growth and a higher gross profit margin rate, partially offset by higher operating expenses during the **six nine** months ended **October 28, 2023** **January 27, 2024**.

Corporate segment operating loss was \$54.9 million \$70.6 million and \$53.1 million \$67.7 million for the six nine months ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively. The change was primarily attributable to an increase in operating expenses during the six nine months ended October 28, 2023 January 27, 2024, partially offset by unfavorable impacts of interest rate changes on our customer financing portfolio in the prior year period.

Other Income (Expense). Net other expense was \$1.2 million \$9.2 million and net other income was \$6.9 million \$0.2 million for the six nine months ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively. The change was primarily due to higher interest expense driven by interest rates and a lower gain on interest rate swaps.

Income Tax Expense. The effective income tax rate for the six nine months ended October 28, 2023 January 27, 2024 was 24.5% 23.9%, compared to 23.5% 23.0% for the six nine months ended October 29, 2022 January 28, 2023. The increase in the rate was primarily due attributable to an income tax reserve adjustment in the prior year which was partially offset by excess tax benefits associated with stock-based compensation. year.

Net Income Attributable to Patterson Companies, Inc. and Earnings Per Share. Net income attributable to Patterson Companies, Inc. for the six nine months ended October 28, 2023 January 27, 2024 was \$71.2 million \$118.9 million, compared to \$78.7 million \$132.6 million for the six nine months ended October 29, 2022 January 28, 2023. Earnings per diluted share were \$0.74 \$1.26 in the current period compared to \$0.81 \$1.35 in the prior year period. Weighted average diluted shares outstanding in the current period were 95.7 million 94.7 million, compared to 97.7 million 97.9 million in the prior year period. The current period and prior year period cash dividend declared was \$0.52 \$0.78 per common share.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$485.3 million \$719.8 million and \$520.2 million \$728.2 million for the six nine months ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively. Net cash used in operating activities for the six nine months ended October 28, 2023 January 27, 2024 was primarily driven by the impact of our Receivables Securitization Program and an increase in working capital.

Net cash provided by investing activities was \$454.9 million \$718.0 million and \$447.9 million \$667.3 million for the six nine months ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively. Collections of DPP receivables were \$489.5 million \$770.3 million and \$489.6 million \$758.0 million for the six nine months ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively. Capital expenditures were \$33.5 million \$51.2 million and \$26.8 million \$42.4 million during the six nine months ended October 28, 2023 January 27, 2024 and October 29, 2022 January 28, 2023, respectively. We expect to use a total of approximately \$71.0 million for capital expenditures in fiscal 2024. During the six nine months ended October 28, 2023 January 27, 2024, we used \$1.1 million to pay a holdback following the acquisition of substantially all of the assets of Miller Vet Holdings, LLC, which was due on the 24 month anniversary of the closing date. During the nine months ended January 28, 2023, we used \$33.3 million for acquisitions and used \$15.0 million to purchase a Dental investment.

Net cash used by financing activities for the six nine months ended October 28, 2023 January 27, 2024 was \$13.2 million \$34.1 million, driven by \$90.5 million \$214.6 million for share repurchases, and \$50.3 million \$75.0 million for dividend payments, and \$35.2 million payments on long-term debt, partially offset by \$125.0 million \$286.0 million attributed to draws on our revolving line of credit. Net cash provided by financing activities for the six nine months ended October 29, 2022 January 28, 2023 was \$77.5 million \$67.9 million, driven primarily by \$145.0 million \$146.0 million attributed to draws on our revolving line of credit, partially offset by dividend payments of \$50.7 million \$76.0 million and share repurchases of \$15.0 million.

In fiscal 2021, we entered into an amendment, restatement and consolidation of certain credit agreements with various lenders, including MUFG Bank, Ltd, as administrative agent. This amended and restated credit agreement (the "Credit Agreement") consisted of a \$700.0 million revolving credit facility and a \$300.0 million term loan facility, and was set to mature no later than February 2024.

In the second quarter of fiscal 2023, we amended and restated the Credit Agreement (the "Amended Credit Agreement"). The Amended Credit Agreement consists of a \$700.0 million revolving credit facility and a \$300.0 million term loan facility, and will mature no later than October 2027. We used the Amended Credit Agreement facilities to refinance and consolidate the Credit Agreement, and pay the fees and expenses incurred therewith. We expect to use the Amended Credit Agreement to finance our ongoing working capital needs and for other general corporate purposes.

As of October 28, 2023 January 27, 2024, \$297.0 million \$296.3 million was outstanding under the Amended Credit Agreement term loan at an interest rate of 6.43% 6.44%, and \$170.0 million \$331.0 million was outstanding under the Amended Credit Agreement revolving credit facility at

an interest rate of 6.40% 6.42%. As of April 29, 2023, \$298.5 million was outstanding under the Credit Agreement term loan at an interest rate of 6.08%, and \$45.0 million was outstanding under the Credit Agreement revolving credit facility at an interest rate of 5.93%.

We expect the collection of deferred purchase price receivables, existing cash balances and credit availability under existing debt facilities, less our funds used in operations, will be sufficient to meet our working capital needs and to finance our business over the remainder of fiscal 2024.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See Note 1 to the Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposure to market risk from that disclosed in Item 7A in our 2023 Annual Report on Form 10-K filed June 21, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our President and Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), management evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of October 28, 2023 January 27, 2024. Based upon their evaluation of these disclosure controls and procedures, the CEO and CFO concluded that the disclosure controls and procedures were effective as of October 28, 2023 January 27, 2024.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended October 28, 2023 January 27, 2024 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

From time to time, we become involved in lawsuits, administrative proceedings, government subpoenas, and government investigations (which may, in some cases, involve our entering into settlement agreements or consent decrees), relating to antitrust, commercial, environmental, product liability, intellectual property, regulatory, employment discrimination, securities, and other matters, including matters arising out of the ordinary course of business. The results of any such proceedings cannot be predicted with certainty because such matters are inherently uncertain. Significant damages or penalties may be sought in some matters, and some matters may require years to resolve. We also may be subject to fines or penalties, and equitable remedies (including but not limited to the suspension, revocation or non-renewal of licenses). We accrue for these matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Adverse outcomes may result in significant monetary damages or injunctive relief against us that could adversely affect our ability to conduct our business. There also exists the possibility of a material adverse effect on our financial statements for the period in which the effect of an unfavorable outcome becomes probable and reasonably estimable.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Part I, Item 1A, "Risk Factors" in our 2023 Annual Report on Form 10-K for the fiscal year ended April 29, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer

On March 16, 2021, the Board of Directors authorized a \$500 million share repurchase program through March 16, 2024. As of **October 28, 2023** **January 27, 2024** there was **\$319.0 million** **\$194.9 million** remaining under the stock repurchase program.

The following table presents activity under the stock repurchase program during the **second** **third** quarter of fiscal 2024.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plan
July 30, 2023 to August 26, 2023	828,300	\$ 33.51	828,300	\$ 352,247,348
August 27, 2023 to September 23, 2023	711,924	31.25	711,924	330,000,029
September 24, 2023 to October 28, 2023	356,450	30.81	356,450	319,016,629
	1,896,674	\$ 32.15	1,896,674	\$ 319,016,629

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plan
October 29, 2023 to November 25, 2023	2,074,747	\$ 30.86	2,074,747	\$ 255,000,030
November 26, 2023 to December 23, 2023	—	—	—	255,000,030
December 24, 2023 to January 27, 2024	2,025,887	29.66	2,025,887	194,920,532
	4,100,634	\$ 30.26	4,100,634	\$ 194,920,532

Our Credit Agreement permits us to declare and pay dividends, and repurchase shares, provided that no default or unmatured default exists and that we are in compliance with applicable financial covenants.

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements

A significant portion of the compensation of our executive officers is delivered in the form of equity awards, including restricted stock units, performance units and non-qualified stock options. All of these awards contain vesting requirements related to service, with performance units also requiring satisfaction of certain performance criteria to obtain a payout. This compensation design is intended to align executive compensation with the performance experienced by our shareholders. Following delivery of shares of our common stock under such equity awards, once any applicable service- or performance-based vesting standards have been satisfied, our executive officers from time to time engage in the open-market sale of some of those shares for diversification or other personal reasons. Our executive officers may also engage from time to time in other transactions involving our securities.

Transactions in our securities by our directors and officers are required to be made in accordance with our Securities Trading and Information Disclosure Policy (our "Insider Trading Policy"), which, among other things,

requires that the transactions be in accordance with applicable U.S. federal securities laws that prohibit trading while in possession of material nonpublic information. Rule 10b5-1 under the Exchange Act provides an affirmative defense that enables directors and officers to prearrange transactions in the company's securities in a manner that avoids concerns about initiating transactions while in possession of material nonpublic information. Our Insider Trading Policy permits our directors and officers to enter into trading plans designed to comply with Rule 10b5-1.

The following describes the contracts, instructions or written plans for the purchase or sale of company securities adopted by In addition, our directors and officers (as defined in Rule 16a-1(f) of the Exchange Act) during the three months ended October 28, 2023, that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The plans are only executed when the stock price reaches a required minimum. In addition, the persons identified below are required to maintain an ownership of the company's common stock with a value equal to at least a multiple of their annual base salary (5x annual salary for our Chief Executive Officer and 3x annual salary for all direct reports to our Chief Executive Officer) or their annual cash retainer (5x annual cash retainer for non-employee directors).

- Kevin M. Barry, our Chief Financial Officer, adopted a new written trading plan on September 1, 2023. The plan's maximum duration is until August 30, 2024. The first trade will not occur until December 1, 2023, at the earliest. The trading plan is intended to permit Mr. Barry to sell (i) 1,627 shares of our common stock pursuant to performance units that vested on July 14, 2023, (ii) 25% of the net vested shares of our common stock pursuant to restricted stock units that will vest on December 15, 2023, (iii) 25% of the net vested shares of our common stock pursuant to performance units that will vest on July 1, 2024, and (iv) 25% of the net vested shares of our common stock pursuant to restricted stock units that will vest on July 1, 2024.
- Les B. Korsh, our Chief Legal Officer and Corporate Secretary, adopted a new written trading plan on September 22, 2023. The plan's maximum duration is until August 1, 2024. The first trade will not occur until March 1, 2024, at the earliest. The trading plan is intended to permit Mr. Korsh to sell (i) 4,000 shares of our common stock pursuant to restricted stock units that vested on June 11, 2021, (ii) 30% of the net vested shares of our common stock pursuant to performance units that will vest on July 1, 2024, and (iii) 30% of the net vested shares of our common stock pursuant to restricted stock units that will vest on July 1, 2024.
- Donald J. Zurbay, our President and Chief Executive Officer, adopted a new written trading plan on September 25, 2023. The plan's maximum duration is until December 31, 2024. The first trade will not occur until July 2, 2024, at the earliest. The trading plan is intended to permit Mr. Zurbay to sell (i) 25% of the net vested shares of our common stock pursuant to performance units that will vest on July 1, 2024, (ii) 25% of the net vested shares of our common stock pursuant to restricted stock units that will vest on July 1, 2024, and (iii) 25% of the net vested shares of our common stock pursuant to restricted stock units that will vest on December 5, 2024.
- Samantha L. Bergeson, our Chief Human Resources Officer, adopted a new written trading plan on October 6, 2023. The plan's maximum duration is until July 31, 2024. The first trade will not occur until July 2, 2024, at the earliest. The trading plan is intended to permit Ms. Bergeson to sell 15% of the net vested shares of our common stock pursuant to restricted stock units that will vest on July 1, 2024.

For each plan described above, the plan duration is until the date listed, or such earlier date upon (a) the completion of all trades under the plan, (b) the expiration of the orders relating to such trades without execution, or (c) the occurrence of such other termination event as specified in the plan.

During the three months ended October 28, 2023 January 27, 2024, none of the company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a Rule 10b5-1 trading arrangement, except as set forth below, and none of the company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

- On December 1, 2023, Timothy E. Rogan, President of Patterson Dental, terminated the written trading plan he had adopted on July 6, 2023. The plan was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The plan's maximum duration had been until July 31, 2024, or such earlier date upon (a) the completion of all trades under the plan, (b) the expiration of the orders relating to such trades without execution, or (c) the occurrence of such other termination event as specified in the plan. The first trade was not permitted until October 5, 2023, at which time 9,260 shares were sold pursuant to the plan. The trading plan had been adopted to cover the sale of up to 34,375 shares.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description
3.2	Amended and Restated Bylaws (incorporated by reference to our Current Report on Form 8-K, filed January 16, 2024 (File No. 000-20572)) .
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the 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 the 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	(Filed Electronically) The following financial information from our Quarterly Report on Form 10-Q for the period ended October 28, 2023 January 27, 2024 , formatted in Inline XBRL (Extensible Business Reporting Language): (i) the condensed consolidated balance sheets, (ii) the condensed consolidated statements of operations and other comprehensive income, (iii) the condensed consolidated statements of changes in stockholders' equity, (iv) the condensed consolidated statements of cash flows and (v) the notes to the condensed consolidated financial statements.(*)
104	(Filed Electronically) The cover page from our Quarterly Report on Form 10-Q for the period ended October 28, 2023 January 27, 2024 is formatted in Inline XBRL (Extensible Business Reporting Language).(*)

(*) The Inline XBRL related information in Exhibits 101 and 104 to this Quarterly Report on Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

All other items under Part II have been omitted because they are inapplicable or the answers are negative, or were previously reported in the 2023 Annual Report on Form 10-K filed June 21, 2023.

SIGNATURES

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.

PATTERSON COMPANIES, INC.

(Registrant)

Dated: **November 29, 2023** **February 28, 2024**

By: /s/ Kevin M. Barry

Kevin M. Barry

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

28

Exhibit 31.1

**Certification of the Chief Executive Officer Pursuant to
Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act
of 2002**

I, Donald J. Zurbay, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended **October 28, 2023** **January 27, 2024** of Patterson Companies, 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 ended (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any

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

Date: November 29, 2023 February 28, 2024

/s/ Donald J. Zurbay

Donald J. Zurbay

President and Chief Executive Officer

Exhibit 31.2

Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin M. Barry, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended October 28, 2023 January 27, 2024 of Patterson Companies, 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 ended (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2023 February 28, 2024

/s/ Kevin M. Barry

Kevin M. Barry

Chief Financial Officer

Exhibit 32.1

**Certification of the Chief Executive Officer
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 Patterson Companies, Inc., (the "Company") on Form 10-Q for the quarterly period ended October 28, 2023 January 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Donald J. Zurbay

Donald J. Zurbay

President and Chief Executive Officer

November 29, 2023 February 28, 2024

Exhibit 32.2

**Certification of the Chief Financial Officer
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 Patterson Companies, Inc., (the "Company") on Form 10-Q for the quarterly period ended October 28, 2023 January 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Kevin M. Barry

Kevin M. Barry

Chief Financial Officer

November 29, 2023 February 28, 2024

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