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DELTA REPORT

10-Q

BECN - BEACON ROOFING SUPPLY INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	838
CHANGES	209
DELETIONS	331
ADDITIONS	298

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2023 March 31, 2024

OR

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

For the Transition Period from _________ to __________

Commission File Number 000-50924

BEACON ROOFING SUPPLY, INC.

(Exact name of registrant as specified in its charter)

BECN Logo JPG.jpg

Delaware	**36-4173371**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

505 Huntmar Park Drive, Suite 300, Herndon, VA 20170
(Address of principal executive offices) (Zip code)

(571) 323-3939
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**BECN**	**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:

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting 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 October 31, 2023 April 30, 2024, 63,157,642 63,599,031 shares of common stock, par value $0.01 per share, of the registrant were outstanding.

BEACON ROOFING SUPPLY, INC.
FORM 10-Q
For the Quarter Ended September 30, 2023 March 31, 2024

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PART I. FINANCIAL INFORMATION (UNAUDITED)

Item 1. Condensed Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.
Condensed Consolidated Balance Sheets
(Unaudited; in millions, except per share amounts)

		September 30, 2023	December 31, 2022	September 30, 2022
	March 31, 2024			
Assets	**Assets**			
Current assets:	Current assets:			
Current assets:				
Current assets:				
Cash and cash equivalents	Cash and cash equivalents	$ 69.7	$ 67.7	$ 84.9
Accounts receivable, less allowance of $16.7, $17.2, and $15.7 as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively		1,415.7	1,009.1	1,352.5
Cash and cash equivalents				
Cash and cash equivalents				
Accounts receivable, less allowance of $14.7, $15.0, and $17.6 as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively				
Inventories, net	Inventories, net	1,307.9	1,322.9	1,388.9

March 31, 2024	December 31, 2023	March 31,

Prepaid expenses and other current assets	Prepaid expenses and other current assets	518.9	417.8	415.3
Total current assets	Total current assets	3,312.2	2,817.5	3,241.6
Property and equipment, net	Property and equipment, net	396.3	337.0	306.2
Goodwill	Goodwill	1,933.6	1,916.3	1,782.7
Intangibles, net	Intangibles, net	410.5	447.7	361.4
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	483.0	467.6	432.1
Deferred income taxes, net	Deferred income taxes, net	4.9	9.9	56.4
Other assets, net	Other assets, net	12.5	7.5	4.0
Total assets	Total assets	$ 6,553.0	$ 6,003.5	$ 6,184.4
Liabilities and Stockholders' Equity	**Liabilities and Stockholders' Equity**			
Liabilities and Stockholders' Equity				
Liabilities and Stockholders' Equity				
Current liabilities:	Current liabilities:			
Current liabilities:				
Current liabilities:				
Accounts payable				
Accounts payable				
Accounts payable	Accounts payable	$ 1,179.9	$ 821.0	$ 1,062.2
Accrued expenses	Accrued expenses	601.3	448.0	512.9
Current portion of operating lease liabilities	Current portion of operating lease liabilities	99.2	94.5	89.6
Current portion of finance lease liabilities	Current portion of finance lease liabilities	21.9	16.1	14.0
Current portion of long-term debt/obligations		10.0	10.0	10.0
Current portion of long-term debt				
Total current liabilities	Total current liabilities	1,912.3	1,389.6	1,688.7
Borrowings under revolving lines of credit, net	Borrowings under revolving lines of credit, net	218.3	254.9	246.1
Long-term debt, net	Long-term debt, net	2,193.9	1,606.4	1,608.0
Deferred income taxes, net				
Other long-term liabilities	Other long-term liabilities	0.6	0.2	0.1

Operating lease liabilities	Operating lease liabilities	395.9	382.1	349.8	
Finance lease liabilities	Finance lease liabilities	82.3	67.0	60.3	
Total liabilities	Total liabilities	4,803.3	3,700.2	3,953.0	
Commitments and contingencies (Note 13)	Commitments and contingencies (Note 13)				Commitments and contingencies (Note 13)
Convertible Preferred Stock (voting); $0.01 par value; aggregate liquidation preference $400.0; 0.0, 0.4 and 0.4 shares authorized, issued and outstanding as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively (Note 5)		—	399.2	399.2	
Stockholders' equity:					
Common stock (voting); $0.01 par value; 100.0 shares authorized; 63.2, 64.2, and 65.1 shares issued and outstanding as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively		0.6	0.6	0.7	
Convertible Preferred Stock (voting); $0.01 par value; aggregate liquidation preference $400.0; 0.0, 0.0 and 0.4 shares authorized, issued and outstanding as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively (Note 5)					
Stockholders' equity:					
Common stock (voting); $0.01 par value; 100.0 shares authorized; 63.6, 63.3, and 64.0 shares issued and outstanding as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively					
Common stock (voting); $0.01 par value; 100.0 shares authorized; 63.6, 63.3, and 64.0 shares issued and outstanding as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively					
Common stock (voting); $0.01 par value; 100.0 shares authorized; 63.6, 63.3, and 64.0 shares issued and outstanding as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively					
Undesignated preferred stock; 5.0 shares authorized, none issued or outstanding	Undesignated preferred stock; 5.0 shares authorized, none issued or outstanding	—	—	—	
Additional paid-in capital	Additional paid-in capital	1,220.3	1,187.2	1,133.6	
Retained earnings	Retained earnings	534.7	728.8	711.6	

Accumulated other comprehensive income (loss)	(5.9)	(12.5)	(13.7)
Total stockholders' equity	1,749.7	1,904.1	1,832.2
Total liabilities and stockholders' equity	$ 6,553.0	$ 6,003.5	$ 6,184.4
Total stockholders' equity			
Total liabilities and stockholders' equity			

See accompanying Notes to Condensed Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.

Condensed Consolidated Statements of Operations

(Unaudited; in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024	**2024**	**2023**	
Net sales	$ 2,584.3	$ 2,415.2	$ 6,820.3	$ 6,460.3
Cost of products sold	1,911.7	1,785.0	5,069.6	4,740.4
Gross profit	672.6	630.2	1,750.7	1,719.9
Operating expense:				
Selling, general and administrative	374.3	357.9	1,071.3	1,022.6
Selling, general and administrative				
Selling, general and administrative				
Depreciation	23.1	19.0	65.6	55.4
Amortization	21.4	21.9	65.1	64.8
Total operating expense	418.8	398.8	1,202.0	1,142.8
Total operating expense				
Total operating expense				
Income (loss) from operations	253.8	231.4	548.7	577.1
Interest expense, financing costs and other, net	35.2	22.8	89.0	58.3

Loss on debt extinguishment					
Income (loss) before provision for income taxes	Income (loss) before provision for income taxes	218.6	208.6	459.7	518.8
Provision for (benefit from) income taxes	Provision for (benefit from) income taxes	57.3	53.8	119.8	133.7
Net income (loss)	Net income (loss)	$ 161.3	$ 154.8	$ 339.9	$ 385.1
Reconciliation of net income (loss) to net income (loss) attributable to common stockholders:	Reconciliation of net income (loss) to net income (loss) attributable to common stockholders:				
Reconciliation of net income (loss) to net income (loss) attributable to common stockholders:					
Reconciliation of net income (loss) to net income (loss) attributable to common stockholders:					
Net income (loss)					
Net income (loss)					
Net income (loss)	Net income (loss)	$ 161.3	$ 154.8	$ 339.9	$ 385.1
Dividends on Preferred Stock	Dividends on Preferred Stock	(1.9)	(6.0)	(13.9)	(18.0)
Undistributed income allocated to participating securities	Undistributed income allocated to participating securities	(7.6)	(19.3)	(34.3)	(46.0)
Repurchase Premium		(414.6)	—	(414.6)	—
Net income (loss) attributable to common stockholders	Net income (loss) attributable to common stockholders	$ (262.8)	$ 129.5	$ (122.9)	$ 321.1
Weighted-average common shares outstanding:	Weighted-average common shares outstanding:				
Weighted-average common shares outstanding:					
Weighted-average common shares outstanding:					
Basic					
Basic					
Basic	Basic	63.2	65.0	63.7	67.7
Diluted	Diluted	63.2	66.4	63.7	69.1
Net income (loss) per common share:	Net income (loss) per common share:				
Net income (loss) per common share:					
Net income (loss) per common share:					
Basic					
Basic					
Basic	Basic	$ (4.16)	$ 1.99	$ (1.93)	$ 4.74
Diluted	Diluted	$ (4.16)	$ 1.95	$ (1.93)	$ 4.65

See accompanying Notes to Condensed Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.

Condensed Consolidated Statements of Comprehensive Income

(Unaudited; in millions)

Three Months Ended March 31, **2024** **2023**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net income (loss)	$ 161.3	$ 154.8	$ 339.9	$ 385.1
Other comprehensive income (loss):				
Foreign currency translation adjustment	(2.5)	(6.6)	(0.2)	(8.2)
Unrealized gain (loss) due to change in fair value of derivative financial instruments, net of tax	3.5	3.5	8.6	13.9
Derivative financial instruments reclassified to earnings, net of tax	(0.8)	—	(1.8)	—
Total other comprehensive income (loss)	0.2	(3.1)	6.6	5.7
Comprehensive income (loss)	$ 161.5	$ 151.7	$ 346.5	$ 390.8

Foreign currency translation adjustment

Foreign currency translation adjustment

See accompanying Notes to Condensed Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.

Condensed Consolidated Statements of Stockholders' Equity

(Unaudited; in millions)

Common Stock

Shares

Shares

Shares **Amount** **APIC1** **Earnings** **AOCI2** **Total**

	Common Stock			Retained		
	Shares	**Amount**	**APIC1**	**Earnings**	**AOCI2**	**Total**
Three Months Ended September 30, 2023						
Balance as of June 30, 2023	63.4	$ 0.6	$ 1,208.1	$ 820.1	$ (6.1)	$ 2,022.7

Repurchase and retirement of common stock, net[3]		(0.4)	—	—	(25.2)	—	(25.2)
Repurchase of Preferred Stock, net		—	—	—	(414.6)	—	(414.6)
Three Months Ended March 31, 2024							
Three Months Ended March 31, 2024							
Three Months Ended March 31, 2024							
Balance as of December 31, 2023							
Balance as of December 31, 2023							
Balance as of December 31, 2023							
Issuance of common stock, net of shares withheld for taxes	Issuance of common stock, net of shares withheld for taxes	0.2	—	—	—	—	—
Stock-based compensation	Stock-based compensation	—	—	7.9	—	—	7.9
Other comprehensive income (loss)	Other comprehensive income (loss)	—	—	—	—	0.2	0.2
Proceeds from disgorgement of short-swing profits, net of tax		—	—	4.3	—	—	4.3
Net income (loss)	Net income (loss)	—	—	—	161.3	—	161.3
Dividends on Preferred Stock		—	—	—	(6.9)	—	(6.9)
Balance as of September 30, 2023		63.2	$ 0.6	$1,220.3	$ 534.7	$ (5.9)	$1,749.7
Balance as of March 31, 2024							
Three Months Ended September 30, 2022							
Balance as of June 30, 2022		65.0	$ 0.6	$1,123.5	$ 562.8	$(10.6)	$1,676.3
Three Months Ended March 31, 2023							
Three Months Ended March 31, 2023							
Three Months Ended March 31, 2023							
Balance as of December 31, 2022							
Balance as of December 31, 2022							
Balance as of December 31, 2022							
Repurchase and retirement of common stock, net[3]							
Issuance of common stock, net of shares withheld for taxes	Issuance of common stock, net of shares withheld for taxes	0.1	0.1	2.2	—	—	2.3
Stock-based compensation	Stock-based compensation	—	—	7.9	—	—	7.9
Other comprehensive income (loss)	Other comprehensive income (loss)	—	—	—	—	(3.1)	(3.1)
Net income (loss)	Net income (loss)	—	—	—	154.8	—	154.8

Dividends on Preferred Stock Dividends on Preferred Stock	—	—	—	(6.0)	—	(6.0)
Balance as of September 30, 2022	65.1	$ 0.7	$1,133.6	$ 711.6	$(13.7)	$1,832.2
Nine Months Ended September 30, 2023						
Balance as of December 31, 2022	64.2	$ 0.6	$1,187.2	$ 728.8	$(12.5)	$1,904.1
Repurchase and retirement of common stock, net[3]	(1.5)	—	—	(100.5)	—	(100.5)
Repurchase of Preferred Stock, net	—	—	—	(414.6)	—	(414.6)
Issuance of common stock, net of shares withheld for taxes	0.5	—	6.6	—	—	6.6
Stock-based compensation	—	—	22.2	—	—	22.2
Other comprehensive income (loss)	—	—	—	—	6.6	6.6
Proceeds from disgorgement of short-swing profits, net of tax	—	—	4.3	—	—	4.3
Net income (loss)	—	—	—	339.9	—	339.9
Dividends on Preferred Stock	—	—	—	(18.9)	—	(18.9)
Balance as of September 30, 2023	63.2	$ 0.6	$1,220.3	$ 534.7	$ (5.9)	$1,749.7
Nine Months Ended September 30, 2022						
Balance as of December 31, 2021	70.4	$ 0.7	$1,148.6	$ 682.5	$(19.4)	$1,812.4
Repurchase and retirement of common stock, net[3]	(5.8)	(0.1)	—	(338.0)	—	(338.1)
Net change in equity forward contracts[3]	—	—	(50.0)	—	—	(50.0)
Issuance of common stock, net of shares withheld for taxes	0.5	0.1	14.0	—	—	14.1
Stock-based compensation	—	—	21.0	—	—	21.0
Other comprehensive income (loss)	—	—	—	—	5.7	5.7
Net income (loss)	—	—	—	385.1	—	385.1
Dividends on Preferred Stock	—	—	—	(18.0)	—	(18.0)
Balance as of September 30, 2022	65.1	$ 0.7	$1,133.6	$ 711.6	$(13.7)	$1,832.2
Balance as of March 31, 2023						

1. Additional Paid-in Capital ("APIC").
2. Accumulated Other Comprehensive Income (Loss) ("AOCI").
3. See Note 7 for additional information.

See accompanying Notes to Condensed Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited; in millions)

		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2024	2023
Operating Activities	**Operating Activities**				
Net income (loss)	Net income (loss)	$ 339.9	$ 385.1		
Net income (loss)					
Net income (loss)					

Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization	Depreciation and amortization	130.7	120.2
Stock-based compensation	Stock-based compensation	22.2	21.0
Certain interest expense and other financing costs	Certain interest expense and other financing costs	1.7	3.9
Loss on debt extinguishment			
Gain on sale of fixed assets and other	Gain on sale of fixed assets and other	(13.7)	(4.3)
Deferred income taxes	Deferred income taxes	1.6	0.6
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Changes in operating assets and liabilities:			
Changes in operating assets and liabilities:			
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	(394.4)	(500.0)
Inventories	Inventories	37.7	(228.3)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(89.4)	(28.4)
Accounts payable and accrued expenses	Accounts payable and accrued expenses	491.2	305.6
Other assets and liabilities	Other assets and liabilities	(1.8)	5.8
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	525.7	81.2

Investing Activities	**Investing Activities**		
Purchases of property and equipment		(85.5)	(54.5)
Investing Activities			
Investing Activities			
Capital expenditures			
Capital expenditures			
Capital expenditures			
Acquisition of business, net	Acquisition of business, net	(73.7)	(16.5)
Proceeds from sale of assets			
Proceeds from sale of assets			
Proceeds from sale of assets	Proceeds from sale of assets	15.3	4.5
Purchases of investments	Purchases of investments	(1.0)	—
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	(144.9)	(66.5)
Financing Activities	**Financing Activities**		
Financing Activities			
Financing Activities			
Borrowings under revolving lines of credit			
Borrowings under revolving lines of credit			
Borrowings under revolving lines of credit	Borrowings under revolving lines of credit	1,720.0	2,046.4
Payments under revolving lines of credit	Payments under revolving lines of credit	(1,757.9)	(1,793.9)
Borrowings under term loan			
Payments under term loan			
Payments under term loan		(7.5)	(7.5)
Borrowings under senior notes		600.0	—
Payment of debt issuance costs			
Payment of debt issuance costs			
Payment of debt issuance costs	Payment of debt issuance costs	(6.6)	—
Payments under equipment financing facilities and finance leases	Payments under equipment financing facilities and finance leases	(14.3)	(8.2)
Repurchase of convertible Preferred Stock		(805.6)	—

Payments under equipment financing facilities and finance leases			
Payments under equipment financing facilities and finance leases			
Payment of fees for the repurchase of convertible Preferred Stock			
Repurchase and retirement of common stock, net	Repurchase and retirement of common stock, net	(100.5)	(338.1)
Advance payment for equity forward contract		—	(50.0)
Proceeds from employee stock purchase plan			
Proceeds from employee stock purchase plan			
Proceeds from employee stock purchase plan			
Payment of dividends on Preferred Stock	Payment of dividends on Preferred Stock	(18.9)	(18.0)
Proceeds from disgorgement of short-swing profits[1]		5.9	—
Proceeds from issuance of common stock related to equity awards			
Proceeds from issuance of common stock related to equity awards			
Proceeds from issuance of common stock related to equity awards	Proceeds from issuance of common stock related to equity awards	9.7	14.5
Payment of taxes related to net share settlement of equity awards	Payment of taxes related to net share settlement of equity awards	(3.1)	(0.4)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(378.8)	(155.2)
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	—	(0.4)
Effect of exchange rate changes on cash and cash equivalents			
Effect of exchange rate changes on cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents			

Net increase (decrease) in cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	2.0	(140.9)
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	67.7	225.8
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	$ 69.7	$ 84.9
Supplemental Cash Flow Information	**Supplemental Cash Flow Information**		
Supplemental Cash Flow Information			
Supplemental Cash Flow Information			
Cash paid during the period for:			
Cash paid during the period for:			
Cash paid during the period for:	Cash paid during the period for:		
Interest	Interest	$ 73.1	$ 52.3
Income taxes, net of refunds[2]		$ 76.2	$ 113.2
Interest			
Interest			
Income taxes, net of refunds			
Supplemental Disclosure of Non-Cash Activities			
Amounts accrued for repurchases of common stock, inclusive of excise tax			
Amounts accrued for repurchases of common stock, inclusive of excise tax			
Amounts accrued for repurchases of common stock, inclusive of excise tax			

1. During the nine months ended September 30, 2023, the Company received payments of $5.9 million from a shareholder related to short-swing trading profits disgorged pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The payments were recorded to additional paid-in capital on the condensed consolidated balance sheets.
2. Nine months ended September 30, 2022 amount includes $18.6 million related to the transition period from October 1, 2021 to December 31, 2021.

See accompanying Notes to Condensed Consolidated Financial Statements

BEACON ROOFING SUPPLY, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited; in millions, except per share amounts or otherwise indicated)

1. Company Overview

Beacon Roofing Supply, Inc. (“Beacon” or the “Company”) was incorporated in the state of Delaware on July 16, 1997 and is the largest publicly traded distributor of roofing materials and complementary building products, such as siding and waterproofing, in North America.

The Company operates its business primarily under the trade name “Beacon Building Products” and services customers in all 50 states throughout the U.S. and six seven provinces in Canada. The Company’s material subsidiaries are Beacon Sales Acquisition, Inc. and Beacon Roofing Supply Canada Company.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company prepared the condensed consolidated financial statements in accordance with U.S. generally accepted accounting principles in the United States (“GAAP”) for interim financial information and the requirements of the Securities and Exchange Commission (“SEC”). As permitted under those rules, certain footnotes or other financial information have been condensed or omitted. Certain prior period amounts have been reclassified to conform to current period presentation.

The balance sheet as of September 30, 2022 March 31, 2023 has been presented for a better understanding of the impact of seasonal fluctuations on the Company’s financial condition. The three-month periods ended September 30, 2023 March 31, 2024 and 2022 had 63 and 64 business days, respectively. The nine-month periods ended September 30, 2023 and 2022 2023 each had 191 64 business days.

In management’s opinion, the unaudited condensed consolidated financial statements include all normal and recurring adjustments that are considered necessary for the fair presentation of the Company’s financial position and operating results. The results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results to be expected for the twelve months ending December 31, 2023 December 31, 2024.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto contained in the Company’s most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

Recent Accounting Pronouncements— Adopted

In October 2021, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2021-08, “Business Combinations – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.” The guidance is intended to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice. The guidance requires an acquirer to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606 as if it had originated the contracts, as opposed to at fair value on the acquisition date. The standard became effective for the Company on January 1, 2023 and was applied prospectively to acquisitions occurring after the adoption date. The adoption of this new guidance did not have a material impact on the Company’s financial statements and related disclosures.

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” The guidance provides optional practical expedients to ease the potential burden in accounting for contract modifications and hedge accounting related to reference rate reform. The provisions apply only to those transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. Specifically, entities can elect to not apply certain modification accounting requirements to contracts affected by reference rate reform if certain criteria are met. Also, entities can elect various optional expedients that would allow it to continue to apply hedge accounting for hedging relationships affected by reference rate reform if certain criteria are met. Adoption of the provisions of ASU 2020-04 are optional and expedients may be elected over time as reference rate reform activities occur. Further, in December 2022, the FASB issued ASU 2022-06, “Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848,” extending the sunset date under Topic 848 from December 31, 2022 to December 31, 2024 to align the temporary accounting relief guidance with the LIBOR cessation date of June 30, 2023. During the three months ended March 31, 2023, the Company adopted the optional relief guidance provided under ASU 2020-04 after entering into a new interest rate swap agreement with a reference rate indexed to the Secured Overnight Financing Rate (“SOFR”), thereby creating a temporary mismatch in the referenced interest rate index of the Company’s interest rate swap and the hedged variable rate interest payments pursuant to the Company’s Term Loan. See Note 17 for further details of the transaction. The optional expedient did not have a material impact on the Company’s financial statements and related disclosures. Additionally, in June 2023, the Company entered into the second amendment to the 2026 ABL, and in July 2023, the Company entered into the second amendment to the 2028 Term Loan, both of which replaced the reference rates from LIBOR with SOFR. See Note 11 for further details of the transactions. In connection with these amendments, the Company adopted ASU 2020-04 and elected the debt accounting optional expedient. The optional expedient did not have a material impact on the Company’s financial statements and related disclosures. The Company may also take advantage of other optional relief guidance offered under ASU 2020-04 in the future and will evaluate and disclose the impact of this guidance in the period of election, as well as the nature and reason for doing so.

Recent Accounting Pronouncements— Pronouncements — Not Yet Adopted

In October 2023, the FASB issued ASU 2023-06, “Disclosure Improvements – Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative.” This ASU standard affects a wide variety of Topics in the Codification. The effective date for each amendment will be the date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective. Early adoption is prohibited. The Company does not expect the adoption of this standard to have a material impact on the Company’s consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting - Improving Reportable Segment Disclosures (Topic 280).” The standard is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The standard requires disclosures to include significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”), a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. The standard also requires all annual disclosures currently required by ASC Topic 280 to be included in interim periods. This standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted and requires retrospective application to all prior periods presented in the financial statements. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, “Improvements to Income Tax Disclosures,” a final standard on improvements to income tax disclosures. The standard requires disaggregated information about a registrant's effective tax rate reconciliation as well as information on income taxes paid. This standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted and should be applied prospectively. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

3. Acquisitions

The following table presents the Company’s acquisitions between January 1, 2022 January 1, 2023 and September 30, 2023 March 31, 2024. The Company acquired 100% of the equity or substantially all of the net assets in each case. The Company has not provided pro forma results of operations for any of the transactions below, as the transactions individually and in the aggregate for the respective year are not material to the Company. The results of operations for these transactions are included in the Company's condensed consolidated statements of operations from the date of the acquisition (dollars in millions):

Date Acquired	Date Acquired	Company Name	Region	Branches	Goodwill Recognized[1]	Intangible Assets Acquired[1]	Date Acquired	Company Name	Region	Branches	Goodwill Recognized[1]	Intangible Assets Acquired[1]
February 12, 2024												
February 1, 2024												
November 1, 2023												
October 2, 2023												
September 5, 2023	September 5, 2023	S&H Building Material Corporation	New York	1	$ 5.7	$ 4.1						
August 1, 2023	August 1, 2023	All American Vinyl Siding Supply, LLC	Mississippi	1	$ 0.7	$ 0.8						
July 11, 2023	July 11, 2023	Crossroads Roofing Supply, Inc.	Oklahoma	5	$ 2.5	$ 11.1						
June 12, 2023	June 12, 2023	Silver State Building Materials, Inc.	Nevada	1	$ 0.5	$ 0.9						
March 31, 2023	March 31, 2023	Al's Roofing Supply, Inc.	California	4	$ 3.6	$ 7.1						
March 31, 2023	March 31, 2023	Prince Building Systems, LLC	Wisconsin	1	$ 0.6	$ 2.0						
January 4, 2023	January 4, 2023	First Coastal Exteriors, LLC	Alabama and Mississippi	2	$ 0.8	$ 1.9						
December 30, 2022		Whitney Building Products	Massachusetts	1	$ 2.7	$ 2.8						
November 1, 2022		Coastal Construction Products	Florida, Illinois, Alabama, Georgia, Arkansas, Tennessee, and North Carolina	18	$ 133.1	$ 102.7						
June 1, 2022		Complete Supply, Inc.	Illinois	1	$ 8.6	$ 4.6						
April 29, 2022		Wichita Falls Builders Wholesale, Inc.	Texas	1	$ 0.4	$ 0.5						
January 1, 2022		Crabtree Siding and Supply	Tennessee	1	$ 0.1	$ 0.1						

1. For Metro Sealant & Waterproofing Supply, Inc., Roofers Supply of Greenville, H&H Roofing Supply, LLC, Garvin Construction Products, S&H Building Material Corporation, All American Vinyl Siding Supply, LLC, Crossroads Roofing Supply, Inc., and Silver State Building Materials, Inc., Al's Roofing Supply, Inc., Prince Building Systems, LLC, First Coastal Exteriors, LLC, Whitney Building Products and Coastal Construction Products, the measurement period is still open and amounts are based on provisional estimates of the fair value of assets acquired and liabilities assumed as of September 30, 2023 March 31, 2024.

In each company's respective twelve months prior to being acquired by Beacon, the companies listed above produced aggregate annual sales of approximately $400.0 $318.0 million. The total transaction costs incurred by the Company for these acquisitions for the three and nine months ended September 30, 2023 March 31, 2024 were $2.1 million and $4.9 million, respectively. $2.0 million. Of the $159.3 $92.0 million of goodwill recognized for these acquisitions, $81.8 $51.7 million is deductible for tax purposes.

4. Net Sales

The following table presents the Company's net sales by line of business and geography (in millions):

U.S.		U.S.	Canada	Total
		U.S.	Canada	Total
Three Months Ended September 30, 2023				
Three Months Ended March 31, 2024				
Three Months Ended March 31, 2024				
Three Months Ended March 31, 2024				
Residential roofing products				
Residential roofing products				
Residential roofing products	Residential roofing products	$1,350.1	$ 22.7	$1,372.8
Non-residential roofing products	Non-residential roofing products	610.6	64.6	675.2
Complementary building products	Complementary building products	533.5	2.8	536.3
Total net sales	Total net sales	$2,494.2	$ 90.1	$2,584.3
Three Months Ended September 30, 2022				
Three Months Ended March 31, 2023				
Three Months Ended March 31, 2023				
Three Months Ended March 31, 2023				
Residential roofing products				
Residential roofing products				
Residential roofing products	Residential roofing products	$1,180.7	$ 27.6	$1,208.3
Non-residential roofing products	Non-residential roofing products	676.2	54.9	731.1
Complementary building products	Complementary building products	472.6	3.2	475.8
Total net sales	Total net sales	$2,329.5	$ 85.7	$2,415.2

Nine Months Ended September 30, 2023			
Residential roofing products	$3,470.8	$ 50.7	$3,521.5
Non-residential roofing products	1,652.7	143.5	1,796.2
Complementary building products	1,495.1	7.5	1,502.6
Total net sales	$6,618.6	$ 201.7	$6,820.3
Nine Months Ended September 30, 2022			
Residential roofing products	$3,185.1	$ 65.8	$3,250.9
Non-residential roofing products	1,768.5	133.0	1,901.5
Complementary building products	1,299.4	8.5	1,307.9
Total net sales	$6,253.0	$ 207.3	$6,460.3

5. Net Income (Loss) Per Common Share

Basic net income (loss) per common share is calculated by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common share equivalents or the conversion of Preferred Stock (as defined below). when outstanding during the period. Common share equivalents consist of the incremental common shares issuable upon the exercise of stock options and vesting of restricted stock unit ("RSU") awards. Diluted net income (loss) per common share is calculated by dividing net income (loss) attributable to common stockholders by the fully diluted weighted-average number of common shares outstanding during the period.

In connection with the acquisition of Allied Building Products Corp. on January 2, 2018, the Company completed the sale of 400,000 shares of Series A Cumulative Convertible Participating Preferred Stock, par value $0.01 per share (the "Preferred Stock"), with an aggregate liquidation preference of $400.0 million, at a purchase price of $1,000 per share, to CD&R Boulder Holdings, L.P. ("CD&R Holdings").

On July 31, 2023 (the "Repurchase Date"), the Company repurchased (the "Repurchase") all 400,000 issued and outstanding shares of the Preferred Stock held by CD&R Holdings (the shares of Preferred Stock held by CD&R Holdings, the "Shares") pursuant to a letter agreement dated July 6, 2023 (the "Repurchase Letter Agreement") in cash for $805.4 million, including $0.9 million of accrued but unpaid dividends as of such date (the "Repurchase Price"). In connection with the Repurchase, CD&R Holdings agreed that for as long as Philip Knisely or Nathan Sleeper remains remained a member of the Company's board of directors Board and for a period of six months thereafter, the customary voting, standstill, and transfer restrictions set forth in the original Investment Agreement with respect to the Preferred Stock will continue to apply to CD&R Holdings and its related fund in accordance with their terms. Following the closing of the repurchase, Repurchase, Mr. Sleeper resigned from the Company's board; Board and Mr. Knisely remains remained a member. member of the Company's Board until his resignation on January 23, 2024.

The aggregate Repurchase Price and related transaction fees and expenses were financed by a combination of proceeds from the 2030 Senior Notes, which are further described in Note 11, as well as the 2026 ABL and cash on hand.

On and after the Repurchase Date, all dividends and distributions ceased to accrue on the Shares, the repurchased Shares are no longer deemed outstanding, and all rights of CD&R Holdings with respect to the repurchased Shares terminated.

During Before the three and nine months ended September 30, 2023, the Company incurred costs directly attributable to the Preferred Stock Repurchase of $9.3 million.

Before such repurchase occurred, the Preferred Stock was convertible perpetual participating preferred stock of the Company, and conversion of the Preferred Stock into $0.01 par value shares of the Company's common stock would have been at a conversion price of $41.26 per share (or 9,694,619 shares of common stock). The Preferred Stock accumulated dividends at a rate of 6.0% per annum (payable quarterly in cash or in-kind, subject to certain conditions). The Preferred Stock was not mandatorily redeemable; therefore, it was classified as mezzanine equity in the Company's condensed consolidated balance sheets. Holders of Preferred Stock would have participated in dividends on an as-converted basis if declared on common shares. As a result, Preferred Stock was classified as a participating security and thereby required the allocation of income that would have otherwise been available to common stockholders when calculating net income (loss) per common share.

Prior to the repurchase, CD&R typically reinvested cash proceeds received from the quarterly For periods in which Preferred Stock dividend payments to purchase shares of the Company's common stock on the open market, the most recent of which occurred in April 2023. In connection with the Preferred Stock repurchase, CD&R triggered the short-swing profit rule pursuant to Section 16(b) of the Exchange Act and disgorged $4.7 million in short-swing trading profits to the Company immediately following the repurchase. Subsequent to the Preferred Stock repurchase, CD&R disgorged an additional $1.2 million of short-swing trading profits triggered by CD&R's public offering to sell 5.0 million shares of the Company's common stock. The $5.9 million of short-swing trading profits disgorged by CD&R pursuant to Section 16(b) of the Exchange Act during the three and nine months ended September 30, 2023 were recorded to additional paid-in capital on the condensed consolidated balance sheets.

The difference between the total consideration paid for the Repurchase, inclusive of direct costs, and the carrying value of the Preferred Stock, resulted in a $414.6 million Repurchase premium (the "Repurchase Premium") which was recorded as a reduction to retained earnings within the condensed consolidated statement of stockholders' equity. In calculating basic and is outstanding, diluted net income (loss) per common share for the three and nine months ended September 30, 2023, the Repurchase Premium is included as a component of net income (loss) attributable to common stockholders.

Diluted net income (loss) per common share is calculated by utilizing the most dilutive result of the if-converted and two-class methods. In both methods, net income (loss) attributable to common stockholders and the weighted-average common shares outstanding are adjusted to account for the impact of the assumed issuance of potential common shares that are dilutive, subject to dilution sequencing rules.

The following table presents the components and calculations of basic and diluted net income (loss) per common share (in millions, except per share amounts; certain amounts may not recalculate due to rounding):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net income (loss)	$ 161.3	$ 154.8	$ 339.9	$ 385.1
Dividends on Preferred Stock	(1.9)	(6.0)	(13.9)	(18.0)
Undistributed income allocated to participating securities	(7.6)	(19.3)	(34.3)	(46.0)
Repurchase Premium	(414.6)	—	(414.6)	—
Net income (loss) attributable to common stockholders – Basic and Diluted	$ (262.8)	$ 129.5	$ (122.9)	$ 321.1
Denominator:				

	Three Months Ended March 31,	
	2024	2023
Numerator:		
Net income (loss)		
Net income (loss)		
Net income (loss)		
Dividends on Preferred Stock		
Undistributed income allocated to participating securities		
Undistributed income allocated to participating securities		
Undistributed income allocated to participating securities		
Net income (loss) attributable to common stockholders – Basic and Diluted		
Net income (loss) attributable to common stockholders – Basic and Diluted		
Net income (loss) attributable to common stockholders – Basic and Diluted		
Denominator:		
Denominator:		
Denominator:		
Weighted-average common shares outstanding – Basic		
Weighted-average common shares outstanding – Basic		

Weighted-average common shares outstanding – Basic	Weighted-average common shares outstanding – Basic	63.2	65.0	63.7	67.7
Effect of common share equivalents	Effect of common share equivalents	—	1.4	—	1.4
Weighted-average common shares outstanding – Diluted	Weighted-average common shares outstanding – Diluted	63.2	66.4	63.7	69.1
Weighted-average common shares outstanding – Diluted					
Weighted-average common shares outstanding – Diluted					
Net income (loss) per common share:	**Net income (loss) per common share:**				
Net income (loss) per common share:					
Net income (loss) per common share:					
Basic					
Basic					
Basic	Basic	$ (4.16)	$ 1.99	$ (1.93)	$ 4.74
Diluted	Diluted	$ (4.16)	$ 1.95	$ (1.93)	$ 4.65

The following table includes the number of shares that may be dilutive common shares in the future (except for the Preferred Stock, which was redeemed in July 2023 and therefore has no dilutive impact in the future). future as of March 31, 2024). These shares were not included in the computation of diluted net income (loss) per common share because the effect was either anti-dilutive or the requisite performance conditions were not met (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Stock options	0.7	0.2	0.3	0.2
Restricted stock units	1.1	—	0.4	—
Preferred Stock	3.2	9.7	7.5	9.7
Equity forward contract	—	0.9	—	0.9

Additionally, there were shares issuable under the Company's ESPP, as defined in Note 6, that were not included in the computation of diluted net income (loss) per common share because the anti-dilutive effects were de minimis during the three and nine months ended September 30, 2023.

	Three Months Ended March 31,	
	2024	2023
Stock options	0.0	0.2
Restricted stock units	0.0	0.1
Preferred Stock	—	9.7
Employee Stock Purchase Plan	0.1	—

6. Stock-based Compensation

On December 23, 2019, the Board of Directors of the Company (the "Board") approved the Beacon Roofing Supply, Inc. Second Amended and Restated 2014 Stock Plan (the "2014 Plan"). On February 11, 2020, the stockholders of the Company approved an additional 4,850,000 shares to be reserved for issuance under the 2014 Plan. The 2014 Plan, which was originally approved by the stockholders on February 12, 2014, provides for discretionary awards of stock options, stock awards, restricted stock units, and stock appreciation rights to selected employees and non-employee directors. The 2014 Plan mandates that all shares underlying lapsed, forfeited, expired, terminated, cancelled and withheld awards, including those from the predecessor plan, be returned to the 2014 Plan and made available for issuance. As of September 30, 2023 March 31, 2024, there were 2,995,234 2,717,332 shares of common stock available for issuance pursuant to the 2014 Plan. The 2014 Plan is the only plan maintained by the Company pursuant to which equity awards are granted.

All unvested employee equity awards contain a “double trigger” change in control mechanism to the extent such employee equity award is continued or assumed after a change in control. If an award is not continued or assumed by a public company in an equitable manner, such award shall become vested immediately prior to a change in control (in the case of a restricted stock unit award with performance conditions at the then-calculable payout percentage for any completed annual performance periods and at 100% for any annual performance periods not yet calculable, and in the case of a restricted stock unit award with market performance conditions at 100% of the award then earned but not then vested). If an award is so continued or assumed, vesting will continue in accordance with the terms of the award, unless there is a qualifying termination (without cause or for good reason) within one-year following the change in control, in which event the award shall immediately become vested (in the case of a restricted stock unit award with performance conditions at the then-calculable payout percentage for any completed annual performance periods and at 100% for any annual performance periods not yet calculable, and in the case of a restricted stock unit award with market performance conditions at 100% of the award then earned but not then vested).

Stock Options

Non-qualified stock options generally expire 10 years after the grant date and, except under certain conditions, the options are subject to continued employment and vest in three annual installments over the three-year period following the grant date.

The fair values of the options granted for the periods presented were estimated on the dates of grants using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Three Months Ended March 31, 2024	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022		Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Risk-free interest rate	Risk-free interest rate	4.26 %	1.93 %	Risk-free interest rate	4.12 %	4.26 %
Expected volatility	Expected volatility	49.92 %	48.89 %	Expected volatility	48.05 %	49.92 %
Expected life (in years)	Expected life (in years)	5.12	5.14	Expected life (in years)	5.08	5.12
Dividend yield	Dividend yield	—	—	Dividend yield	—	—

The following table summarizes all stock option activity for the nine three months ended September 30, 2023 March 31, 2024 (in millions, except per share amounts and time periods):

	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value[1]
Balance as of December 31, 2022	1.3	$ 38.73	6.0	$ 20.7
Granted	0.1	65.00		
Exercised	(0.2)	37.96		
Canceled/Forfeited	(0.0)	51.11		
Balance as of September 30, 2023	1.2	$ 41.14	6.0	$ 43.4
Vested and expected to vest after September 30, 2023	1.2	$ 40.86	5.9	$ 43.2
Exercisable as of September 30, 2023	0.9	$ 36.11	5.1	$ 36.4

	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value[1]
Balance as of December 31, 2023	1.1	$ 41.38	5.8	$ 51.3
Granted	0.1	84.90		
Exercised	(0.1)	30.42		
Canceled/Forfeited	(0.0)	62.07		
Balance as of March 31, 2024	1.1	$ 46.42	6.0	$ 56.7
Vested and expected to vest after March 31, 2024	1.1	$ 45.91	5.9	$ 56.3
Exercisable as of March 31, 2024	0.9	$ 39.38	5.2	$ 50.8

1. Aggregate intrinsic value represents the difference between the closing fair value of the underlying common stock and the exercise price of outstanding, in-the-money options on the date of measurement.

During each of the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded stock-based compensation expense related to stock options of $1.1 million. $1.0 million and $0.9 million, respectively. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded recognized a tax benefit related to stock-based compensation expense related to stock options of $3.1 million $1.3 million and $3.0 million, $0.4 million, respectively.

As of September 30, 2023 March 31, 2024, there was $4.9 million $6.7 million of total unrecognized compensation cost expense related to unvested stock options, which is expected to be recognized over a weighted-average period of 1.9 2.1 years. The following table summarizes additional information on stock options (in millions, except per share amounts):

		Nine Months Ended September 30,			
		2023	2022		
	Three Months Ended March 31,			Three Months Ended March 31,	
	2024			2024	2023
Weighted-average fair value per share of stock options granted	Weighted-average fair value per share of stock options granted	$31.86	$26.50		
Total grant date fair value of stock options vested	Total grant date fair value of stock options vested	$ 1.9	$ 0.4		
Total intrinsic value of stock options exercised	Total intrinsic value of stock options exercised	$ 7.6	$ 9.6		

Restricted Stock Units

Time-based RSU awards granted to employees are subject to continued employment and generally vest on the third anniversary of the grant date. The Company also grants certain RSU awards to management that additionally may contain market or performance conditions. Market conditions are incorporated into the grant date fair value of the management awards with market conditions using a Monte Carlo valuation model. Compensation expense for management awards with market conditions is recognized over the service period and is not reversed if the market condition is not met. For awards with performance conditions, the actual number of awards that will vest can range from 0% to 200% of the original grant amount, depending upon actual Company performance below or above the established performance metric targets. At each reporting date, the Company estimates performance in relation to the defined targets when determining the projected number of management awards with performance conditions that are expected to vest and calculating the related stock-based compensation expense. Management awards with performance conditions are amortized over the service period if, and to the extent that, it is determined that achievement of the performance condition is probable. If awards with market, performance and/or service conditions are forfeited due to failure to achieve performance conditions or failure to satisfy service conditions, any previously recognized expense for such awards is reversed.

RSUs granted to non-employee directors are subject to continued service and vest on the first anniversary of the grant date (except under certain conditions). Generally, the common shares underlying the RSUs are not eligible for distribution until the non-employee director's service on the Board has terminated, and for non-employee director RSU grants made prior to fiscal year 2014, the share distribution date is six months after the director's termination of service on the Board. Any non-employee directors who have Beacon equity holdings (defined as common stock and outstanding vested equity awards) with a total fair value that is greater than or equal to five times the annual Board cash retainer may elect to have any future RSU grants settle simultaneously with vesting.

The following table summarizes all RSU activity for the nine three months ended September 30, 2023 March 31, 2024 (in millions, except grant date fair value amounts):

	RSUs Outstanding	Weighted-Average Grant Date Fair Value
Balance as of December 31, 2022	1.2	$ 45.60

		RSUs Outstanding		RSUs Outstanding	Weighted-Average Grant Date Fair Value
Balance as of December 31, 2023					
Granted	Granted	0.4	$ 63.06		
Released	Released	(0.1)	$ 46.32		
Released					
Released					
Canceled/Forfeited	Canceled/Forfeited	(0.0)	$ 51.41		
Balance as of September 30, 2023		1.5	$ 50.38		
Vested and expected to vest after September 30, 2023[1]		1.5	$ 49.22		
Balance as of March 31, 2024					
Vested and expected to vest after March 31, 2024[1]					

1. As of September 30, 2023 March 31, 2024, outstanding awards with performance conditions were expected to vest at greater less than 100% of their original grant amount.

During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded stock-based compensation expense related to RSUs of $6.2 million $5.8 million and $6.8 million $5.1 million, respectively. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded recognized a tax benefit related to stock-based compensation expense related to RSUs of $18.5 million $1.3 million and $18.0 million $0.1 million, respectively.

As of September 30, 2023 March 31, 2024, there was $33.5 million $46.0 million of unrecognized compensation expense related to unvested RSUs (including unrecognized expense for RSUs with performance conditions at their estimated value as of September 30, 2023 March 31, 2024), which is expected to be recognized over a weighted-average period of 2.1 2.3 years.

The following table summarizes additional information regarding RSUs (in millions, except per share amounts):

		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	Three Months Ended March 31, 2024				
Weighted-average fair value per share of RSUs granted	Weighted-average fair value per share of RSUs granted	$63.06	$50.70		
Total grant date fair value of RSUs vested	Total grant date fair value of RSUs vested	$ 7.1	$ 2.1		
Total intrinsic value of RSUs released	Total intrinsic value of RSUs released	$ 11.8	$ 2.0		

Employee Stock Purchase Plan

On March 20, 2023, the Board adopted the Company's 2023 Employee Stock Purchase Plan (the "ESPP"), subject to stockholder approval, which was subsequently obtained on May 17, 2023 in conjunction with the 2023 Annual Meeting of Stockholders. The ESPP allows eligible employees to acquire shares of the Company's common stock through payroll deductions over six-month offering periods. The purchase price per share is equal to 85% of the lesser of (1) the fair market value of a share of the Company's common stock on the offering date, defined as the first trading day of the offering period, or (2) the fair market value of a share of the Company's common stock on the purchase date, defined as the last trading day of the offering period; provided that the purchase price is not less than the $0.01 par value per share of the common stock. Participant purchases are limited to a maximum of $12,500 worth of stock per offering period (or $25,000 per calendar year). The Company is authorized to grant up to 1,000,000 shares of its common stock under the ESPP.

The first offering period commenced on July 1, 2023 and will end on December 31, 2023. During the three months ended March 31, 2024, employees purchased approximately 58.0 thousand shares at a per share price of $70.86. As of September 30, 2023 March 31, 2024, the Company has not issued any there were approximately 942.0 thousand shares of common stock. stock available for issuance pursuant to the Company's ESPP. During the three and nine months ended September 30, 2023 March 31, 2024, the Company recorded stock-based compensation expense related to the ESPP of $0.6 million.

7. Share Repurchase Program

On February 24, 2022, the Company announced a new share repurchase program (the "Repurchase Program"), pursuant to which the Company may purchase up to $500.0 million of its common stock. On February 23, 2023, the Company announced that its Board authorized and approved an increase of the Repurchase Program by approximately $387.9 million, permitting future share repurchases of $500.0 million after considering actual share repurchases as of such re-authorization date.

Share repurchases under the Repurchase Program may be made from time to time through various means, including open market purchases (including block trades), privately negotiated transactions, accelerated share repurchase transactions ("ASR") or through a series of forward purchase agreements, option contracts or similar agreements and contracts (including Rule 10b5-1 plans) adopted by the Company, in each case in accordance with the rules and regulations of the SEC, including, if applicable, Rule 10b-18 of the Securities Exchange Act. Act of 1934, as amended (the "Exchange Act"). The timing, volume, and nature of share repurchases pursuant to the Repurchase Program are at the discretion of management and may be suspended or discontinued at any time. Shares repurchased under the Repurchase Program are retired immediately and are included in the category of authorized but unissued shares. Direct and incremental costs associated with the Repurchase Program are deferred and included as a component of the purchase price. The excess of the purchase price over the par value of the common shares is reflected in retained earnings.

The following table sets forth the Company's share repurchases (in millions, except per share data):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
	2024			2024	2023
Total number of shares repurchased	Total number of shares repurchased	0.3	—	1.5	5.8
Amount repurchased[1]		$ 25.1	$ —	$ 99.9	$387.9
Amount repurchased					
Average price per share	Average price per share	$83.89	$ —	$67.90	$58.28

1. Amount paid for The Company did not make any share repurchases during the nine three months ended September 30, 2022 includes $50.0 million of the June 2022 ASR repurchase price that was evaluated as an unsettled equity forward contract indexed to the Company's common stock and classified within stockholders' equity as a reduction to additional paid in capital. The final settlement of the June 2022 ASR occurred in the fourth quarter of 2022 and resulted in the delivery of an additional 1.1 million shares of the Company's common stock.

March 31, 2024. Share repurchases for the three and nine months ended September 30, 2023 March 31, 2023 were made on the open market through a Rule 10b5-1 repurchase plan. During the three and nine months ended September 30, 2023 March 31, 2023, the Company incurred de minimis costs directly attributable to the Repurchase Program of approximately $0.2 million and $0.8 million, respectively. Share repurchases for the nine months ended September 30, 2022 were made through a combination of open market transactions as well as through two ASRs. The Company did not incur costs directly attributable to the Repurchase Program during the three months ended September 30, 2022. During the nine months ended September 30, 2022, the Company incurred costs directly attributable to the Repurchase Program of approximately $0.2 million. Program.

As of September 30, 2023 March 31, 2024, the Company had approximately $400.1 $389.1 million available for repurchases remaining under the Repurchase Program.

8. Prepaid Expenses and Other Current Assets

The following table summarizes the significant components of prepaid expenses and other current assets (in millions):

	September 30, 2023	December 31, 2022	September 30, 2022	March 31, 2024	December 31, 2023	March 31, 2023
Vendor rebates	$ 407.2	$ 335.9	$ 339.1			
Other	111.7	81.9	76.2			
Total prepaid expenses and other current assets	$ 518.9	$ 417.8	$ 415.3			

9. Goodwill and Intangible Assets

Goodwill

The following table sets forth the change in the carrying amount of goodwill during the nine three months ended September 30, 2023 March 31, 2024 (in millions):

Balance as of December 31, 2022 December 31, 2023	$	1,916.3 1,952.6
Acquisitions		17.2 59.2
Translation and other adjustments		0.1 (0.7)
Balance as of September 30, 2023 March 31, 2024	$	1,933.6 2,011.1

The changes in the carrying amount of goodwill for the nine three months ended September 30, 2023 March 31, 2024 were driven primarily by the Company's recent acquisitions. See Note 3 for additional information.

Intangible Assets

The intangible asset lives range from 2 1 to 20 years. The following table summarizes intangible assets by category (in millions, except time periods):

	September 30, 2023	December 31, 2022	September 30, 2022	Weighted-Average Remaining Life[1] (Years)	March 31, 2024	December 31, 2023	March 31, 2023	Weighted-Average Remaining Life[1] (Years)		
Amortizable intangible assets:										
Customer relationships	$ 1,226.0	$1,198.1	$ 1,097.0	15.5						
Customer relationships and other					$1,290.4	$1,238.9	$1,209.9	15.7		
Trademarks	4.5	4.5	1.0	1.6	5.6	5.6	5.6	4.5	4.5 0.6	0.6
Total amortizable intangible assets	1,230.5	1,202.6	1,098.0	15.4						

Total amortizable intangible assets					
Total amortizable intangible assets		1,296.0	1,244.5	1,214.4	15.6
Accumulated amortization	Accumulated amortization	(829.8)	(764.7)	(746.4)	
Total amortizable intangible assets, net	Total amortizable intangible assets, net	400.7	437.9	351.6	
Total amortizable intangible assets, net					
Total amortizable intangible assets, net					
Indefinite-lived trademarks					
Indefinite-lived trademarks					
Indefinite-lived trademarks	Indefinite-lived trademarks	9.8	9.8	9.8	
Total intangibles, net	Total intangibles, net	$ 410.5	$ 447.7	$ 361.4	
Total intangibles, net					
Total intangibles, net					

1. As of September 30, 2023 March 31, 2024.

Amortization expense relating to the above-listed intangible assets for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $21.4 million $21.1 million and $21.9 million, respectively. Amortization expense relating to the above-listed intangible assets for the nine months ended September 30, 2023 and 2022 was $65.1 million and $64.8 million $22.3 million, respectively.

The following table summarizes the estimated future amortization expense for intangible assets (in millions):

Year Ending December 31,	Year Ending December 31,		Year Ending December 31,
2023 (October - December)		$ 19.3	
2024		71.4	
2024 (April - December)			
2025	2025	58.7	
2026	2026	50.0	
2027	2027	40.8	
2028			
Thereafter	Thereafter	160.5	
Total future amortization expense	Total future amortization expense	$400.7	

10. Accrued Expenses

The following table summarizes the significant components of accrued expenses (in millions):

		September 30, 2023	December 31, 2022	September 30, 2022			
March 31, 2024					March 31, 2024	December 31, 2023	March 31,
Inventory	Inventory	$ 215.3	$ 106.9	$ 141.5			

Customer rebates	Customer rebates	98.2	112.8	90.4
Payroll and employee benefit costs	Payroll and employee benefit costs	91.4	118.6	125.2
Selling, general and administrative	Selling, general and administrative	120.7	96.0	108.5
Income taxes	Income taxes	55.4	7.8	35.6
Interest and other	Interest and other	20.3	5.9	11.7
Total accrued expenses	Total accrued expenses	$ 601.3	$ 448.0	$ 512.9

11. Financing Arrangements

The following table summarizes all outstanding debt (presented net of unamortized debt issuance costs) and other financing arrangements (in millions):

		September 30, 2023	December 31, 2022	September 30, 2022
March 31, 2024	March 31, 2024	December 31,	2023	March 31,
Revolving Lines of Credit	**Revolving Lines of Credit**			
2026 ABL:	2026 ABL:			
2026 ABL:				
2026 ABL:				
2026 U.S. Revolver[1]				
2026 U.S. Revolver[1]				
2026 U.S. Revolver[1]	2026 U.S. Revolver[1]	$ 218.3	$ 254.9	$ 246.1
2026 Canada Revolver	2026 Canada Revolver	—	—	—
Borrowings under revolving lines of credit, net	Borrowings under revolving lines of credit, net	$ 218.3	$ 254.9	$ 246.1
Long-term Debt, net	**Long-term Debt, net**			
Long-term Debt, net				
Long-term Debt, net				
Term Loan:	Term Loan:			
Term Loan:				
Term Loan:				
2028 Term Loan[2]				
2028 Term Loan[2]				
2028 Term Loan[2]	2028 Term Loan[2]	$ 966.4	$ 972.2	$ 974.0
Current portion	Current portion	(10.0)	(10.0)	(10.0)
Long-term borrowings under term loan	Long-term borrowings under term loan	956.4	962.2	964.0

Senior Notes:	Senior Notes:			
2026 Senior Notes[3]	2026 Senior Notes[3]	297.9	297.4	297.3
2026 Senior Notes[3]				
2026 Senior Notes[3]				
2029 Senior Notes[4]	2029 Senior Notes[4]	347.2	346.8	346.7
2030 Senior Notes[5]	2030 Senior Notes[5]	592.4	—	—
Long-term borrowings under senior notes	Long-term borrowings under senior notes	1,237.5	644.2	644.0
Long-term debt, net	Long-term debt, net	$ 2,193.9	$1,606.4	$ 1,608.0

1. Effective rate on borrowings of 6.37% 5.93%, 5.45% 6.68%, and 3.79% 5.75% as of September 30, 2023 March 31, 2024, December 31, 2022 December 31, 2023 and September 30, 2022 March 31, 2023, respectively.
2. Interest rate of 7.68% 7.33%, 6.32% 7.97%, and 4.77% 6.88% as of September 30, 2023 March 31, 2024, December 31, 2022 December 31, 2023 and September 30, 2022 March 31, 2023, respectively.
3. Interest rate of 4.50% for all periods presented.
4. Interest rate of 4.125% for all periods presented.
5. Interest rate of 6.50% as of September 30, 2023. March 31, 2024 and December 31, 2023, respectively.

2021 Debt Refinancing

In May 2021, the Company entered into various financing arrangements to refinance certain debt instruments to take advantage of lower market interest rates for the Company's fixed rate indebtedness and to extend maturities (the "2021 Debt Refinancing"). The transactions included a new $350.0 million issuance of senior notes (the "2029 Senior Notes"). In addition, the Company entered into a second amended and restated credit agreement for its $1.30 billion asset-based revolving line of credit (the "2026 ABL"), and an amended and restated term loan credit agreement for a term loan of $1.00 billion (the "2028 Term Loan"), which together are defined as the "Senior Secured Credit Facilities."

On May 19, 2021, the Company used the net proceeds from the 2029 Senior Notes offering, together with cash on hand and borrowings under the Senior Secured Credit Facilities, to redeem all $1.30 billion aggregate principal amount outstanding of the Company's 4.875% Senior Notes due 2025 at a redemption price of 102.438%, to refinance all outstanding borrowings under the Company's previous term loan, and to pay all related accrued interest, fees and expenses.

The In March 2024, the Company capitalized debt issuance costs totaling $29.0 million related entered into a financing arrangement to refinance the 2029 Senior Notes, 2026 ABL and 2028 Term Loan which are being amortized over resulting in an increase in the terms of outstanding principal balance from $975.0 million to $1.275 billion at March 31, 2024. Refer to the financing arrangements. discussion below for additional information regarding the refinancing.

2029 Senior Notes

On May 10, 2021, the Company and certain subsidiaries of the Company as guarantors completed a private offering of $350.0 million aggregate principal amount of 4.125% senior unsecured notes due 2029 at an issue price equal to par. The 2029 Senior Notes mature on May 15, 2029 and bear interest at a rate of 4.125% per annum, payable on May 15 and November 15 of each year, which commenced on November 15, 2021. The 2029 Senior Notes are fully and unconditionally guaranteed, on a joint and several basis, by certain of the Company's active United States subsidiaries.

The 2029 Senior Notes and related subsidiary guarantees were offered and sold in a private transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), to qualified institutional buyers in accordance with

Rule 144A under the Securities Act and to non-U.S. persons outside of the United States pursuant to Regulation S under the Securities Act. The 2029 Senior Notes and related subsidiary guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and other applicable securities laws.

The Company capitalized debt issuance costs of $4.0 million related to the 2029 Senior Notes, which are being amortized over the term of the financing arrangements.

As of September 30, 2023 March 31, 2024, the outstanding balance on the 2029 Senior Notes, net of $2.8 $2.6 million of unamortized debt issuance costs, was $347.2 $347.4 million.

2026 ABL

On May 19, 2021, the Company entered into a $1.30 billion senior secured asset-based revolving credit facility with Wells Fargo Bank, N.A. and a syndicate of other lenders. The 2026 ABL provides for revolving loan commitments in both the United States in an amount up to $1.25 billion ("2026 U.S. Revolver") and Canada in an amount up to $50.0 million ("2026 Canada Revolver") (as such amounts may be reallocated pursuant to the terms of the 2026 ABL). The 2026 ABL has a maturity date of May 19, 2026. The 2026 ABL has various borrowing tranches with an interest rate based, at the Company's option, on a base rate, plus an applicable margin, or a reserve adjusted LIBOR rate, plus an applicable margin. The applicable margin for borrowings is based on the Company's quarterly average excess availability as determined by reference to a borrowing base and ranges from 0.25% to 0.75% per annum in the case of base rate borrowings and 1.25% to 1.75% per annum in the case of LIBOR borrowings. The unused commitment fees on the 2026 ABL are 0.20% per annum.

On June 6, 2023, the Company entered into Amendment No. 2 to the 2026 ABL (the "2026 ABL Amendment No. 2") with Wells Fargo Bank, N.A., as administrative agent and collateral agent, and the lenders party thereto. The 2026 ABL Amendment No. 2, among other things, (i) replaces replaced the LIBOR interest rate index and its related borrowing mechanics under the 2026 ABL with a SOFR interest rate index and its related borrowing mechanics, and (ii) updates updated certain other provisions of the 2026 ABL to reflect the transition from LIBOR to SOFR. Except as amended by the 2026 ABL Amendment No. 2, the remaining terms of the 2026 ABL remain in full force and effect.

The 2026 ABL contains a springing financial covenant that requires a minimum 1.00 : 1.00:1.00 Fixed Charge Coverage Ratio (consolidated EBITDA less capital expenditures to fixed charges, each as defined in the 2026 ABL credit agreement) as of the end of each fiscal quarter (in each case, calculated on a trailing four fiscal quarter basis). The covenant would become operative if the Company failed to maintain a specified minimum amount of availability to borrow under the 2026 ABL, which was not applicable to the Company as of September 30, 2023 March 31, 2024.

In addition, the Senior Secured Credit Facilities and the 2029 Senior Notes (as well as the 2030 Senior Notes and the 2026 Senior Notes, each as defined below) are subject to negative covenants that, among other things and subject to certain exceptions, limit the Company's ability and the ability of its restricted subsidiaries to: (i) incur indebtedness (including guarantee obligations); (ii) incur liens; (iii) engage in mergers or other fundamental changes; (iv) dispose of certain property or assets; (v) make certain payments, dividends or other distributions; (vi) make certain acquisitions, investments, loans and advances; (vii) prepay certain indebtedness; (viii) change the nature of their business; (ix) engage in certain transactions with affiliates; (x) engage in sale-leaseback transactions; and (xi) enter into certain other restrictive agreements. The 2026 ABL is secured by a first priority lien over substantially all of the Company's and each guarantor's accounts and other receivables, chattel paper, deposit accounts (excluding any such account containing identifiable proceeds of Term Priority Collateral (as defined below)), inventory, and, to the extent related to the foregoing and other ABL Priority Collateral, general intangibles (excluding equity interests in any subsidiary of the Company and all intellectual property), instruments, investment property (but not equity interests in any subsidiary of the Company), commercial tort claims, letters of credit, supporting obligations and letter of credit rights, together with all books, records and documents related to, and all proceeds and products of, the foregoing, subject to certain customary exceptions (the "ABL Priority Collateral"), and a second priority lien over substantially all of the Company's and each guarantor's other assets, including all of the equity interests of any subsidiary held by the Company or any guarantor, subject to certain customary exceptions (the "Term Priority Collateral"). Beacon Sales Acquisition, Inc., a Delaware corporation and subsidiary of the Company, is a U.S. Borrower under the 2026 ABL and Beacon Roofing Supply Canada Company, an unlimited liability company organized under the laws of Nova Scotia and subsidiary of the Company, is a Canadian borrower under the 2026 ABL. The 2026 ABL is fully and unconditionally guaranteed, on a joint and several basis, by the Company's active U.S. subsidiaries.

The Company capitalized debt issuance costs of $8.3 million related to the 2026 ABL, which are being amortized over the term of the financing arrangements.

As of September 30, 2023 March 31, 2024, the outstanding balance on the 2026 ABL, net of $4.4 $3.5 million of unamortized debt issuance costs, was $218.3 $111.5 million. The Company also had outstanding standby letters of credit related to the 2026 U.S. Revolver in the amount of $15.7 $15.8 million as of September 30, 2023 March 31, 2024.

2028 Term Loan

On May 19, 2021, the Company entered into a $1.00 billion senior secured term loan B facility with Citibank, N.A. and a syndicate of other lenders. The 2028 Term Loan requires quarterly principal payments in the amount of $2.5 million, with the remaining outstanding principal to be paid on its May 19, 2028 maturity date. The interest rate is based, at the Company's option, on a base rate,

plus an applicable margin, or a reserve adjusted LIBOR rate, plus an applicable margin. The applicable margin for the 2028 Term Loan ranges, depending on the Company's consolidated total leverage ratio (consolidated total indebtedness to consolidated EBITDA, each as defined in the 2028 Term Loan credit agreement), from 1.25% to 1.50% per annum in the case of base rate borrowings and 2.25% to 2.50% per annum in the case of LIBOR borrowings.

On July 3, 2023, the Company entered into Amendment No. 2 to the 2028 Term Loan (the "2028 Term Loan Amendment No. 2") with Citibank, N.A., as administrative agent and collateral agent, and the lenders party thereto. The 2028 Term Loan Amendment No. 2, among other things, (i) replaces replaced the LIBOR interest rate index and its related borrowing mechanics under the 2028 Term Loan with a SOFR interest rate index and its related borrowing mechanics, and (ii) updates updated certain other provisions of the 2028 Term Loan to reflect the transition from LIBOR to SOFR. Except as amended by the 2028 Term Loan Amendment No. 2, the remaining terms of the 2028 Term Loan remain in full force and effect.

On March 28, 2024. the Company entered into Amendment No. 3 to the 2028 Term Loan (the "2028 Term Loan Amendment No. 3") with Citibank, N.A., as administrative agent and collateral agent, and the lenders party thereto, to refinance the 2028 Term Loan (the "2028 Term Loan Refinancing"). The 2028 Term Loan Amendment No. 3, among other things, (i) increases the aggregate outstanding amount of outstanding term loans to $1.275 billion, (ii) reduces the interest rate to a rate per annum equal to Term SOFR with a 0.00% floor, plus a margin equal to 2.00%, and (iii) increases the required quarterly principal payments from $2.5 million to $3.2 million starting March 31, 2024. Except as amended by the 2028 Term Loan Amendment No. 3, the remaining terms of the 2028 Term Loan remain in full force and effect.

The 2028 Term Loan Refinancing had certain lenders who also participated in previous financing arrangements entered into by the Company; therefore, a portion of the transaction was accounted for as either a debt extinguishment or debt modification. The Company recognized a loss on debt extinguishment totaling $2.4 million during the three months ended March 31, 2024. In addition, unamortized historical debt issuance costs of $9.7 million and new debt issuance costs of $0.1 million related to the 2028 Term Loan are being amortized over the term of the financing arrangement.

The 2028 Term Loan is secured by a shared first-priority lien on the Term Priority Collateral and a shared second-priority lien on the ABL Priority Collateral. Certain excluded assets will not be included in the Term Priority Collateral and the ABL Priority Collateral. The 2028 Term Loan is fully and unconditionally guaranteed, on a joint and several basis, by certain of the Company's active U.S. subsidiaries.

On March 16, 2023, the Company novated and amended its interest rate swap agreement related to the 2028 Term Loan. For additional information, see Note 17.

As of September 30, 2023 March 31, 2024, the outstanding balance on the 2028 Term Loan, net of $11.1 $9.8 million of unamortized debt issuance costs, was $966.4 million. $1.27 billion.

2030 Senior Notes

On July 31, 2023, the Company, and certain subsidiaries of the Company as guarantors, completed a private offering of $600.0 million aggregate principal amount of 6.500% Senior Secured Notes due 2030 (the "2030 Senior Notes") at an issue price equal to par. The 2030 Senior Notes mature on August 1, 2030 and bear interest at a rate of 6.500% per annum, payable on February 1 and August 1 of each year, commencing on February 1, 2024. The 2030 Senior Notes and related subsidiary guarantees are secured by a shared first-priority lien on the Term Priority Collateral and a shared second-priority lien on the ABL Priority Collateral. Certain excluded assets will not be included in the Term Priority Collateral and the ABL Priority Collateral. The 2030 Senior Notes are fully and unconditionally guaranteed, on a joint and several basis, by certain of the Company's active U.S. subsidiaries.

The 2030 Senior Notes and related subsidiary guarantees were offered and sold in a private transaction exempt from the registration requirements of the Securities Act, to qualified institutional buyers in accordance with Rule 144A under the Securities Act and to non-U.S. persons outside of the United States pursuant to Regulation S under the Securities Act. The 2030 Senior Notes and related subsidiary guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and other applicable securities laws.

On July 31, 2023 the Company used net proceeds from the offering, together with cash on hand and available borrowings under the 2026 ABL to complete the Repurchase. Repurchase of the Preferred Stock.

The Company capitalized debt issuance costs of $7.9 million$8.1 million related to the 2030 Senior Notes, which are being amortized over the term of the financing arrangement.

As of September 30, 2023March 31, 2024, the outstanding balance on the 2030 Senior Notes, net of $7.7 million$7.4 million of unamortized debt issuance costs, was $592.4$592.6 million.

2026 Senior Notes

On October 9, 2019, the Company, and certain subsidiaries of the Company as guarantors, completed a private offering of $300.0 million aggregate principal amount of 4.50% Senior Secured Notes due 2026 (the "2026 Senior Notes") at an issue price equal to par. The 2026 Senior Notes mature on November 15, 2026 and bear interest at a rate of 4.50% per annum, payable on May 15 and November 15 of each year, commencing on May 15, 2020. The 2026 Senior Notes and related subsidiary guarantees are secured by a shared first-priority lien on the Term Priority Collateral and a shared second-priority lien on the ABL Priority Collateral. Certain excluded assets will not be included in the Term Priority Collateral and the ABL Priority Collateral. The 2026 Senior Notes are fully and unconditionally guaranteed, on a joint and several basis, by certain of the Company's active U.S. subsidiaries.

The 2026 Senior Notes and related subsidiary guarantees were offered and sold in a private transaction exempt from the registration requirements of the Securities Act, to qualified institutional buyers in accordance with Rule 144A under the Securities Act and to non-U.S. persons outside of the United States pursuant to Regulation S under the Securities Act. The 2026 Senior Notes and related subsidiary guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and other applicable securities laws.

On October 28, 2019, the Company used the net proceeds from the offering, together with cash on hand and available borrowings under the Company's previous asset-based revolving credit facility, to redeem all $300.0 million aggregate principal amount outstanding of the Company's 6.375% Senior Notes due 2023.

The Company capitalized debt issuance costs of $4.7 million related to the 2026 Senior Notes, which are being amortized over the term of the financing arrangements.

As of September 30, 2023March 31, 2024, the outstanding balance on the 2026 Senior Notes, net of $2.1$1.7 million of unamortized debt issuance costs, was $297.9$298.3 million.

12. Leases

The following table summarizes components of lease costs recognized in the condensed consolidated statements of operations (in millions):

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2023	2022	2024	2023
Operating lease costs	Operating lease costs	$ 31.1	$ 29.1	$ 91.7	$ 83.8		
Finance lease costs:	Finance lease costs:						
Amortization of right-of-use assets	Amortization of right-of-use assets	5.6	3.4	15.4	9.2		
Amortization of right-of-use assets							
Amortization of right-of-use assets							
Interest on lease obligations	Interest on lease obligations	1.4	0.7	3.8	1.7		
Variable lease costs	Variable lease costs	3.2	2.4	9.1	6.9		

Total lease costs	Total lease costs	$ 41.3	$ 35.6	$ 120.0	$ 101.5

The following table presents supplemental cash flow information related to the Company's leases (in millions):

		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2024	2023
Cash paid for amounts included in measurement of lease obligations:	Cash paid for amounts included in measurement of lease obligations:				
Operating cash flows from operating leases	Operating cash flows from operating leases	$ 88.8	$ 78.0		
Operating cash flows from operating leases					
Operating cash flows from operating leases					
Operating cash flows from finance leases	Operating cash flows from finance leases	$ 3.6	$ 1.5		
Financing cash flows from finance leases	Financing cash flows from finance leases	$ 14.4	$ 8.2		
Right-of-use assets obtained in exchange for new finance lease liabilities	Right-of-use assets obtained in exchange for new finance lease liabilities	$ 36.4	$ 51.9		
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities	$ 45.0	$ 28.7		

As of September 30, 2023 March 31, 2024, the Company's operating leases had a weighted-average remaining lease term of 6.1 5.9 years and a weighted-average discount rate of 4.97% 5.37%, and the Company's finance leases had a weighted-average remaining lease term of 4.6 4.7 years and a weighted-average discount rate of 5.63% 6.00%.

The following table summarizes future lease payments as of September 30, 2023 March 31, 2024 (in millions):

Year Ending December 31,	Year Ending December 31,	Operating Leases	Finance Leases	Year Ending December 31,	Operating Leases	Finance Leases
2023 (October - December)		$ 30.5	$ 6.8			
2024		118.1	27.1			
2024 (April - December)						
2025	2025	100.4	26.9			
2026	2026	87.2	25.6			
2027	2027	70.8	20.7			
2028						
Thereafter	Thereafter	171.1	11.2			
Total future lease payments	Total future lease payments	578.1	118.3			
Imputed interest	Imputed interest	(83.0)	(14.1)			
Total lease liabilities	Total lease liabilities	$ 495.1	$ 104.2			

13. Commitments and Contingencies

The Company is subject to loss contingencies pursuant to various federal, state, and local environmental laws and regulations; however, the Company is not aware of any reasonably possible losses that would have a material impact on its results of operations, financial position, or liquidity. Potential environmental loss contingencies include possible obligations to remove or mitigate the effects on the environment of the placement, storage, disposal, or release of certain chemical or other substances by the Company or by other parties. Historically, environmental liabilities have not had a material impact on the Company’s results of operations, financial position, or liquidity.

The Company is subject to litigation and governmental investigations from time to time in the ordinary course of business; however, the Company does not expect the results, if any, to have a material adverse impact on its results of operations, financial position, or liquidity. The Company accrues a liability for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The Company also considers whether an insurance recovery receivable is applicable and appropriate based on the specific legal claim. The actual costs of resolving legal claims and governmental investigations may be substantially higher or lower than the amounts accrued for those activities.

In December 2018, a Company vehicle was involved in an accident that resulted in a fatality. The estate of the decedent and two bystanders filed a lawsuit in October 2019 in the Fourth Judicial District Court for Utah County, Provo Division, against the driver and the Company. Trial was held in late August 2022; the jury determined that the truck driver was not liable for the accident. The plaintiffs filed post-trial motions seeking a judgment as a matter of law or for a new trial. In April 2023, the trial court ruled on the plaintiffs’ motions, granting plaintiffs’ plaintiffs judgment against the driver and ordering that the second phase of the trial proceed. On June 29, 2023, the Utah appeals court granted the Company’s petition for an interlocutory appeal. As the trial court ruling is under appeal, there There is not a probable loss with respect to this matter and any potential loss in regard to this matter is not reasonably estimable. Accordingly, the Company has not accrued any amounts related to this matter within its financial statements as of September 30, 2023 March 31, 2024.

14. Accumulated Other Comprehensive Income (Loss)

Other comprehensive income (loss) is composed of certain gains and losses that are excluded from net income under GAAP and instead recorded as a separate element of stockholders’ equity. The following table summarizes the components of, and changes in, AOCI (in millions):

		Foreign Currency Translation	Derivative Financial Instruments	AOCI	Foreign Currency Translation	Derivative Financial Instruments	AOCI
Balance as of December 31, 2022		$ (22.2)	$ 9.7	$(12.5)			
Balance as of December 31, 2023							
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	(0.2)	8.6	8.4			
Reclassifications out of other comprehensive income (loss)	Reclassifications out of other comprehensive income (loss)	—	(1.8)	(1.8)			
Balance as of September 30, 2023		$ (22.4)	$ 16.5	$ (5.9)			
Balance as of March 31, 2024							

Gains (losses) on derivative instruments are reclassified in the condensed consolidated statements of operations in interest expense, financing costs and other, net in the period in which the hedged transaction affects earnings.

15. Geographic Data

The following table summarizes certain geographic information (in millions):

March 31,		September 30, 2023	December 31, 2022	September 30, 2022	March 31, 2024	December 31, 2023	March 31,
Long-lived assets:	Long-lived assets:				Long-lived assets:		
U.S.	U.S.	$ 797.2	$ 770.6	$ 651.6			
Canada	Canada	12.3	11.8	10.2			

Total long-lived assets	Total long-lived assets	$ 809.5	$ 782.4	$ 661.8

16. Fair Value Measurement

As of September 30, 2023 March 31, 2024, the carrying amount of cash and cash equivalents, accounts receivable, prepaid and other current assets, accounts payable, and accrued expenses approximated fair value because of the short-term nature of these instruments. The Company measures its cash equivalents at amortized cost, which approximates fair value based upon quoted market prices (Level 1).

As of September 30, 2023 March 31, 2024, based upon recent trading prices (Level 2), the fair value values of the Company's $300.0 million 2026 Senior Notes, was $282.0 million, the fair value of the $350.0 million 2029 Senior Notes, was $298.4 million, and the fair value of the $600.0 million 2030 Senior Notes was $582.8 million. were $291.8 million, $318.1 million, and $608.3 million, respectively.

As of September 30, 2023 March 31, 2024, the fair value of the Company's term loan and revolving lines of credit approximated the amount outstanding. The Company estimates the fair value of its term loan and revolving lines of credit by discounting the future cash flows of each instrument using estimated market rates of debt instruments with similar maturities and credit profiles (Level 3).

17. Financial Derivatives

The Company uses interest rate derivative instruments to manage the risk related to fluctuating cash flows from interest rate changes by converting a portion of its variable-rate borrowings into fixed-rate borrowings.

On September 11, 2019, the Company entered into two interest rate swap agreements to manage the interest rate risk associated with the variable rate on the Company's previous term loan. Each swap agreement has a notional amount of $250.0 million. As part of the 2021 Debt Refinancing, Beacon refinanced its previous term loan, resulting in the issuance of the 2028 Term Loan; the two interest rate swaps were designed and executed such that they continue to hedge against a total notional amount of $500.0 million related to the refinanced 2028 Term Loan. One agreement (the "5-year swap") was scheduled to expire on August 30, 2024 and swaps the thirty-day LIBOR with a fixed-rate of 1.49%. The second agreement (the "3-year swap") expired on August 30, 2022 and swapped the thirty-day LIBOR with a fixed-rate of 1.50%. At the inception of the swap agreements, the Company determined that both swaps qualified for cash flow hedge accounting under ASC 815. Therefore, changes in the fair value of the swaps, net of taxes, were recognized in other comprehensive income each period, then reclassified into the condensed consolidated statements of operations as a component of interest expense, financing costs and other, net in the period in which the hedged transaction affects earnings.

On March 16, 2023, the Company novated its 5-year swap agreement to another counterparty and, in connection with such novation, amended the interest rate swap agreement. The amendment changed the index rate from LIBOR to SOFR, increased the total notional amount of the interest rate swap to $500.0 million, and extended the termination date to March 31, 2027 (the "2027 interest rate swap"). Specifically, the fixed rate of 1.49% indexed to LIBOR was modified to 3.00% indexed to SOFR. The Company used a strategy commonly referred to as "blend and extend" which allows the asset position of the novated 5-year swap agreement of approximately $9.9 million to be effectively blended into the new 2027 interest rate swap agreement. As a result of this transaction, on March 16, 2023, the 5-year swap agreement was de-designated and the unrealized gain of $9.9 million included within accumulated other comprehensive income was frozen and will be ratably reclassified as a reduction to interest expense, financing costs and other, net over the original term of the 5-year swap, or through August 30, 2024 as the hedged transactions affect earnings. Additionally, the 2027 interest rate swap had a fair value of $9.9 million at inception and will be ratably recorded to accumulated other comprehensive income and reclassified to interest expense, financing costs and other, net over the term of the 2027 interest rate swap, or through March 31, 2027 as the hedged transactions affect earnings. At the inception of the 2027 interest rate swap, the Company determined that the swap qualified for cash flow hedge accounting under ASC 815. Therefore, changes in the fair value of the swap, net of taxes, will be recognized in other comprehensive income each period, then reclassified into the condensed consolidated statements of operations as a component of interest expense, financing costs and other, net in the period in which the hedged transaction affects earnings. The 2027 interest rate swap is the only swap agreement outstanding as of September 30, 2023 March 31, 2024.

The effectiveness of the outstanding 2027 interest rate swap will be assessed qualitatively by the Company during the life of the hedge by (i) comparing the current terms of the hedge with the related hedged debt to assure they continue to coincide and (ii) through an evaluation of the ability of the counterparty to the hedge to honor its obligations under the hedge. The Company performed a qualitative analysis as of September 30, 2023 March 31, 2024 and concluded that the outstanding 2027 interest rate swap continues to meet the requirements under ASC 815 to qualify for cash flow hedge accounting. As of September 30, 2023 March 31, 2024, the fair value of the 2027 interest rate swap, net of tax, was $18.3 $12.9 million in favor of the Company.

During the three and nine months ended September 30, 2023 March 31, 2024, the Company reclassified gains of $0.8 million and $1.8 million, respectively, out of accumulated other comprehensive income (loss) and to interest expense, financing costs and other, net. Approximately $11.4 $9.6 million of net gains included in accumulated other comprehensive income (loss) at September 30, 2023 March 31, 2024 is expected to be reclassified into earnings within the next 12 months as interest payments are made on the Company's Term Loan and amortization of the frozen AOCI on the 5-year swap and inception date fair value of the 2027 interest rate swap occurs. The Company records any differences paid or received on its interest rate hedges to interest expense, financing costs and other, net within the condensed consolidated statements of operations.

The fair value of the interest rate swap is determined through the use of a pricing model, which utilizes verifiable inputs such as market interest rates that are observable at commonly quoted intervals (generally referred to as the "forward curve") for the full terms of the hedge agreements. These values reflect a Level 2 measurement under the applicable fair value hierarchy. The following table summarizes the combined fair values, net of tax, of the interest rate derivative instrument (in millions):

	Net Assets (Liabilities) as of		
	September 30,	December 31,	September 30,

	Net Assets (Liabilities) as of		Net Assets (Liabilities) as of		
	March 31,		March 31,	December 31,	March 31,

Instrument	Instrument	Fair Value Hierarchy	2023	2022	2022	Instrument	Fair Value Hierarchy	2024	2023
Designated interest rate swaps[1]	Designated interest rate swaps[1]	Level 2	$ 18.3	$ 9.7	$ 9.8				

1. Assets are included in the condensed consolidated balance sheets in prepaid expenses and other current assets, while liabilities are included in accrued expenses.

The following table summarizes the amounts of gain (loss) on the change in fair value of the designated interest rate swaps recognized in other comprehensive income (in millions):

		Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
Instrument	Instrument	2023	2022	2023	2022	Instrument	2024	2023
Designated interest rate swaps	Designated interest rate swaps	$ 3.5	$ 3.5	$ 8.6	$ 13.9			

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

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and the notes thereto and Management's Discussion and Analysis included in our 2022 2023 Annual Report on Form 10-K and our Condensed Consolidated Financial Statements and the notes thereto included elsewhere in this report. Unless otherwise indicated, references to "2024" refer to the three months ended March 31, 2024 being discussed and references to "2023" refer to the three or nine months ended September 30, 2023 being discussed and references to "2022" refer to the three or nine months ended September 30, 2022 March 31, 2023 being discussed.

Cautionary Statement Regarding Forward-Looking Information

Our disclosure and analysis in this report contains forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, that involves risks and uncertainties. Our forward-looking statements express our current expectations or forecasts of possible future results or events, including projections of future performance, statements of management's plans and objectives, future contracts, and forecasts of trends and other matters. You can identify these statements by the fact that they do not relate strictly to historic or current facts and often use words such as "anticipate," "estimate," "expect," "believe," "will likely result," "outlook," "project" and other words and expressions of similar meaning. No assurance can be given that the results in any forward-looking statements will be achieved and actual results could be affected by one or more factors, which could cause them to differ materially. We do not undertake, and specifically disclaim, any obligation to update any forward-looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

Certain factors that may affect our business and could cause actual results to differ materially from those expressed in any forward-looking statements include those set forth under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023. We may not succeed in addressing these and other risks. Consequently, all forward-looking statements in this report are qualified by the factors, risks and uncertainties contained therein and readers are cautioned not to place undue reliance on forward-looking statements.

Overview

We are the largest publicly traded distributor of roofing materials and complementary building products, such as siding and waterproofing, in North America. We have served the building industry for over 90 years and as of September 30, 2023 March 31, 2024, we operated 517 542 branches throughout all 50 states in the U.S. and six seven provinces in Canada. We believe we offer one of the most extensive ranges of high-quality professional grade exterior products comprising over 130,000 SKUs, and we serve nearly 100,000 residential and non-residential customers who trust us to help them save time, work more efficiently, and enhance their businesses.

We are strategically focused on two core markets, residential and non-residential roofing, as well as roofing. We also distribute complementary building products like siding and waterproofing that are often utilized by the roofing and other specialty contractors we serve. As a distributor, our national scale, networked model, and specialized capabilities are competitive advantages, providing strong value for both customers and suppliers. We intend to grow faster than the market by enhancing our customers' experience, activating a comprehensive go-to-market strategy, and expanding our footprint organically and through acquisitions while also driving margin-enhancing initiatives.

Our differentiated service model is designed to solve customer needs. The scale of our business provides branch coverage, technology enablement, and investment in our team that is the foundation of customer service excellence. In addition, service is further enhanced by our On Time and Complete network (Beacon Beacon OTC®), Network, market-based sales teams, and national call center. We believe we also provide the most complete digital commerce platform in roofing distribution, creating value for customers who are able to operate their businesses more effectively and efficiently.

Our mission is to empower our customers to build more for their customers, businesses, and communities. Our project lifecycle support helps our customers find projects, land the job, do the work, and close it projects out with by providing guidance that allows them our customers to deliver on project specifications and timelines that are critical to their success. Using an omni-channel approach and our PRO+ digital suite, we differentiate our services and drive customer retention. Our customer base is composed of professional contractors, home builders, building owners, lumberyards, and retailers across the United States U.S. and Canada who depend on reliable local access to exterior building products for residential and non-residential projects. Our customers vary in size, ranging from relatively small contractors to large contractors and builders that operate on a national scale.

Our history has been strongly influenced by significant acquisition-driven growth, highlighted by the acquisitions of Allied Building Products Corp. for $2.88 billion in 2018 and Roofing Supply Group, LLC for $1.17 billion in 2016. These strategic acquisitions expanded our geographic footprint, enhanced our market presence, and diversified our product offerings. The scale we have achieved from our expansion serves as a competitive advantage, allowing us to use our assets more efficiently, and manage our expenses to drive operating leverage.

We have since pursued and finalized numerous acquisitions in key markets to complement the expansion of our geographic footprint, including 37 total branches from 12 acquisitions since January 1, 2022, which, for the twelve months prior to being acquired,

produced aggregate annual sales of approximately $400.0 million. For additional information, see Note 3 in the Notes to Condensed Consolidated Financial Statements.

On February 24, 2022, we announced our Ambition 2025 Value Creation Framework ("Ambition 2025") to drive growth, enhance customer service, and expand our footprint in key markets, which included new Ambition 2025 financial targets and the Repurchase Program (as defined and further detailed below), as well as strategic deployment of capital on acquisitions and greenfields.

Specifically, since January 1, 2022 we have expanded our geographic footprint in key markets through the opening of 48 greenfield locations and acquisition of 50 total branches from 16 acquisitions. These greenfields and acquired branches contributed $95.1 million and $136.6 million to net sales in 2024, respectively, demonstrating our success in executing Ambition 2025. The scale we have achieved from our expansion serves as a competitive advantage, allowing us to use our assets more efficiently, and manage our expenses to drive operating leverage. For additional information on our acquisition activity, see Note 3 in the Notes to the Condensed Consolidated Financial Statements.

The Ambition 2025 strategies are central to achieving sales growth, improving operational performance, and increasing profitability. Most importantly, our customers benefit from these initiatives as they are designed to make us more efficient and easier to do business with, differentiating our service from competitors. Our recent highlights in these pursuits our pursuit of Ambition 2025 are further demonstrated by the following accomplishments through during the nine three months ended September 30, 2023 March 31, 2024:

- fifteen 7 branches acquired;
- seventeen 3 new branch locations opened;
- digital sales 22.0% 27.6% higher than the prior year period; year; and
- continued improvements in the results of our branches falling in the bottom quintile of our financial performance metrics.

As of September 30, 2023 March 31, 2024, we operated 517 542 branches, which we designate as either standalone or co-located. A co-located branch shares all or a portion of a physical location with a standalone branch, but it records sales separately (to a different customer base and/or through different product offerings from the standalone branch) and generally operates with independent employees and inventory. The number of branches operated as of September 30, 2023 includes an immaterial one-time adjustment as we realigned our definition of a branch to be inclusive of both standalone and co-located locations.

Preferred Stock Repurchase Agreement

On July 31, 2023 (the "Repurchase Date"), we repurchased (the "Repurchase") all 400,000 issued and outstanding shares of Preferred Stock held by an affiliate of Clayton, Dubilier & Rice, LLC ("CD&R") CD&R Holdings Boulder Holdings, L.P. ("CD&R Holdings," and the shares of Preferred Stock held by CD&R Holdings, the "Shares") pursuant to a letter agreement dated July 6, 2023 (the "Repurchase Letter Agreement") in cash for $805.4 million, including $0.9 million of accrued but unpaid dividends as of such date (the "Repurchase Price"). In connection with the Repurchase, CD&R Holdings agreed that for as long as Philip Knisely or Nathan Sleeper remains remained a member of our board of directors Board and for a period of six months thereafter, the customary voting, standstill, and transfer restrictions set forth in the original Investment Agreement with respect to the Preferred Stock will would continue to apply to CD&R Holdings and its related fund in accordance with their terms. Following the closing of the repurchase, Repurchase, Mr. Sleeper resigned from our board; Board and Mr. Knisely remains remained a member. member of our Board until his resignation on January 23, 2024.

The aggregate Repurchase Price and related transaction fees and expenses were financed by a combination of proceeds from the 2030 Senior Notes, which are further described in Note 11 in the Notes to Condensed Consolidated Financial Statements, as well as the 2026 ABL and cash on hand.

On and after the Repurchase Date, all dividends and distributions ceased to accrue on the Shares, the repurchased Shares are no longer deemed outstanding, and all rights of CD&R Holdings with respect to the repurchased Shares terminated.

During the three and nine months ended September 30, 2023, we incurred costs directly attributable to the Preferred Stock Repurchase Classification of $9.3 million.

The difference between the total consideration paid for the Repurchase, inclusive of direct costs, and the carrying value of the Preferred Stock, resulted in a $414.6 million Repurchase premium (the "Repurchase Premium") which was recorded as a reduction to retained earnings within the condensed consolidated statement of stockholders' equity. In calculating basic and diluted net income (loss) per common share for the three and nine months ended September 30, 2023, the Repurchase Premium is included as a component of net income (loss) attributable to common stockholders.

COVID-19 Pandemic and Supply Chain Dynamics

We continue to monitor the ongoing impact of the COVID-19 pandemic, including the effects of recent notable variants of the virus. The health and safety of our employees, customers, and the communities in which we operate remain our top priority. Additional safety measures have been implemented in response to the COVID-19 pandemic. We had an essential business designation status throughout the pandemic in all the local markets that we serve. To date, our business experienced the largest adverse impact from COVID-19 in the third quarter of fiscal year 2020, mainly in areas with significant government construction restrictions that have since been eliminated. We have the financial strength and operational flexibility to respond to future COVID-19 pandemic restrictions, and have taken proactive steps to make a number of the cost management initiatives undertaken in response to the COVID-19 pandemic permanent.

The exterior products industry experienced constrained supply chain dynamics in 2021 and the first half of 2022. As a result, we experienced significant cost increases and, at times, a limited ability to purchase enough product to meet customer demand. We have continued to experience elevated backlog metrics, though they have eased throughout the last twelve months. Open orders, a measure of our backlog, ended the quarter slightly lower than the prior quarter-end, though it remains higher than historical levels. These trends, caused in large part from global disruptions related to the COVID-19 pandemic and the subsequent rapid economic recovery, may persist in the near-term. In addition to inflationary pressures caused by product shortages, we are also experiencing product cost inflation caused by increased input costs, which increases may have been impacted by the global economic and geopolitical environment, including acts or threats of terrorism and/or military conflicts. We took proactive measures to ensure adequate inventory, price effectively, and deliver high-value solutions to our customers' critical building material needs. As a leading distributor of essential building materials, we will continue to react quickly to market and supply chain developments and ensure high-quality service for our customers.

Comparison of the Three Months Ended September 30, 2023 and 2022

The following tables set forth condensed consolidated statements of operations data and such data as a percentage of total net sales for the periods presented (in millions):

	Three Months Ended September 30,	
	2023	2022
Net sales	$ 2,584.3	$ 2,415.2
Cost of products sold	1,911.7	1,785.0
Gross profit	672.6	630.2
Operating expense:		
Selling, general and administrative	374.3	357.9
Depreciation	23.1	19.0
Amortization	21.4	21.9
Total operating expense	418.8	398.8
Income (loss) from operations	253.8	231.4
Interest expense, financing costs and other, net	35.2	22.8
Income (loss) before provision for income taxes	218.6	208.6
Provision for (benefit from) income taxes	57.3	53.8
Net income (loss)	$ 161.3	$ 154.8

	Three Months Ended September 30,	
	2023	2022
Net sales	100.0 %	100.0 %
Cost of products sold	74.0 %	73.9 %
Gross profit	26.0 %	26.1 %
Operating expense:		
Selling, general and administrative	14.5 %	14.8 %
Depreciation	0.9 %	0.8 %
Amortization	0.8 %	0.9 %
Total operating expense	16.2 %	16.5 %
Income (loss) from operations	9.8 %	9.6 %
Interest expense, financing costs and other, net	1.3 %	1.0 %
Income (loss) before provision for income taxes	8.5 %	8.6 %
Provision for (benefit from) income taxes	2.2 %	2.2 %
Net income (loss)	6.3 %	6.4 %

Branch Results

In managing our business, we consider all growth, including the opening of new branches (also referred to as greenfields), to be organic growth, unless it results from an acquisition. When we refer to organic growth, we include growth from existing branches and greenfields but exclude growth from acquired branches until they have been reclassified to existing as described further below.

During the fourth quarter of 2023, we revised our definition of when a branch classification changes from acquired to existing. Previously, the results of operations of branches were designated as acquired until they had been under our ownership for at least four full fiscal quarters at the start of the fiscal reporting period, after which such branches were classified as existing. Under our new definition, the results of operations of branches will be designated as acquired until they have been under our ownership and have contributed to our results of operations for at least 12 calendar months (inclusive of partial month activity), after which such branches are classified as existing. The following table summarizes effect of this change in definition is that the classification of branches for the prior year results of operations for branches will be reclassified to existing when the comparable current month's financial results are also classified as existing. As a result of this change, a branch's results of operations can also now be classified as both acquired and existing in the same fiscal reporting period. We believes this change enhances comparability of branch results between periods and better demonstrates the economic impact of newly acquired branches on our financial results.

The following table illustrates the classification of financial results for branches acquired during the three months ended September 30, 2023 March 31, 2023:

Date Acquired	Three Months Ended September 30, 2023 Company Name		Branches Acquired		Results of Operations Classified as Acquired	Results of Operations Classified as Existing
Branches: March 31, 2023	Al's Roofing Supply, Inc.		4		January 2024 - March 2024	None[1]
Existing March 31, 2023	452 Prince Building Systems, LLC					
Greenfields opened after July 1, 2022 1		January 2024 - March 2024		31 None[1]		
Total organic branches January 4, 2023	483 First Coastal Exteriors, LLC		2		None	January 2023 - March 2023 January 2024 - March 2024

1. There were no sales during the three months ended March 31, 2023 for these acquisitions given March 31, 2023 was the last business day of the fiscal quarter ended March 31, 2023.

All branches acquired prior to January 1, 2023 are classified as existing and all branches acquired on or after March 31, 2023 are classified as acquired.

We also apply the same definition for determining when a branch classification changes from greenfield to existing (e.g., branches are designated as greenfields until they have been opened for at least 12 calendar months (inclusive of partial month activity), after which such branches are classified as existing). It should also be noted that greenfield branches incur limited operating costs prior to their open date for things such as lease costs and other costs incurred in getting the branch ready to open. All such costs incurred prior to the greenfield open date are also classified as greenfield in all periods when discussing our results of operations.

Results of Operations

The following tables set forth condensed consolidated statements of operations data and such data as a percentage of total net sales for the periods presented (in millions):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net sales	$ 1,912.4	$ 1,732.3
Cost of products sold	1,439.2	1,290.4
Gross profit	473.2	441.9
Operating expense:		
Selling, general and administrative	381.5	338.3
Depreciation	25.5	20.7
Amortization	21.1	22.3
Total operating expense	428.1	381.3
Income (loss) from operations	45.1	60.6
Interest expense, financing costs and other, net	38.6	27.8
Loss on debt extinguishment	2.4	—
Income (loss) before provision for income taxes	4.1	32.8
Provision for (benefit from) income taxes	(1.5)	8.0
Net income (loss)	$ 5.6	$ 24.8

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net sales	100.0 %	100.0 %
Cost of products sold	75.3 %	74.5 %
Gross profit	24.7 %	25.5 %
Operating expense:		
Selling, general and administrative	20.0 %	19.5 %
Depreciation	1.3 %	1.2 %
Amortization	1.1 %	1.3 %
Total operating expense	22.4 %	22.0 %
Income (loss) from operations	2.3 %	3.5 %
Interest expense, financing costs and other, net	2.0 %	1.6 %
Loss on debt extinguishment	0.1 %	0.0 %

Income (loss) before provision for income taxes	0.2 %	1.9 %
Provision for (benefit from) income taxes	(0.1)%	0.5 %
Net income (loss)	0.3 %	1.4 %

Comparison of the Three Months Ended March 31, 2024 and 2023

Net Sales

Net sales increased 7.0% 10.4% to $2.58 billion $1.91 billion in 2023, 2024, up from $2.42 billion $1.73 billion in 2022, 2023, driven by a 13.6% 9.1% increase in residential roofing products, a 17.6% increase in non-residential roofing products, and a 12.7% 5.4% increase in complementary building products, partially offset by a 7.6% decrease in non-residential roofing products. The following table summarizes net sales by line of business for the periods presented (in millions):

	Three Months Ended September 30,				Year-over-Year Change	
	2023		2022			
	Net Sales	Mix %	Net Sales	Mix %	$	%
Residential roofing products	$1,372.8	53.1 %	$1,208.3	50.0 %	$164.5	13.6 %
Non-residential roofing products	675.2	26.1 %	731.1	30.3 %	(55.9)	(7.6)%
Complementary building products	536.3	20.8 %	475.8	19.7 %	60.5	12.7 %
Total net sales	$2,584.3	100.0 %	$2,415.2	100.0 %	$169.1	7.0 %

	Three Months Ended March 31,								
	2024								
	Net Sales		%	Net Sales		%	$		%
Residential roofing products	$ 927.4	48.5	48.5 %	$ 849.8	49.0	49.0 %	$ 77.6	9.1	9.1
Non-residential roofing products	528.6	27.6	27.6 %	449.6	26.0	26.0 %	79.0	17.6	17.6
Complementary building products	456.4	23.9	23.9 %	432.9	25.0	25.0 %	23.5	5.4	5.4
Total net sales	$1,912.4	100.0	100.0 %	$1,732.3	100.0	100.0 %	$ 180.1	10.4	10.4

The following table summarizes net sales by branch classification for the periods presented (in millions):

	Three Months Ended March 31,		Change	
	2024	2023	$	%
Organic net sales				
Existing	$ 1,817.1	$ 1,732.3	$ 84.8	4.9 %
Greenfields	40.4	—	40.4	n/m
Total organic net sales	1,857.5	1,732.3	125.2	7.2 %
Acquired	54.9	—	54.9	n/m
Total net sales	$ 1,912.4	$ 1,732.3	$ 180.1	10.4 %

The increase in organic net sales was primarily driven by the following factors:

- net sales from acquired branches, which contributed $114.7 million year over year, primarily from the Coastal Construction Products acquisition, which is reported an increase in the complementary building products line of business in the table above;
- net sales from greenfields, which contributed $74.1 million year over year;
- an estimated organic volume of 6-7% due to strong residential and non-residential demand, as well as an increase of approximately 1-2% (including the benefit of greenfields); and
- a in weighted-average selling price increase of approximately 0-1%. Total net sales continued to benefit from greenfields and acquired branches as we execute on our Ambition 2025 plan.

We estimate the impact of inflation or deflation on our sales and gross profit by looking at changes in our average selling prices and gross margins (discussed below). To calculate approximate weighted average selling price and product cost changes, we review organic U.S. warehouse sales of the same items sold regionally period over period and normalize the data for non-representative outliers. To determine estimated volumes, we subtract the change in weighted average selling price, calculated as described above, from the total changes in net sales, excluding acquisitions and dispositions. As a result, and especially in high inflationary periods, the weighted average selling price and estimated volume changes may not be directly comparable to changes reported in prior periods.

Gross Profit

The following table summarizes gross profit and gross margin by branch classification for the periods presented (in millions):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change[1] $	Change[1] %		Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change[1] $	Change[1] %
Gross profit	$672.6	$630.2	$42.4	6.7 %					
Organic gross profit									
Existing									
Existing									
Existing						$ 452.6	$ 441.9	$ 10.7	2.4 %
Greenfields					Greenfields	8.2	—	8.2	n/m
Total organic gross profit					Total organic gross profit	460.8	441.9	18.9	4.3 %
Acquired					Acquired	12.4	—	12.4	n/m
Total gross profit					Total gross profit	$ 473.2	$ 441.9	$ 31.3	7.1 %
Gross margin Gross margin	26.0 %	26.1 %	N/A	(0.1)%	Gross margin	24.7 %	25.5 %	N/A	(0.8) %

1. Percentage changes for dollar amounts represent the ratable increase or decrease from period-to-period. Percentage changes for percentages represent the net period-to-period change in basis points.

Gross margin was 26.0% 24.7% in 2023, 2024, down 0.1 0.8 percentage point points from 26.1% 25.5% in 2022. 2023. The slight year-over-year decrease in gross margin resulted from a modest weighted-average product cost increase of approximately 1-2%, largely 0-1% and a higher non-residential product mix, partially offset by a weighted-average selling price increase (calculated as described above) of approximately 0-1%.

Selling, General, and a lower non-residential product sales mix.

Operating Administrative Expense

The following table summarizes operating selling, general, and administrative ("SG&A") expense by branch classification for the periods presented (in millions):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change[1] $	Change[1] %
Selling, general and administrative	$ 374.3	$ 357.9	$ 16.4	4.6 %
Depreciation	23.1	19.0	4.1	21.6 %
Amortization	21.4	21.9	(0.5)	(2.3)%
Operating expense	$ 418.8	$ 398.8	$ 20.0	5.0 %
% of net sales	16.2 %	16.5 %	N/A	(0.3)%

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change $	Change %
Organic SG&A				
Existing	$ 360.3	$ 338.2	$ 22.1	6.5 %
Greenfields	8.9	0.1	8.8	n/m
Total organic SG&A	369.2	338.3	30.9	9.1 %
Acquired	12.3	—	12.3	n/m

Total SG&A	$ 381.5	$ 338.3	$ 43.2	12.8 %
Total SG&A as % of net sales	20.0 %	19.5 %		

1. Percentage changes for dollar amounts represent the ratable increase or decrease from period-to-period. Percentage changes for percentages represent the net period-to-period change in basis points.

Operating SG&A expense increased 5.0% to $418.8 million in 2023, from $398.8 million in 2022. The change in operating expense in 2023 includes the impact of acquired branches and greenfields, which year over year contributed $22.5 million and $10.7 million, respectively. Excluding these impacts, operating expense decreased by approximately 3.3% 12.8%, or $13.2 million. $43.2 million, to $381.5 million in 2024, up from $338.3 million in 2023. The comparative decrease increase in operating organic SG&A expense from existing branches was mainly influenced by the following factors:

- a $4.1 million decrease $19.8 million increase in payroll and employee benefit costs, primarily due to lower incentive compensation; increased headcount to drive and support growth,as well as wage inflation;
- a $4.0 million decrease $3.7 million increase in bad debt expense warehouse operating costs, primarily due to improved collections; an increase in branches since 2023; and
- a $2.8 million decrease $2.4 million increase in general and administrative expenses, selling costs, primarily due to lower professional fees. an increase in fleet costs and advertising.

Operating Depreciation Expense

Depreciation expense was $25.5 million in 2024, compared to $20.7 million in 2023. The comparative increase was primarily due to an increase in property and equipment as a percent result of sales new and acquired branches subsequent to 2023.

Amortization Expense

Amortization expense was comparatively lower $21.1 million in 2023, driven 2024, compared to $22.3 million in 2023. The modest comparative decrease was primarily due to previously acquired intangible assets becoming fully amortized, partially offset by the positive impact from net sales growth combined amortization expense associated with cost management. new intangible assets as a result of acquisitions completed since 2023.

Interest Expense, Financing Costs and Other

Interest expense, financing costs and other, net was $35.2 million $38.6 million in 2023, 2024, compared to $22.8 million $27.8 million in 2022. 2023. The comparative increase is was primarily due to higher average debt balances during the respective periods primarily as a result of the 2030 Senior Notes (as defined in Note 11 in the Notes to the Condensed Consolidated Financial Statements) issued in July 2023, and to a lesser extent, a higher weighted-average interest rate on our outstanding debt coupled with an increase in average debt outstanding as a result of the repricing of our variable rate debt and a higher interest rate on our fixed rate 2030 Senior Notes issuance. relative to previously issued senior notes that carry a fixed rate.

Loss on Debt Extinguishment

Loss on debt extinguishment was $2.4 million in 2024 due to the refinancing of our 2028 Term Loan and includes the write-off of certain debt issuance costs attributable to extinguished lenders and certain non-creditor related fees.

Income Taxes

Income tax provision (benefit) was $57.3 million $(1.5) million in 2023, 2024, compared to $53.8 million $8.0 million in 2022. 2023. The comparative increase decrease in income tax provision was primarily due to higher lower pre-tax income. income coupled with an increase in the excess tax benefits of stock-based compensation during 2024. The effective tax rate, excluding any discrete items, was 27.0% 26.4% in 2023, 2024, compared to 25.9% 26.3% in 2022. 2023. We expect our 2023 2024 effective tax rate, excluding any discrete items that may arise during the tax year, will range from approximately 26.0% to 27.0%.

Net Income (Loss)/Net Income (Loss) Per Common Share

We calculate basic net income (loss) per common share by dividing net income (loss), less dividends on preferred shares Preferred Stock and adjustments for participating securities for periods in which they are outstanding, by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per common share is calculated based upon the weighted-average common shares plus the effect of all potentially dilutive common share equivalents, except when the effect would be anti-dilutive. For periods in which Preferred Stock is outstanding, diluted net income (loss) per common share is calculated by utilizing the most dilutive result after applying and comparing the two-class method and if-converted method. In calculating basic and diluted net income (loss) per common share for the three months ended September 30, 2023, the Repurchase Premium is included as a component of net income (loss) attributable to common stockholders (see Note 5 in the Notes to Condensed Consolidated Financial Statements for further discussion).

The following table presents all the components utilized to calculate basic and diluted net income (loss) per common share (in millions, except per share amounts; certain amounts may not recalculate due to rounding):

	Three Months Ended September 30,	
	2023	2022

Numerator:		
Net income (loss)	$ 161.3	$ 154.8
Dividends on Preferred Stock	(1.9)	(6.0)
Undistributed income allocated to participating securities	(7.6)	(19.3)
Repurchase Premium	(414.6)	—
Net income (loss) attributable to common stockholders – Basic and Diluted	$ (262.8)	$ 129.5
Denominator:		
Weighted-average common shares outstanding – Basic	63.2	65.0
Effect of common share equivalents	—	1.4
Weighted-average common shares outstanding – Diluted	63.2	66.4
Net income (loss) per common share:		
Basic	$ (4.16)	$ 1.99
Diluted	$ (4.16)	$ 1.95

Comparison of the Nine Months Ended September 30, 2023 and 2022

The following tables set forth condensed consolidated statements of operations data and such data as a percentage of total net sales for the periods presented (in millions):

	Nine Months Ended September 30,	
	2023	**2022**
Net sales	$ 6,820.3	$ 6,460.3
Cost of products sold	5,069.6	4,740.4
Gross profit	1,750.7	1,719.9
Operating expense:		
Selling, general and administrative	1,071.3	1,022.6
Depreciation	65.6	55.4
Amortization	65.1	64.8
Total operating expense	1,202.0	1,142.8
Income (loss) from operations	548.7	577.1
Interest expense, financing costs and other, net	89.0	58.3
Income (loss) before provision for income taxes	459.7	518.8
Provision for (benefit from) income taxes	119.8	133.7
Net income (loss)	$ 339.9	$ 385.1

	Nine Months Ended September 30,	
	2023	**2022**
Net sales	100.0 %	100.0 %
Cost of products sold	74.3 %	73.4 %
Gross profit	25.7 %	26.6 %
Operating expense:		
Selling, general and administrative	15.7 %	15.8 %
Depreciation	1.0 %	0.9 %
Amortization	0.9 %	1.0 %
Total operating expense	17.6 %	17.7 %
Income (loss) from operations	8.1 %	8.9 %
Interest expense, financing costs and other, net	1.4 %	0.9 %
Income (loss) before provision for income taxes	6.7 %	8.0 %
Provision for (benefit from) income taxes	1.8 %	2.0 %

Net income (loss)	4.9 %	6.0 %

In managing our business, we consider all growth, including the opening of new branches (also referred to as greenfields), to be organic growth, unless it results from an acquisition. When we refer to organic growth, we include growth from existing branches and greenfields but exclude growth from acquired branches until they have been under our ownership for at least four full fiscal quarters at the start of the fiscal reporting period, after which such branches are classified as existing. The following table summarizes the classification of branches for the results of operations for the nine months ended September 30, 2023:

	Nine Months Ended September 30, 2023
Branches:	
Existing	447
Greenfields opened after January 1, 2022	34
Total organic branches	481
Acquired after January 1, 2022	36
Total branches	517

Net Sales

Net sales increased 5.6% to $6.82 billion in 2023, up from $6.46 billion in 2022, driven by an 8.3% increase in residential roofing products and a 14.9% increase in complementary building products, partially offset by a 5.5% decrease in non-residential roofing products. The following table summarizes net sales by line of business for the periods presented (in millions):

	Nine Months Ended September 30,				Year-over-Year Change	
	2023		2022			
	Net Sales	%	Net Sales	%	$	%
Residential roofing products	$ 3,521.5	51.6 %	$ 3,250.9	50.3 %	$ 270.6	8.3 %
Non-residential roofing products	1,796.2	26.4 %	1,901.5	29.4 %	(105.3)	(5.5)%
Complementary building products	1,502.6	22.0 %	1,307.9	20.3 %	194.7	14.9 %
Total net sales	$ 6,820.3	100.0 %	$ 6,460.3	100.0 %	$ 360.0	5.6 %

The increase in net sales was primarily driven by the following factors:

- net sales from acquired branches, which contributed $289.8 million year over year, primarily from the Coastal Construction Products acquisition, which is reported in the complementary building products line of business in the table above;
- net sales from greenfields, which contributed $135.5 million year over year; and
- a weighted-average selling price increase of approximately 3-4%, partially offset by an estimated organic volume decrease of approximately 2-3% (which includes the benefit of greenfields).

We estimate the impact of inflation or deflation on our sales and gross profit by looking at changes in our average selling prices and gross margins (discussed below). To calculate approximate weighted average selling price and product cost changes, we review organic U.S. warehouse sales of the same items sold regionally period over period and normalize the data for non-representative outliers. To determine estimated volumes, we subtract the change in weighted average selling price, calculated as described above, from the total changes in net sales, excluding acquisitions and dispositions. As a result, and especially in high inflationary periods, the weighted average selling price and estimated volume changes may not be directly comparable to changes reported in prior periods.

Gross Profit

The following table summarizes gross profit and gross margin for the periods presented (in millions):

	Nine Months Ended September 30,		Change[1]	
	2023	2022	$	%
Gross profit	$ 1,750.7	$ 1,719.9	$ 30.8	1.8 %
Gross margin	25.7 %	26.6 %	N/A	(0.9)%

1. Percentage changes for dollar amounts represent the ratable increase or decrease from period-to-period. Percentage changes for percentages represent the net period-to-period change in basis points.

Gross margin was 25.7% in 2023, down 0.9 percentage points from 26.6% in 2022. The year-over-year decrease in gross margin resulted from a weighted-average product cost increase of approximately 4-5%, partially offset by a weighted-average selling price increase (calculated as described above) of approximately 3-4%.

Operating Expense

The following table summarizes operating expense for the periods presented (in millions):

	Nine Months Ended September 30,		Change[1]	
	2023	2022	$	%
Selling, general and administrative	$ 1,071.3	$ 1,022.6	$ 48.7	4.8 %
Depreciation	65.6	55.4	10.2	18.4 %
Amortization	65.1	64.8	0.3	0.5 %
Total operating expense	$ 1,202.0	$ 1,142.8	$ 59.2	5.2 %
% of net sales	17.6 %	17.7 %	N/A	(0.1)%

1. Percentage changes for dollar amounts represent the ratable increase or decrease from period-to-period. Percentage changes for percentages represent the net period-to-period change in basis points.

Operating expense increased 5.2% to $1.20 billion in 2023, from $1.14 billion in 2022. The change in operating expense in 2023 includes the impact of acquired branches and greenfields, which year over year contributed $61.3 million and $24.5 million, respectively. Excluding these impacts, operating expense decreased by approximately 2.3%, or $26.6 million. The comparative decrease in operating expense from existing branches was mainly influenced by the following factors:

- a $9.1 million decrease in payroll and employee benefit costs, primarily due to lower incentive compensation;
- a $5.9 million decrease in bad debt expense due to improved collections; and
- a $4.0 million decrease in general and administrative expenses, primarily due to lower professional fees.

Interest Expense, Financing Costs and Other

Interest expense, financing costs and other, net was $89.0 million in 2023, compared to $58.3 million in 2022. The comparative increase is primarily due to a higher weighted-average interest rate on our outstanding debt, and to a lesser extent, an increase in average debt outstanding as a result of the 2030 Senior Notes issuance.

Income Taxes

Income tax provision (benefit) was $119.8 million in 2023, compared to $133.7 million in 2022. The comparative decrease in income tax provision was primarily due to lower pre-tax income. The effective tax rate, excluding any discrete items, was 26.7% in 2023, compared to 26.0% in 2022. We expect our 2023 effective tax rate, excluding any discrete items that may arise during the tax year, will range from approximately 26.0% to 27.0%.

Net Income (Loss)/Net Income (Loss) Per Common Share

We calculate net income (loss) per common share by dividing net income (loss), less dividends on preferred shares and adjustments for participating securities, by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per common share is calculated by utilizing the most dilutive result after applying and comparing the two-class method and if-converted method. In calculating basic and diluted net income (loss) per common share for the nine months ended September 30, 2023, the Repurchase Premium is included as a component of net income (loss) attributable to common stockholders (see Note 5 in the Notes to Condensed Consolidated Financial Statements for further discussion).

The following table presents all the components utilized to calculate basic and diluted net income (loss) per common share (in millions, except per share amounts; certain amounts may not recalculate due to rounding):

		Nine Months Ended September 30,			
		2023	2022		
	Three Months Ended March 31,				Three Months Ended March 31,
	2024			2024	2023
Numerator:	Numerator:				
Net income (loss)					
Net income (loss)					
Net income (loss)	Net income (loss)	$ 339.9	$385.1		
Dividends on Preferred Stock	Dividends on Preferred Stock	(13.9)	(18.0)		

Undistributed income allocated to participating securities	Undistributed income allocated to participating securities	(34.3)	(46.0)
Repurchase Premium		(414.6)	—
Undistributed income allocated to participating securities			
Undistributed income allocated to participating securities			
Net income (loss) attributable to common stockholders – Basic and Diluted	Net income (loss) attributable to common stockholders – Basic and Diluted	$(122.9)	$321.1
Net income (loss) attributable to common stockholders – Basic and Diluted			
Net income (loss) attributable to common stockholders – Basic and Diluted			
Denominator:	**Denominator:**		
Denominator:			
Denominator:			
Weighted-average common shares outstanding – Basic			
Weighted-average common shares outstanding – Basic			
Weighted-average common shares outstanding – Basic	Weighted-average common shares outstanding – Basic	63.7	67.7
Effect of common share equivalents	Effect of common share equivalents	—	1.4
Weighted-average common shares outstanding – Diluted	Weighted-average common shares outstanding – Diluted	63.7	69.1
Weighted-average common shares outstanding – Diluted			
Weighted-average common shares outstanding – Diluted			
Net income (loss) per common share:	**Net income (loss) per common share:**		
Net income (loss) per common share:			

Net income (loss) per common share:			
Basic			
Basic			
Basic	Basic	$ (1.93)	$ 4.74
Diluted	Diluted	$ (1.93)	$ 4.65

Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, we prepare certain financial measures that are not calculated in accordance with generally accepted accounting principles in the United States ("GAAP"), specifically:

- *Adjusted Operating Expense*. We define Adjusted Operating Expense as operating expense, excluding the impact of the adjusting items (as described below).
- *Adjusted Net Income (Loss)*. We define Adjusted Net Income (Loss) as net income (loss), excluding the impact of the adjusting items (as described below).
- *Adjusted EBITDA*. We define Adjusted EBITDA as net income (loss), excluding the impact of interest expense (net of interest income), income taxes, depreciation and amortization, stock-based compensation, and the adjusting items (as described below).

We use these supplemental non-GAAP measures to evaluate financial performance, analyze the underlying trends in our business and establish operational goals and forecasts that are used when allocating resources. We expect to compute our non-GAAP financial measures consistently using the same methods each period.

We believe these non-GAAP measures are useful measures because they permit investors to better understand changes over comparative periods by providing financial results that are unaffected by certain items that are not indicative of ongoing operating performance.

While we believe that these non-GAAP measures are useful to investors when evaluating our business, they are not prepared and presented in accordance with GAAP, and therefore should be considered supplemental in nature. These non-GAAP measures should not be considered in isolation or as a substitute for other financial performance measures presented in accordance with GAAP. These non-GAAP financial measures may have material limitations including, but not limited to, the exclusion of certain costs without a corresponding reduction of net income for the income generated by the assets to which the excluded costs relate. In addition, these non-GAAP financial measures may differ from similarly titled measures presented by other companies.

Adjusting Items to Non-GAAP Financial Measures

The impact of the following expense (income) items is excluded from each of our non-GAAP measures (the "adjusting items"):

- *Acquisition costs*. Represent certain direct and incremental costs related to acquisitions, including: amortization of intangible assets; professional fees, branch integration expenses, travel expenses, employee severance and retention costs, and other personnel expenses classified as selling, general and administrative; gains/losses related to changes in fair value of contingent consideration or holdback liabilities; and amortization of debt issuance costs. Acquisition costs are impacted by the timing and size of the acquisitions. We exclude acquisition costs from our non-GAAP financial measures to provide a useful comparison of

  our operating results to prior periods and to our peer companies because such amounts vary significantly based on the magnitude of the acquisition and do not reflect our core operations.
- *Restructuring costs*. Represent costs stemming from headcount rationalization efforts and certain rebranding costs; impact of divestitures; costs related to changing our fiscal year end; amortization of debt issuance costs; debt refinancing and extinguishment costs; and abandoned lease costs. We exclude restructuring costs from our non-GAAP financial measures, as such items vary significantly based on the magnitude of the restructuring activity and also do not reflect expected future operating expenses. Additionally, these costs do not necessarily provide meaningful insight into the current or past core operations of our business.
- *COVID-19 impacts*. Represent costs directly related to the COVID-19 pandemic. Beginning January 1, 2023, we determined COVID-19 impacts should no longer be considered an adjusting item. This change was applied prospectively.

The following table presents the pre-tax impact of the adjusting items on our condensed consolidated statements of operations for each of the periods indicated (in millions):

	Operating Expense		Non-Operating Expense				
	Operating Expense						
	Operating Expense						
	SG&A						
	SG&A						
	SG&A	Amortization	Interest Expense	Other (Income) Expense		Total	
	SG&A[1]	Amortization	Interest Expense		Income Taxes[2]	Total	
Three Months Ended September 30, 2023							

Three Months Ended
March 31, 2024

Three Months Ended
March 31, 2024

Three Months Ended
March 31, 2024

Acquisition costs

Acquisition costs

Acquisition costs

Restructuring costs[1]

Total adjusting items

Total adjusting items

Total adjusting items

Three Months Ended March 31, 2023

Acquisition costs

Acquisition costs

Acquisition costs Acquisition costs	$ 2.2	$ 21.4	$ 1.0	$ —	$24.6
Restructuring costs Restructuring costs	—	—	0.5	—	0.5
Total adjusting items Total adjusting items	$ 2.2	$ 21.4	$ 1.5	$ —	$25.1
Three Months Ended September 30, 2022					
Acquisition costs	$ 1.6	$ 21.9	$ 1.0	$ —	$24.5
Restructuring costs	1.4	—	0.3	—	1.7
COVID-19 impacts	0.2	—	—	—	0.2
Total adjusting items Total adjusting items	$ 3.2	$ 21.9	$ 1.3	$ —	$26.4
Nine Months Ended September 30, 2023					
Acquisition costs	$ 5.3	$ 65.1	$ 3.0	$ —	$73.4
Restructuring costs	2.0	—	1.0	—	3.0
Total adjusting items Total adjusting items	$ 7.3	$ 65.1	$ 4.0	$ —	$76.4
Nine Months Ended September 30, 2022					
Acquisition costs	$ 3.8	$ 64.8	$ 3.0	$ —	$71.6
Restructuring costs	6.0	—	0.9	—	6.9
COVID-19 impacts	1.7	—	—	—	1.7
Total adjusting items	$ 11.5	$ 64.8	$ 3.9	$ —	$80.2

1. Selling, general and administrative Other (income) expense ("SG&A"). for the three months ended March 31, 2024 consists of a loss on debt extinguishment of $2.4 million as a result of the refinancing of our 2028 Term Loan, as discussed in Note 11 in the Notes to the Condensed Consolidated Financial Statements.

2. For Refer to Adjusted Net Income (Loss) below for the tax impact of adjusting items, see Adjusted Net Income (Loss) table below.items.

__Adjusted Operating Expense__

The following table presents a reconciliation of operating expense, the most directly comparable financial measure as measured in accordance with GAAP, to Adjusted Operating Expense for each of the periods indicated (in millions):

		Three Months Ended September 30,		Nine Months Ended September 30,				
		2023	2022	2023	2022			
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,						
	2024						2024	2023
Operating expense	Operating expense	$ 418.8	$ 398.8	$1,202.0	$1,142.8			
Acquisition costs	Acquisition costs	(23.6)	(23.5)	(70.4)	(68.6)			
Restructuring costs	Restructuring costs	—	(1.4)	(2.0)	(6.0)			
COVID-19 impacts		—	(0.2)	—	(1.7)			
Adjusted Operating Expense	Adjusted Operating Expense	$ 395.2	$ 373.7	$1,129.6	$1,066.5			
Net sales	Net sales	$2,584.3	$2,415.2	$6,820.3	$6,460.3			
Net sales								
Net sales								
Operating expense as % of net sales	Operating expense as % of net sales	16.2 %	16.5 %	17.6 %	17.7 %	Operating expense as % of net sales	22.4 %	22.0 %
Adjusted Operating Expense as % of net sales	Adjusted Operating Expense as % of net sales	15.3 %	15.5 %	16.6 %	16.5 %	Adjusted Operating Expense as % of net sales	21.1 %	20.6 %

__Adjusted Net Income (Loss)__

The following table presents a reconciliation of net income (loss), the most directly comparable financial measure as measured in accordance with GAAP, to Adjusted Net Income (Loss) for each of the periods indicated (in millions):

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,					
	2024					2024	2023
Net income (loss)	Net income (loss)	$ 161.3	$ 154.8	$ 339.9	$ 385.1		
Adjusting items:	Adjusting items:						
Acquisition costs	Acquisition costs	24.6	24.5	73.4	71.6		
Acquisition costs							

Acquisition costs								
Restructuring costs	Restructuring costs	0.5	1.7	3.0	6.9			
COVID-19 impacts		—	0.2	—	1.7			
Total adjusting items	Total adjusting items	25.1	26.4	76.4	80.2			
Less: tax impact of adjusting items[1]	Less: tax impact of adjusting items[1]	(6.4)	(6.7)	(19.6)	(20.6)			
Total adjustments, net of tax	Total adjustments, net of tax	18.7	19.7	56.8	59.6			
Adjusted Net Income (Loss)	Adjusted Net Income (Loss)	$ 180.0	$ 174.5	$ 396.7	$ 444.7			
Net sales	Net sales	$2,584.3	$2,415.2	$6,820.3	$6,460.3			
Net income (loss) as % of sales		6.3 %	6.4 %	4.9 %	6.0 %			
Adjusted Net Income (Loss) as % of sales		7.0 %	7.2 %	5.8 %	6.9 %			
Net sales								
Net sales								
Net income (loss) as % of net sales						Net income (loss) as % of net sales	0.3 %	1.4 %
Adjusted Net Income (Loss) as % of net sales						Adjusted Net Income (Loss) as % of net sales	1.4 %	2.5 %

1. Amounts represent the tax impact on of adjustments that are not included in our income tax provision (benefit) for the periods presented. The tax impact of adjustments for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were calculated using a blended effective tax rate of 25.5% 26.3% and 25.4% 26.4%, respectively. The tax impact of adjustments for the nine months ended September 30, 2023 and 2022 were calculated using a blended effective tax rate of 25.7% for each period.

Adjusted EBITDA

The following table presents a reconciliation of net income (loss), the most directly comparable financial measure as measured in accordance with GAAP, to Adjusted EBITDA for each of the periods indicated (in millions):

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	**2022**	**2023**	**2022**		
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
	2024					**2024**	**2023**
Net income (loss)	Net income (loss)	$ 161.3	$ 154.8	$ 339.9	$ 385.1		
Interest expense, net	Interest expense, net	36.4	23.6	93.0	59.9		
Income taxes	Income taxes	57.3	53.8	119.8	133.7		
Depreciation and amortization	Depreciation and amortization	44.5	40.9	130.7	120.2		

Stock-based compensation	Stock-based compensation	7.9	7.9	22.2	21.0					
Acquisition costs1	Acquisition costs1	2.2	1.6	5.3	3.8					
Restructuring costs1	Restructuring costs1	—	1.4	2.0	6.0					
COVID-19 impacts		—	0.2	—	1.7					
Adjusted EBITDA	Adjusted EBITDA	$ 309.6	$ 284.2	$ 712.9	$ 731.4					
Net sales	Net sales	$2,584.3	$2,415.2	$6,820.3	$6,460.3					
Net sales										
Net sales										
Net income (loss) as % of net sales	Net income (loss) as % of net sales	6.3 %	6.4 %	4.9 %	6.0 %	Net income (loss) as % of net sales	0.3	%	1.4	%
Adjusted EBITDA as % of net sales	Adjusted EBITDA as % of net sales	12.0 %	11.8 %	10.5 %	11.3 %	Adjusted EBITDA as % of net sales	5.4	%	6.5	%

1. Amounts represent adjusting items included in SG&A expense and other income (expense); (income) expense; remaining adjusting item balances are embedded within the other line item balances reported in this table.

Seasonality and Quarterly Fluctuations

The demand for exterior building materials is closely correlated to both seasonal changes and unpredictable weather patterns, therefore demand fluctuations are expected.

In general, our net sales and net income are highest in quarters ending June 30, September 30, and December 31, which represent the peak months of construction and re-roofing. Conversely, we have historically experienced low net income levels or net losses in quarters ending March 31, when winter construction cycles and cold weather patterns have an adverse impact on our customers' ability to conduct their business.

Our balance sheet fluctuates throughout the year, driven by similar seasonal trends. We generally experience an increase in inventory and peak cash usage in the quarters ending March 31 and June 30, driven primarily by increased purchasing that is necessary to meet the rise in demand for our products during the warmer months. Accounts receivable, accounts payable, and cash collections are generally at their highest during the quarters ending June 30 and September 30, when sales are typically at their peak.

At times, we experience fluctuations in our financial performance that are driven by factors outside of our control, including the impact that severe weather events and unusual weather patterns may have on the timing and magnitude of demand and material availability.

In addition, the impacts of the COVID-19 pandemic

Liquidity and supply chain disruptions as well as inflation have caused, and may continue to cause, fluctuations in our financial results and working capital that are not aligned with the seasonality we generally experience.

Liquidity Capital Resources

Liquidity is defined as the current amount of readily available cash and the ability to generate adequate amounts of cash to meet the current needs for cash. We assess our liquidity in terms of our cash and cash equivalents on hand and the ability to generate cash to fund our operating activities, taking into consideration available borrowings and the seasonal nature of our business.

Our principal sources of liquidity as of September 30, 2023 March 31, 2024 were our cash and cash equivalents of $69.7 million $134.6 million and our available borrowings of approximately $1.06 billion $1.16 billion under our asset-based revolving lines of credit.

Significant factors which could affect future liquidity include the following:

- the adequacy of available bank lines of credit;
- the ability to attract long-term capital with satisfactory terms;
- cash flows generated from operating activities;
- working capital management;
- acquisitions;

- share repurchases; and
- capital expenditures.

Our primary capital needs are for working capital obligations and other general corporate purposes, including acquisitions, capital expenditures, and share repurchases. Our primary sources of working capital are cash from operations and bank borrowings. We have financed larger acquisitions through increased bank borrowings and the issuance of long-term debt and common or preferred stock. We then repay any such borrowings with cash flows from operations or subsequent financings. We have funded most of our capital expenditures with cash on hand, increased bank borrowings, or equipment financing, and then reduced those obligations with cash flows from operations. The Repurchase of our Preferred Stock was funded primarily through the issuance of the 2030 Senior Notes and bank borrowings, and we expect to reduce those borrowings with cash flows from operations. We may from time to time explore additional or replacement financing sources in order to bolster liquidity and strengthen our capital structure.

We believe we currently have adequate liquidity and availability of capital to fund our present operations, meet our commitments on our existing debt and fund anticipated growth, including expansion in existing and targeted market areas. We may seek additional potential acquisitions acquisition opportunities from time to time, including as part of our Ambition 2025 initiative. If suitable acquisition opportunities or working capital needs arise that require additional financing, we believe that our financial position, credit profile, and earnings history provide a sufficient base for obtaining additional financing resources at reasonable rates and terms. This is most recently evidenced by the 2030 Senior Notes, which are described in further detail in the Capital Resources section below. We may also choose to issue additional shares of common stock or preferred stock in order to raise funds.

The following table summarizes our cash flows for the periods indicated (in millions):

		Nine Months Ended September 30,	
		2023	2022
		Three Months Ended March 31,	
		Three Months Ended March 31,	
		Three Months Ended March 31,	
		2024	
		2024	
		2024	
Net cash provided by (used in) operating activities			
Net cash provided by (used in) operating activities			
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	$ 525.7	$ 81.2
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	(144.9)	(66.5)
Net cash provided by (used in) investing activities			
Net cash provided by (used in) investing activities			
Net cash provided by (used in) financing activities			
Net cash provided by (used in) financing activities			
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(378.8)	(155.2)
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	—	(0.4)
Effect of exchange rate changes on cash and cash equivalents			
Effect of exchange rate changes on cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	$ 2.0	$ (140.9)
Net increase (decrease) in cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents			

Operating Activities

Net cash used in operating activities was $140.8 million in 2024, compared to net cash provided by operating activities was $525.7 million of $101.2 million in 2023, compared to $81.2 million in 2022. 2023. Cash from operations increased $444.5 million decreased $242.0 million in 2023 2024 primarily due to an incremental cash inflow outflow of $488.6

million $233.9 million stemming from changes to our net working capital, mainly driven by unfavorable changes in cash flows related to inventories of $343.2 million, prepaid expenses and other current assets of $137.9 million, and accounts receivable of $47.0 million compared to the prior year, partially offset by a favorable change in cash flows related to inventories, accounts payable and accrued expenses of $295.8 million. As discussed above, we generally experience an increase in inventory and accounts receivable compared peak cash usage in the first quarter with 2024 representing the normalization of the timing of inventory purchases relative to the prior year, partially offset by an unfavorable change in cash flows related 2023 where we proactively built-up inventory to prepaid expenses and other current assets, and other assets and liabilities, as well as a decrease in net income after adjustments for non-cash items of $44.1 million. mitigate risks associated with supply chain dynamics.

Investing Activities

Net cash used in investing activities was $144.9 million $135.1 million in 2023, 2024, compared to $66.5 million $44.5 million in 2022. 2023. Cash used in investing activities increased $78.4 million $90.6 million in 2023 2024 primarily due to an increase in acquisitions and purchases of property and equipment made by us capital expenditures during the period. See Note 3 for more information.

Financing Activities

Net cash provided by financing activities was $327.1 million in 2024, compared to net cash used in financing activities was $378.8 million in 2023, compared to $155.2 of $50.2 million in 2022. 2023. Cash used in provided by financing activities increased $223.6 million $377.3 million in 2023 2024 primarily due to the repurchase refinancing of convertible preferred stock, our 2028 Term Loan resulting in an increase in principal balance of $300.0 million coupled with net borrowings under our revolving lines of credit compared to a net repayment in the prior year, partially offset by an increase a decrease in borrowings share repurchases compared to the prior year due year.

Financing Arrangements

As of March 31, 2024, we had access to the following financing arrangements:

- the 2026 U.S. Revolver, an asset-based revolving line of credit in the U.S., in an amount up to $1.25 billion and with an outstanding balance (net of unamortized debt issuance costs) of $111.5 million;
- the 2026 Canada Revolver, an asset-based revolving line of credit in Canada, in an amount up to $50.0 million and with no outstanding balance;
- the 2028 Term Loan with an outstanding balance (net of unamortized debt issuance costs) of $1.27 billion; and
- three separate senior notes instruments, the 2030 Senior Notes, issuance. 2029 Senior Notes, and 2026 Senior Notes, with outstanding balances (net of unamortized debt issuance costs) of $592.6 million, $347.4 million, and $298.3 million, respectively.

See Note 11 in the Notes to Condensed Consolidated Financial Statements for additional information on our current financing arrangements.

Share Repurchase Program

On February 24, 2022, we announced a new share repurchase program (the “Repurchase Program”), pursuant to which we may purchase up to $500.0 million of our common stock. On February 23, 2023, we announced that our Board authorized and approved an increase of the Repurchase Program by approximately $387.9 million, permitting future share repurchases of $500.0 million after considering actual share repurchases as of such re-authorization date.

Share repurchases under the Repurchase Program may be made from time to time through various means, including open market purchases (including block trades), privately negotiated transactions, accelerated share repurchase transactions (“ASR”) transactions or through a series of forward purchase agreements, option contracts or similar agreements and contracts (including Rule 10b5-1 plans) adopted by us, in each case in accordance with the rules and regulations of the Securities and Exchange Commission, SEC, including, if applicable, Rule 10b-18 of the Exchange Act. The timing, volume, and nature of share repurchases pursuant to the Repurchase Program are at our management's discretion and may be suspended or discontinued at any time. Shares repurchased under the Repurchase Program are retired immediately and are included in the category of authorized but unissued shares. Direct and incremental costs associated with the Repurchase Program are deferred and included as a component of the purchase price. The excess of the purchase price over the par value of the common shares is reflected in retained earnings.

The following table sets forth our share repurchases (in millions, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,

	2024					2024	2023
Total number of shares repurchased	Total number of shares repurchased	0.3	—	1.5	5.8		
Amount repurchased[1]		$ 25.1	$ —	$ 99.9	$387.9		
Amount repurchased							
Average price per share	Average price per share	$83.89	$ —	$67.90	$58.28		

1. Amount paid for We did not make any share repurchases during the nine three months ended September 30, 2022 includes $50.0 million of the June 2022 ASR repurchase price that was evaluated as an unsettled equity forward contract indexed to our common stock and classified within stockholders' equity as a reduction to additional paid in capital. The final settlement of the June 2022 ASR occurred in the fourth quarter of 2022 and resulted in the delivery of an additional 1.1 million shares.

March 31, 2024. Share repurchases for the three and nine months ended September 30, 2023 March 31, 2023 were made on the open market through a Rule 10b5-1 repurchase plan. During the three and nine months ended September 30, 2023 March 31, 2023, we incurred de minimis costs directly attributable to the Repurchase Program of approximately $0.2 million and $0.8 million, respectively. Share repurchases for the nine months ended September 30, 2022 were made through a combination of open market transactions as well as through two ASRs. We did not incur costs directly attributable to the Repurchase Program during the three months ended September 30, 2022. During the nine months ended September 30, 2022, we incurred costs directly attributable to the Repurchase Program of approximately $0.2 million. Program.

As of September 30, 2023 March 31, 2024, we had approximately $400.1 $389.1 million available for repurchases remaining under the Repurchase Program. See Note 7 in the Notes to Condensed Consolidated Financial Statements for additional information.

Capital Resources

On July 31, 2023, we, and certain of our subsidiaries as guarantors, completed a private offering of $600.0 million aggregate principal amount of senior secured notes with an interest rate of 6.500% per annum (the "2030 Senior Notes") at an issue price equal to par. In May 2021, we entered into a series of financing arrangements to refinance certain debt instruments to take advantage of lower market interest rates for our fixed rate indebtedness and to extend maturities (the "2021 Debt Refinancing"). As of September 30, 2023, we had access to the following financing arrangements:

- the 2026 U.S. Revolver, an asset-based revolving line of credit in the U.S., in an amount up to $1.25 billion and with an outstanding balance (net of unamortized debt issuance costs) of $218.3 million;
- the 2026 Canada Revolver, an asset-based revolving line of credit in Canada, in an amount up to $50.0 million and with no outstanding balance;
- the 2028 Term Loan with an outstanding balance (net of unamortized debt issuance costs) of $966.4 million; and
- three separate senior notes instruments, including the 2030 Senior Notes, 2029 Senior Notes, and 2026 Senior Notes, with outstanding balances (net of unamortized debt issuance costs) of $592.4 million, $347.2 million, and $297.9 million, respectively.

See Note 11 in the Notes to Condensed Consolidated Financial Statements for additional information on our current financing arrangements, the 2021 Debt Refinancing, and the 2030 Senior Notes.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 have not changed materially during the nine three months ended September 30, 2023 March 31, 2024.

Item 4. Controls and Procedures

As of September 30, 2023 March 31, 2024, management, including the CEO chief executive officer and CFO, interim chief financial officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on that evaluation, management, including the CEO chief executive officer and CFO, interim chief financial officer, concluded that as of September 30, 2023 March 31, 2024, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and to ensure that such information is accumulated and communicated to our management, including our CEO chief executive officer and CFO, interim chief financial officer, as appropriate to allow timely decisions regarding required disclosure. We maintain a system of internal control over financial reporting that is designed 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 in the United States.

There have been no material changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2023 March 31, 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

See Note 13 in the Notes to Condensed Consolidated Financial Statements for information about pending legal proceedings.

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

Issuer Purchases of Equity Securities

The following table provides information with respect to the Company's purchases of its common stock during the third first quarter of 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1, 2]	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[1] (in millions)
July 1 - 31, 2023	298,838	$ 83.89	298,838	$ 400.1
August 1 - 31, 2023	—	—	—	$ 400.1
September 1 - 30, 2023	—	—	—	$ 400.1
Total	298,838	$ 83.89	298,838	

2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[1] (in millions)
January 1 - 31, 2024	—	$ —	—	$ 389.1
February 1 - 29, 2024	—	—	—	$ 389.1
March 1 - 31, 2024	—	—	—	$ 389.1
Total	—	$ —	—	

1. On February 24, 2022, the Company announced a program to repurchase up to $500.0 million $500.0 million of its common stock. On February 23, 2023, the Company announced that its Board authorized and approved an increase of the Repurchase Program by approximately $387.9 million, $387.9 million, permitting future share repurchases of $500.0 million.
2. All purchases were made on the open market through a Rule 10b5-1 repurchase plan. $500.0 million.

See Note 7 in the Notes to Condensed Consolidated Financial Statements for additional information on our Share Repurchase Program.

Item 5. Other Information

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the three months ended September 30, 2023 March 31, 2024, except as noted below, none of our directors or Section 16 officers adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each such term is defined in Item 408 of Regulation S-K.

Jason L. Taylor, President, West Division, entered into a Rule 10b5-1 trading arrangement on September 13, 2023. Mr. Taylor's trading arrangement provides for the potential sale of up to 5,417 shares of our common stock through September 3, 2024. This trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

Item 6. Exhibits

		Incorporated by Reference		
Exhibit Number	Description	Form	Exhibit	Filing Date
4.1	Indenture, dated as of July 31, 2023, by and among Beacon Roofing Supply, Inc., the subsidiary guarantor party thereto, and U.S. Bank Trust Company, National Association, as trustee and collateral agent.	8-K	4.1	July 31, 2023
4.2	Form of 6.500% Senior Secured Notes due 2030 (included as Exhibit A to the Indenture incorporated by reference as Exhibit 4.1).	8-K	4.2	July 31, 2023
10.1	Repurchase letter agreement, dated July 6, 2023, between Beacon Roofing Supply, Inc. and CD&R Boulder Holdings, L.P.	8-K	10.1	July 7, 2023
10.2	Amendment No. 2, dated as of July 3, 2023, to the Credit Agreement among the Company, the other loan parties party thereto, the lenders party thereto and the Administrative Agent.	8-K	10.1	July 10, 2023
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)			
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)			
32.1**	Certification pursuant to 18 U.S.C. Section 1350			

101*	101.INS Inline XBRL Instance – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
	101.SCH Inline XBRL Taxonomy Extension Schema
	101.CAL Inline XBRL Taxonomy Extension Calculation
	101.PRE Inline XBRL Taxonomy Extension Presentation
	101.LAB Inline XBRL Taxonomy Extension Labels
	101.DEF Inline XBRL Taxonomy Extension Definition
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

		Incorporated by Reference		
Exhibit Number	**Description**	**Form**	**Exhibit**	**Filing Date**
10.1	Amendment No. 3 to Amended and Restated Term Loan Credit Agreement, dated as of March 28, 2024, by and among the Company, as borrower, Beacon Sales Acquisition, Inc., as guarantor, Citibank, N.A., as administrative agent, and the lenders party thereto.	8-K	10.1	March 28, 2024
31.1*	Rule 13a-14(a) certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2*	Rule 13a-14(a) certification of Interim CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
32.1**	Section 1350 certification of CEO and Interim CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
101*	101.INS Inline XBRL Instance – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			
	101.SCH Inline XBRL Taxonomy Extension Schema			
	101.CAL Inline XBRL Taxonomy Extension Calculation			
	101.PRE Inline XBRL Taxonomy Extension Presentation			
	101.LAB Inline XBRL Taxonomy Extension Labels			
	101.DEF Inline XBRL Taxonomy Extension Definition			
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

* Filed herewith

** Furnished herewith

Pursuant to Rule 405 of Regulation S-T, the following interactive data files formatted in Inline Extensible Business Reporting Language (iXBRL) are attached as Exhibit 101 to this Quarterly Report on Form 10-Q:

(i) the Condensed Consolidated Balance Sheets as of September 30, 2023 March 31, 2024; December 31, 2022 December 31, 2023; and September 30, 2022 March 31, 2023,

(ii) the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023,

(iii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023,

(iv) the Condensed Consolidated Statements of Stockholders' Equity for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023,

(v) the Condensed Consolidated Statements of Cash Flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, and

(vi) the Notes to Condensed Consolidated Financial Statements.

SIGNATURE

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

BEACON ROOFING SUPPLY, INC.

Date: November 3, 2023 May 3, 2024

BY: /s/ FRANK A. LONEGRO CARMELO CARRUBBA

Frank A. Longegro Carmelo Carrubba

Executive Vice President & Interim Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION

I, Julian G. Francis, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2023 May 3, 2024	/s/ JULIAN G. FRANCIS
	Julian G. Francis
	President & Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Frank A. Lonegro, Carmelo Carrubba, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2023 May 3, 2024

/s/ FRANK A. LONEGRO CARMELO CARRUBBA

Frank A. Lonegro Carmelo Carrubba

Executive Vice President & Interim Chief Financial Officer

New Roman, Times, Serif; margin: 0">

EXHIBIT 32.1

Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350
(Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report on Form 10-Q of Beacon Roofing Supply, Inc. (the "Company") for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Julian G. Francis, as President & Chief Executive Officer of the Company, and Frank A. Lonegro, Carmelo Carrubba, as Executive Vice President & Interim Chief Financial Officer of the Company, each hereby 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.

Date: November 3, 2023 May 3, 2024

/s/ JULIAN G. FRANCIS

Julian G. Francis

President & Chief Executive Officer

/s/ FRANK A. LONEGRO CARMELO CARRUBBA

Frank A. Lonegro Carmelo Carrubba

Executive Vice President & Interim Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. A signed original of this written statement required by Section 906 has been provided to Beacon Roofing Supply, Inc. and will be retained by Beacon Roofing Supply, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

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