

REFINITIV

DELTA REPORT

10-Q

CNM - CORE & MAIN, INC.

10-Q - APRIL 28, 2024 COMPARED TO 10-Q - OCTOBER 29, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1362
CHANGES	248
DELETIONS	592
ADDITIONS	522

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **October 29, 2023** **April 28, 2024**

OR

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

For transition period from to
Commission File Number 001-40650

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Core & Main, Inc.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

86-3149194

(I.R.S. Employer
Identification Number)

**1830 Craig Park Court
St. Louis, Missouri 63146
(314) 432-4700**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.01 per share	CNM	The New York Stock Exchange

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities 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 **December 1, 2023** **May 31, 2024**, there were **179,075,072** **192,918,657** shares of the registrant's Class A common stock, par value \$0.01 per share, and **37,149,622** **8,540,566** shares of the registrant's Class B common stock, par value \$0.01 per share, outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include, without limitation, all statements other than statements of historical facts contained in this Quarterly Report, including statements relating to our intentions, beliefs, assumptions or current expectations concerning, among other things, our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding expected growth, future capital expenditures, capital allocation and debt service obligations, and the anticipated impact on our business.

Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "seeks," "aims," "projects," "is optimistic," "intends," "plans," "estimates," "anticipates" or the negative versions of these words or other comparable terms.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be outside our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of the market in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report on Form 10-Q. In addition, even if our results of operations, financial condition, cash flows and the development of the market in which we operate are consistent with the forward-looking statements contained in this Quarterly Report on Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods. A number of important factors, including, without limitation, the risks and uncertainties discussed under the captions "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended [January 29, 2023 January 28, 2024 \(the "2023 Annual Report on Form 10-K"\)](#) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q, could cause actual results and outcomes to differ materially from those reflected in the forward-looking statements. Furthermore, new risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. Factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation:

- declines, volatility and cyclicality in the [United States \("U.S."\)](#) residential and non-residential construction markets;
- slowdowns in municipal infrastructure spending and delays in appropriations of federal funds;

- our ability to competitively bid for municipal contracts;
- price fluctuations in our product costs;
- our ability to manage our inventory effectively, including during periods of supply chain disruptions;
- risks involved with acquisitions and other strategic transactions, including our ability to identify, acquire, close or integrate acquisition targets successfully;
- the fragmented and highly competitive markets in which we compete and consolidation within our industry;
- the development of alternatives to distributors of our products in the supply chain;
- our ability to hire, engage and retain key personnel, including sales representatives, qualified branch, district and regional managers and senior management;
- our ability to identify, develop and maintain relationships with a sufficient number of qualified suppliers and the potential that our exclusive or restrictive supplier distribution rights are terminated;
- the availability and cost of freight;
- the ability of our customers to make payments on credit sales;
- changes in supplier rebates or other terms of our supplier agreements;
- our ability to identify and introduce new products and product lines effectively;
- the spread of, and response to public health crises and the inability to predict the ultimate impact on us;
- costs and potential liabilities or obligations imposed by environmental, health and safety laws and requirements;
- regulatory change and the costs of compliance with regulation;
- changes in stakeholder expectations in respect of environmental, social and governance ("ESG") and sustainability practices;

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- exposure to product liability, construction defect and warranty claims and other litigation and legal proceedings;
- potential harm to our reputation;
- difficulties with or interruptions of our fabrication services;
- safety and labor risks associated with the distribution of our products as well as work stoppages products;
- interruptions in the proper functioning of the Company's and other disruptions due to labor disputes; our third-party service providers' information technology systems, including from cybersecurity threats;
- impairment in the carrying value of goodwill, intangible assets or other long-lived assets;
- interruptions in the proper functioning of our and our third-party service providers' information technology systems, including from cybersecurity threats;
- our ability to continue our customer relationships with short-term contracts;
- risks associated with exporting our products internationally;
- our ability to maintain effective internal controls over financial reporting and remediate any material weaknesses;
- our indebtedness and the potential that we may incur additional indebtedness; indebtedness that might restrict our operating flexibility;
- the limitations and restrictions in the agreements governing our indebtedness, the Second Amended and Restated Limited Partnership Agreement of Limited Partnership of Core & Main Holdings, LP, as amended, and the Tax Receivable Agreements (as each as defined herein);
- increases in interest rates and the impact of transitioning away from LIBOR, generally to Term SOFR (each as defined herein), as a benchmark rate in contracts; rates;
- changes in our credit ratings and outlook;
- our ability to generate the significant amount of cash needed to service our indebtedness;
- our organizational structure, including our payment obligations under the Tax Receivable Agreements, which may be significant;
- our ability to sustain an active, liquid trading market for our Class A common stock;
- the significant influence that CD&R (as defined herein) has over us and potential conflicts between the interests of CD&R and other stockholders; and
- risks related to other factors discussed under "Risk Factors" in our 2023 Annual Report on Form 10-K for the fiscal year ended January 29, 2023. 10-K.

You should read this Quarterly Report on Form 10-Q and our 2023 Annual Report on Form 10-K for the fiscal year ended January 29, 2023 completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements made in this Quarterly Report on Form 10-Q are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this Quarterly Report on Form 10-Q, and we do not undertake any obligation, other

than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, and changes in future operating results over time or otherwise.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CORE & MAIN, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
Amounts in millions (except share and per share data), unaudited

		October 29, 2023	January 29, 2023		
		April 28, 2024		April 28, 2024	January 28, 2024
ASSETS	ASSETS				
Current assets:	Current assets:				
Current assets:					
Current assets:					
Cash and cash equivalents	Cash and cash equivalents	\$ 101	\$ 177		
Receivables, net of allowance for credit losses of \$13 and \$9, respectively		1,215	955		
Cash and cash equivalents					
Cash and cash equivalents					
Receivables, net of allowance for credit losses of \$13 and \$12, respectively					
Inventories	Inventories	824	1,047		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	31	32		
Total current assets	Total current assets	2,171	2,211		
Property, plant and equipment, net	Property, plant and equipment, net	142	105		
Operating lease right-of-use assets	Operating lease right-of-use assets	184	175		
Intangible assets, net	Intangible assets, net	782	795		
Goodwill	Goodwill	1,552	1,535		
Deferred income taxes	Deferred income taxes	151	—		
Other assets	Other assets	85	88		
Total assets	Total assets	\$ 5,067	\$ 4,909		
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES AND STOCKHOLDERS' EQUITY					

Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
Current maturities of long-term debt			
Current maturities of long-term debt			
Current maturities of long-term debt	Current maturities of long-term debt	\$ 15	\$ 15
Accounts payable	Accounts payable	646	479
Accrued compensation and benefits	Accrued compensation and benefits	100	123
Current operating lease liabilities	Current operating lease liabilities	54	54
Other current liabilities	Other current liabilities	106	55
Total current liabilities	Total current liabilities	921	726
Long-term debt	Long-term debt	1,436	1,444
Non-current operating lease liabilities	Non-current operating lease liabilities	130	121
Deferred income taxes	Deferred income taxes	48	9
Payable to related parties pursuant to Tax Receivable Agreements		299	180
Tax receivable agreement liabilities			
Other liabilities	Other liabilities	18	19
Total liabilities	Total liabilities	2,852	2,499
Commitments and contingencies	Commitments and contingencies	Commitments and contingencies	
Class A common stock, par value \$0.01 per share, 1,000,000,000 shares authorized, 173,340,005 and 172,765,161 shares issued and outstanding as of October 29, 2023 and January 29, 2023, respectively		2	2
Class B common stock, par value \$0.01 per share, 500,000,000 shares authorized, 47,889,727 and 73,229,675 shares issued and outstanding as of October 29, 2023 and January 29, 2023, respectively		—	1
Class A common stock, par value \$0.01 per share, 1,000,000,000 shares authorized, 192,634,317 and 191,663,608 shares issued and outstanding as of April 28, 2024 and January 28, 2024, respectively			

Class B common stock, par value \$0.01 per share, 500,000,000 shares authorized, 8,813,532 and 9,630,186 shares issued and outstanding as of April 28, 2024 and January 28, 2024, respectively			
Additional paid-in capital	Additional paid-in capital	1,227	1,241
Retained earnings	Retained earnings	491	458
Accumulated other comprehensive income	Accumulated other comprehensive income	49	45
Total stockholders' equity attributable to Core & Main, Inc.	Total stockholders' equity attributable to Core & Main, Inc.	1,769	1,747
Non-controlling interests	Non-controlling interests	446	663
Total stockholders' equity	Total stockholders' equity	2,215	2,410
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 5,067	\$ 4,909

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CORE & MAIN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Amounts in millions (except share and per share data), unaudited

		Three Months Ended		Three Months Ended		Three Months Ended	
		April 28, 2024					
				April 28, 2024		April 30, 2023	
		Three Months Ended		Nine Months Ended			
		October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022		
Net sales							
Net sales							
Net sales	Net sales	\$ 1,827	\$ 1,818	\$ 5,262	\$ 5,277		
Cost of sales	Cost of sales	1,333	1,318	3,828	3,855		
Gross profit	Gross profit	494	500	1,434	1,422		
Operating expenses:	Operating expenses:						

Selling, general and administrative						
Selling, general and administrative						
Selling, general and administrative	Selling, general and administrative	240	231	701	667	
Depreciation and amortization	Depreciation and amortization	37	35	109	104	
Total operating expenses	Total operating expenses	277	266	810	771	
Operating income	Operating income	217	234	624	651	
Interest expense	Interest expense	20	16	59	46	
Income before provision for income taxes	Income before provision for income taxes	197	218	565	605	
Income before provision for income taxes						
Income before provision for income taxes						
Provision for income taxes	Provision for income taxes	39	40	110	108	
Net income	Net income	158	178	455	497	
Less: net income attributable to non-controlling interests	Less: net income attributable to non-controlling interests	46	67	147	185	
Net income attributable to Core & Main, Inc.	Net income attributable to Core & Main, Inc.	\$ 112	\$ 111	\$ 308	\$ 312	
Earnings per share	Earnings per share					
Earnings per share						
Earnings per share						
Basic						
Basic						
Basic	Basic	\$ 0.65	\$ 0.65	\$ 1.81	\$ 1.85	
Diluted	Diluted	\$ 0.65	\$ 0.65	\$ 1.80	\$ 1.82	
Number of shares used in computing EPS						
Number of shares used in computing EPS						
Basic	Basic	170,999,291	170,027,629	169,989,859	168,485,011	
Basic						
Basic						
Diluted	Diluted	224,686,413	246,262,224	232,485,740	246,198,822	

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CORE & MAIN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Amounts in millions, unaudited

		Three Months		Nine Months	
		Ended		Ended	
		October	October	October	October
		29, 2023	30, 2022	29, 2023	30, 2022
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended			
		April 28, 2024		April 28, 2024	
				April 30, 2023	
Net income	Net income	\$ 158	\$ 178	\$ 455	\$ 497
Net interest rate swap (loss) gain, net of tax (expense) of \$(1), \$(6), \$(1) and \$(12), respectively		(4)	32	(4)	60
Net income					
Net income					
Net interest rate swap gain (loss), net of tax (expense) benefit of \$(6) and \$1, respectively					
Total comprehensive income	Total comprehensive income	154	210	451	557
Less:					
comprehensive income attributable to non-controlling interests		45	79	145	208
Total comprehensive income attributable to Core & Main, Inc.	Total comprehensive income attributable to Core & Main, Inc.	\$ 109	\$ 131	\$ 306	\$ 349

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CORE & MAIN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Amounts in millions (except share and per share data), unaudited

		Class A		Class B						
		Common Stock		Common Stock						
						Accumulated				
						Additional	Other		Non-	Total
						Paid In	Comprehensive	Retained	Controlling	Stockholders'
		Shares	Amount	Shares	Amount	Capital	Income	Earnings	Interests	Equity
Balances at January 29, 2023		172,765,161	\$ 2	73,229,675	\$ 1	\$ 1,241	\$ 45	\$ 458	\$ 663	\$ 2,410
Net income		—	—	—	—	—	—	86	47	133
Equity-based compensation		—	—	—	—	1	—	—	1	2
Net interest rate swap loss, net of tax		—	—	—	—	—	(5)	—	(3)	(8)
Distributions to non-controlling interest holders		—	—	—	—	—	—	—	(17)	(17)
Repurchase and Retirement of Class A and Class B shares and corresponding Partnership Interest		(9,377,183)	—	(5,622,817)	—	(83)	—	(141)	(108)	(332)
Exchange of Partnership Interests and Class B Shares for Class A Shares		2,325,080	—	(2,325,080)	—	18	1	—	(19)	—
Establishment/adjustment of deferred tax asset associated with Core & Main investment in Core & Main Holdings, LP		—	—	—	—	18	—	—	—	18
Establishment of Tax Receivable Agreement liabilities		—	—	—	—	(14)	—	—	—	(14)
Activity under equity-based compensation plans, net of tax withholdings		93,460	—	—	—	—	—	—	—	—
Balances at April 30, 2023		165,806,518	2	65,281,778	1	1,181	41	403	564	2,192
		Class A								
		Common Stock								
		Shares								
		Shares								
		Shares								
Balances at January 28, 2024										
Net income	Net income	—	—	—	—	—	—	110	54	164
Equity-based compensation	Equity-based compensation	—	—	—	—	2	—	—	1	3
Net interest rate swap gain, net of tax	Net interest rate swap gain, net of tax	—	—	—	—	—	6	—	2	8
Distributions to non-controlling interest holders	Distributions to non-controlling interest holders	—	—	—	—	(2)	—	—	(10)	(12)
Repurchase and Retirement of Class A and Class B shares and corresponding Partnership Interest		(3,125,728)	—	(1,874,272)	—	(32)	—	(66)	(43)	(141)
Exchange of Partnership Interests and Class B Shares for Class A Shares										
Exchange of Partnership Interests and Class B Shares for Class A Shares										
Exchange of Partnership Interests and Class B Shares for Class A Shares	Exchange of Partnership Interests and Class B Shares for Class A Shares	5,770,323	—	(5,773,493)	—	48	2	—	(50)	

Establishment/adjustment of deferred tax asset associated with Core & Main investment in Core & Main Holdings, LP	Establishment/adjustment of deferred tax asset associated with Core & Main investment in Core & Main Holdings, LP	—	—	—	—	45	—	—	—	45
Establishment of Tax Receivable Agreement liabilities	Establishment of Tax Receivable Agreement liabilities	—	—	—	—	(47)	—	—	—	(47)
Activity under equity-based compensation plans, net of tax withholdings		139,877	—	—	—	1	—	—	—	1
Tax withholdings under equity-based compensation plans										
Share issuances under equity-based compensation plans, net of tax withholdings										
Balances at April 28, 2024										
Balances at July 30, 2023		168,590,990	2	57,634,013	1	1,196	49	447	518	2,213
Net income		—	—	—	—	—	—	112	46	158
Equity-based compensation		—	—	—	—	2	—	—	1	3
Net interest rate swap loss, net of tax		—	—	—	—	—	(3)	—	(1)	(4)
Distributions to non-controlling interest holders		—	—	—	—	—	—	—	(7)	(7)
Repurchase and Retirement of Class A and Class B shares and corresponding Partnership Interest		(3,125,728)	—	(1,874,272)	—	(35)	—	(68)	(42)	(145)
Exchange of Partnership Interests and Class B Shares for Class A Shares		7,847,494	—	(7,870,014)	(1)	67	3	—	(69)	—
Establishment/adjustment of deferred tax asset associated with Core & Main investment in Core & Main Holdings, LP		—	—	—	—	65	—	—	—	65
Establishment of Tax Receivable Agreement liabilities		—	—	—	—	(68)	—	—	—	(68)
Activity under equity-based compensation plans, net of tax withholdings		27,249	—	—	—	—	—	—	—	—
Balances at October 29, 2023		173,340,005	\$ 2	47,889,727	\$ —	\$ 1,227	\$ 49	\$ 491	\$ 446	\$ 2,215

	Class A		Class B							
	Common Stock		Common Stock							
					Accumulated Other					
					Additional Paid In	Retained	Comprehensive	Non-Controlling	Total Stockholders'	
	Shares	Amount	Shares	Amount	Capital	Earnings	Income	Interests	Equity	
Balances at January 29, 2023	172,765,161	\$ 2	73,229,675	\$ 1	\$ 1,241	\$ 458	\$ 45	\$ 663	\$ 2,410	
Net income	—	—	—	—	—	86	—	47	133	
Equity-based compensation	—	—	—	—	1	—	—	1	2	
Net interest rate swap loss, net of tax	—	—	—	—	—	—	(5)	(3)	(8)	
Distributions to non-controlling interest holders	—	—	—	—	—	—	—	(17)	(17)	
Repurchase and Retirement of Class A and Class B shares and corresponding Partnership Interest	(9,377,183)	—	(5,622,817)	—	(83)	(141)	—	(108)	(332)	
Exchange of Partnership Interests and Class B Shares for Class A Shares	2,325,080	—	(2,325,080)	—	18	—	1	(19)	—	
Establishment/adjustment of deferred tax asset associated with Core & Main investment in Core & Main Holdings, LP	—	—	—	—	18	—	—	—	18	
Establishment of Tax Receivable Agreement liabilities	—	—	—	—	(14)	—	—	—	(14)	
Activity under equity-based compensation plans, net of tax withholdings	93,460	—	—	—	—	—	—	—	—	
Balances at April 30, 2023	165,806,518	\$ 2	65,281,778	\$ 1	\$ 1,181	\$ 403	\$ 41	\$ 564	\$ 2,192	

	Class A				Class B				Additional Paid In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Non-Controlling Interests	Total Stockholders' Equity
	Common Stock		Common Stock										
	Shares	Amount	Shares	Amount									
	The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.												
Balances at January 30, 2022	167,522,403	\$ 2	78,398,141	\$ 1	\$ 1,214	\$ 16	\$ 92	\$ 506	\$ 1,831				
Net income	—	—	—	8	—	—	86	51	137				
Equity-based compensation	—	—	—	—	2	—	—	1	3				
Net interest rate swap gain, net of tax	—	—	—	—	—	23	—	14	37				
Distributions to non-controlling interest holders	—	—	CORE & MAIN, INC.				—	(3)	(3)				
Exchange of Partnership Interests and Class B Shares for Class A Shares	55,595	—	CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS				—	—	—				
Adjustment of deferred tax liability associated with Core & Main investment in Core & Main Holdings, LP	—	—	Amounts in millions, unaudited				—	—	—				
Activity under equity-based compensation plans, net of tax withholdings	29,301	1,321	Nine Months Ended				—	—	—				
Forfeiture of Class A Shares and Partnership Interests	2023	2022	October				—	—	—				
Interests	Three Months Ended		(20)	(34,703)		—	Three Months Ended		—				
Non-controlling interest adjustments for purchase of Partnership Interests held	April 28, 2024		April 28, 2024				April 30, 2023		—				
Cash Flows	Cash Flows		Cash Flows				Cash Flows		—				
From Operating Activities:	From Operating Activities:		—		—		—		1				
Net income	\$ 455	\$ 497	—		—		—		182				
Equity-based compensation	—	—	—		—		—		4				
Net interest rate swap loss, net of tax	—	—	—		—		—		(9)				
Adjustments to reconcile net cash from operating activities:	Adjustments to reconcile net cash from operating activities:		—		—		—		(17)				
Exchange of Partnership Interests and Class B Shares for Class A Shares	377,321	—	(377,321)		—		—		—				
Adjustment of deferred tax liability associated with Core & Main investment in Core & Main Holdings, LP	—	—	—		—		—		1				
Depreciation and amortization	—	—	—		—		—		(2)				
Impact of Tax Receivable Agreements	—	—	—		—		—		—				
Depreciation and amortization	114	110	6,955		—		—		—				
Balances at July 31, 2022	167,963,575	2	77,930,404		1		1,221		2,165				
Equity-based compensation	—	—	—		—		—		178				
Equity-based compensation expense	8	9	—		—		—		2				
Net interest rate swap gain, net of tax	—	—	—		—		—		32				
Distributions to non-controlling interest holders	—	—	—		—		—		(21)				
Exchange of Partnership Interests and Class B Shares for Class A Shares	4,431,479	—	(4,431,479)		—		2		—				
Adjustment of deferred tax liability associated with Core & Main investment in Core & Main Holdings, LP	—	—	—		—		—		27				
Other	11	(10)	—		—		—		(31)				
Changes in assets and liabilities:	Changes in assets and liabilities:		1,942		—		—		—				
Non-controlling interest adjustments for purchase of Partnership Interests and vesting of Core & Main Holdings, LP Partnership Interests held by non-controlling interests	(Increase) decrease in receivables		—		—		—		11				
Balances at October 30, 2022	172,396,996	\$ 2	73,498,925		\$ 1		\$ 1,242		2,352				
(Increase) decrease in receivables	(236)	(373)	—		—		—		—				

(Increase) decrease in inventories	(Increase) decrease in inventories	256	(255)
(Increase) decrease in other assets	(Increase) decrease in other assets	1	(10)
Increase (decrease) in accounts payable	Increase (decrease) in accounts payable	157	84
Increase (decrease) in accrued liabilities	Increase (decrease) in accrued liabilities	8	42
Increase (decrease) in other liabilities		1	—
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities	Net cash provided by operating activities	775	94
Cash Flows From Investing Activities:	Cash Flows From Investing Activities:		
Capital expenditures	Capital expenditures	(34)	(20)
Capital expenditures			
Capital expenditures			
Acquisitions of businesses, net of cash acquired	Acquisitions of businesses, net of cash acquired	(151)	(114)
Proceeds from the sale of property and equipment		3	1
Other			
Other			
Other			
Net cash used in investing activities	Net cash used in investing activities	(182)	(133)
Cash Flows From Financing Activities:	Cash Flows From Financing Activities:		
Repurchase and retirement of partnership interests	Repurchase and retirement of partnership interests	(618)	—
Repurchase and retirement of partnership interests			
Repurchase and retirement of partnership interests			

Distributions to non-controlling interest holders			
Distributions to non-controlling interest holders			
Distributions to non-controlling interest holders	Distributions to non-controlling interest holders	(33)	(39)
Payments pursuant to Tax Receivable Agreements	Payments pursuant to Tax Receivable Agreements	(5)	—
Borrowings on asset-based revolving credit facility	Borrowings on asset-based revolving credit facility	235	244
Borrowings on asset-based revolving credit facility			
Borrowings on asset-based revolving credit facility			
Repayments on asset-based revolving credit facility	Repayments on asset-based revolving credit facility	(235)	(154)
Issuance of long-term debt			
Repayments of long-term debt	Repayments of long-term debt	(11)	(11)
Debt issuance costs	Debt issuance costs	—	(2)
Debt issuance costs			
Debt issuance costs			
Other	Other	(2)	—
Net cash (used in) provided by financing activities		(669)	38
Decrease in cash and cash equivalents		(76)	(1)
Net cash provided by (used in) financing activities			
Increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	Cash and cash equivalents at the beginning of the period	177	1
Cash and cash equivalents at the end of the period	Cash and cash equivalents at the end of the period	\$ 101	\$ —

Cash paid for interest (excluding effects of interest rate swap)	Cash paid for interest (excluding effects of interest rate swap)	\$	89	\$	47
Cash paid for interest (excluding effects of interest rate swap)					
Cash paid for interest (excluding effects of interest rate swap)					
Cash paid for taxes	Cash paid for taxes		82		107

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CORE & MAIN, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Dollars in millions, except as noted, unaudited

1) BASIS OF PRESENTATION & DESCRIPTION OF BUSINESS

Business and Organization

Core & Main, Inc. ("Core & Main") is a Delaware corporation that was incorporated on April 9, 2021 for the purpose of facilitating an initial public offering and other related transactions, as described below, in order to carry on the business of Core & Main Holdings, LP, a Delaware limited partnership ("Holdings"), and its consolidated subsidiaries. Core & Main is a holding company and its primary material asset is its ownership interest in Holdings, a portion of which is held indirectly through CD&R WW, LLC. Holdings has no operations and no material assets of its own other than its indirect ownership interest in Core & Main LP, a Florida limited partnership, the legal entity that conducts the operations of Core & Main. Core & Main, together collectively with its wholly-owned subsidiaries, including Holdings and its consolidated subsidiaries, are referred to as the "Company".

The Company is a leader in advancing reliable infrastructure with local service, nationwide. As a leading specialized distributor with a focus on water, wastewater, storm drainage and fire protection products and related services, the Company provides solutions to municipalities, private water companies and professional contractors across municipal, non-residential and residential end markets, nationwide. The Company's specialty products and services are used in the maintenance, repair, replacement, and construction of water and fire protection infrastructure. The Company reaches customers through a nationwide network of approximately 820 350 branches across 48 49 states. The Company's products include pipes, valves, fittings, storm drainage products, fire protection products, meter products and other products for use in the construction, maintenance and repair of water and wastewater systems as well as fire protection systems. products. The Company has complemented its core products through additional offerings, including smart meter systems, fusible high-density polyethylene ("fusible HDPE") piping solutions, specifically engineered treatment plant products and geosynthetics and erosion control products. The Company's services and capabilities allow for integration with customers and form part of their sourcing and procurement function. All of the Company's long-lived assets are located within the United States ("U.S.").

Core & Main is a holding company that indirectly owns Core & Main LP through its ownership interest in Core & Main Holdings, LP ("Holdings"). Core & Main's primary material assets are its direct and indirect ownership interest in Holdings and deferred tax assets associated with such ownership.

Secondary Offerings and Repurchase Transactions

On April 14, 2023 During the fiscal year ended January 28, 2024 ("fiscal 2023"), a secondary public offering offerings of 5,000,000 Class A common stock were completed by certain selling stockholders (the "Selling Stockholders") affiliated with Clayton, Dubilier & Rice, LLC ("CD&R"). As part of the secondary public offerings the Selling Stockholders sold to the public (i) existing shares of our Class A common stock and (ii) shares of Class A common stock on behalf received in exchange for an equal number of certain selling stockholders affiliated with Clayton, Dubilier & Rice, LLC (the "Selling Stockholders") was completed at a price to the public of \$22.151 per share (the "April 2023 Secondary Offering"). As part of the April 2023 Secondary Offering, 1,874,272 limited partnership interests of Holdings ("Partnership Interests") were exchanged, Interests, together with the retirement of a corresponding number of shares of our Class B common stock, for an equal number stock. Below is a summary of the secondary public offerings completed during fiscal 2023 (the "Secondary Offerings").

Secondary Offering Date	Existing Shares of Class A Common Stock Sold to the Public	Partnership Interests Exchanged for Class A Common Stock Prior to Sale to the Public		Shares of Class A Common Stock Sold to the Public	Price Per Share
January 25, 2024	12,366,683		7,415,404	19,782,087	\$40.985
January 10, 2024 ⁽¹⁾	12,084,902		7,465,098	19,550,000	\$38.120
December 11, 2023 ⁽¹⁾	10,783,760		6,466,240	17,250,000	\$35.540
November 9, 2023 ⁽¹⁾	13,659,431		8,190,569	21,850,000	\$30.440
September 19, 2023	11,252,620		6,747,380	18,000,000	\$29.015
June 12, 2023	8,752,038		5,247,962	14,000,000	\$28.215

April 14, 2023	3,125,728	1,874,272	5,000,000	\$22.151
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(1) Includes shares of Class A common stock which were a portion of the shares sold by the Selling Stockholders. These shares were sold along with an existing 3,125,728 shares of Class A common stock held by the Selling Stockholders.

Concurrently with the completion of the April 2023 Secondary Offering, (i) the Company repurchased from the Selling Stockholders an aggregate of 9,377,183 shares of our Class A common stock, with Holdings redeeming from the Company a corresponding number of Partnership Interests, and (ii) Holdings redeemed from one of the Selling Stockholders 5,622,817 Partnership Interests, with the Company repurchasing a corresponding number of shares of our Class B common stock from such Selling Stockholder for no additional consideration, with each repurchase of Class A common stock and redemption of Partnership Interests at the same price per share of \$22.151 paid purchased by the underwriter, pursuant to the Selling Stockholders exercise in full of the April 2023 Secondary Offering for total consideration paid of \$332 million (collectively, option granted in connection with the "April 2023 Repurchase Transaction").

On June 12, 2023, a secondary public offering of 14,000,000 shares of Class A common stock on behalf of the Selling Stockholders was completed at a price to the public of \$28.215 per share (the "June 2023 Secondary Offering"). As part of the June 2023 Secondary Offering, 5,247,962 Partnership Interests were exchanged, together with the retirement of a corresponding number of shares of Class B common stock, for an equal number of shares of Class A common stock, which were a portion of the shares sold by the Selling Stockholders. These shares were sold along with an existing 8,752,038 shares of Class A common stock held by the Selling Stockholders.

Concurrently with the completion of the June 2023 Secondary Offering, (i) the Company repurchased from the Selling Stockholders an aggregate of 3,125,728 shares of our Class A common stock, with Holdings redeeming from the Company a corresponding number of Partnership Interests, and (ii) Holdings redeemed from one of the Selling Stockholders 1,874,272 Partnership Interests, with the Company repurchasing a corresponding number of shares of our Class B common stock from such Selling Stockholder for no additional consideration, with each repurchase of Class A common stock and redemption of Partnership Interests at the same price per share of \$28.215 paid by the underwriter to the Selling Stockholders in the June 2023 Secondary Offering for total consideration paid of \$141 million (collectively, the "June 2023 Repurchase Transaction"), offering.

On September 19, 2023, a secondary public offering of 18,000,000 shares of Class A common stock on behalf of the Selling Stockholders was completed at a price to the public of \$29.015 per share (the "September 2023 Secondary Offering" and, together with the April 2023 Secondary Offering and the June 2023 Secondary Offering, the "Secondary Offerings"). As part of the September 2023 Secondary Offering, 6,747,380 Partnership Interests were exchanged, together with the retirement of a corresponding number of shares of Class B common stock, for an equal number of shares of Class A common stock, which were a portion of the shares sold by the Selling Stockholders. These shares were sold along with an existing 11,252,620 shares of Class A common stock held by the Selling Stockholders.

Concurrently with the completion of the September 2023 Secondary Offering, (i) the Company repurchased from the Selling Stockholders an aggregate of 3,125,728 shares of our Class A common stock, with Holdings redeeming from the Company a corresponding number of Partnership Interests, and (ii) Holdings redeemed from one of the Selling Stockholders 1,874,272 Partnership Interests, with the Company repurchasing a corresponding number of shares of our Class B common stock from such Selling Stockholder for no additional consideration, with each repurchase of Class A common stock and redemption of Partnership Interests at the same price per share of \$29.015 paid by the underwriter to the Selling Stockholders in the September 2023 Secondary Offering for total consideration paid of \$145 million (collectively, the "September 2023 Repurchase Transaction" and, together with the April 2023 Repurchase Transaction and the June 2023 Repurchase Transaction, the "Repurchase Transactions").

The Company did not receive any of the proceeds from the Secondary Offerings. The Company paid the costs associated with the sale of shares by the Selling Stockholders in the Secondary Offerings, other than underwriting discounts and commissions.

Concurrently with the completion of the Secondary Offerings completed during fiscal 2023, (i) the Company repurchased from the Selling Stockholders shares of our Class A common stock, and Holdings redeemed from the Company a corresponding number of Partnership Interests, and (ii) Holdings redeemed from one of the Selling Stockholders Partnership Interests; with the Company repurchasing a corresponding number of shares of our Class B common stock from such Selling Stockholder for no additional consideration. Below is a summary of the repurchase transactions completed during fiscal 2023 (the "Repurchase Transactions").

Repurchase Transaction Date	Shares of Class A Common Stock Repurchased	Partnership Interests Redeemed	Total Repurchase Amount	Price Per Share/Partnership Interest	Total Consideration Paid (in millions)
January 25, 2024	3,125,728	1,874,272	5,000,000	\$40.985	\$205
January 10, 2024	3,125,728	1,874,272	5,000,000	\$38.120	\$191
December 11, 2023	3,125,728	1,874,272	5,000,000	\$35.540	\$178
November 9, 2023	3,125,728	1,874,272	5,000,000	\$30.440	\$152
September 19, 2023	3,125,728	1,874,272	5,000,000	\$29.015	\$145
June 12, 2023	3,125,728	1,874,272	5,000,000	\$28.215	\$141
April 14, 2023	9,377,183	5,622,817	15,000,000	\$22.151	\$332

Shareholder Ownership

The shareholder ownership as of October 29, 2023 April 28, 2024 includes the following:

- the shareholders of Core & Main, excluding the Continuing Limited Partners and Former Limited Partners (each as defined below) Core & Main Management Feeder, LLC ("Management Feeder"), collectively held 111,576,293 shares of Class A common stock;
- the Former Limited Partners collectively held 61,762,345 192,633,594 shares of Class A common stock;
- Core & Main, directly or indirectly through our wholly-owned subsidiary, held 173,340,005 192,634,317 Partnership Interests; and
- the Continuing Limited Partners collectively Management Feeder held 1,367 723 shares of Class A common stock, 47,889,727 8,813,532 Partnership Interests and 47,889,727 8,813,532 shares of Class B common stock.

The Former Limited Partners are defined as Following the completion of the Secondary Offerings and the Repurchase Transactions during fiscal 2023 investors affiliated with CD&R Fund X Advisor Waterworks B, L.P., CD&R Fund X Waterworks B1, L.P., CD&R Fund X-A Waterworks B, L.P. and the other Original Limited Partners (as defined below) that

transferred all or a portion of their Partnership Interests (including those held indirectly through the mergers of CD&R WW Advisor, LLC and CD&R WW Holdings, LLC (the "Blocker Companies")) for no longer own shares of Class A common stock in connection with the consummation of a series of reorganization transactions that the Company undertook on July 22, 2021 to implement an "UP-C" capital structure in connection the initial public offering (the "Reorganization Transactions") and the initial public offering of Class A common stock, which closed on July 27, 2021 (the "IPO"), and represent entities that transferred all of their Partnership Interests (including Partnership Interests held indirectly through certain "blocker" corporations) for shares of Class A common stock in connection with the Reorganization Transactions.

The Continuing Limited Partners are defined as CD&R Waterworks Holdings, LLC ("CD&R Waterworks Holdings") and Core & Main Management Feeder, LLC ("Management Feeder"), and represent the Original Limited Partners that continued to own Partnership Interests after the Reorganization Transactions and that are entitled to exchange their Partnership Interests, together with the retirement of a corresponding number of shares of Class B common stock for shares of Class A common stock.

The Original Limited Partners are defined as CD&R Waterworks Holdings, the Former Limited Partners and Management Feeder and represent the direct and indirect owners of Holdings prior to the Reorganization Transactions and the IPO.

Main.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements present the results of operations, financial position and cash flows of Core & Main and its subsidiaries, which includes the consolidated financial statements of Holdings and its consolidated subsidiary, Core & Main LP, as the legal entity that conducts the operations of the Company. Holdings is considered a variable interest entity. Core & Main is the primary beneficiary and general partner of Holdings and has decision making authority that significantly affects the economic performance of Holdings. As a result, Core & Main consolidates the consolidated financial statements of Holdings. All intercompany balances and transactions have been eliminated in consolidation. The Company records non-controlling interests related to Partnership Interests held by the Continuing Limited Partners Management Feeder in Holdings on its consolidated statements of operations and comprehensive income. The Partnership Interests held by the Continuing Limited Partners are reflected as non-controlling interests in Core & Main's consolidated Balance Sheets, Holdings.

In management's opinion, the unaudited condensed consolidated financial information for the interim periods presented include all normal recurring adjustments necessary for a fair statement of the Company's results of operations, financial position and cash flows, which include all disclosures required by accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim unaudited condensed consolidated financial statements may not be the same as those for the full year. The January 29, 2023 January 28, 2024 condensed consolidated Balance Sheet was derived from audited financial statements as of that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the fiscal year ended January 29, 2023 January 28, 2024 included in our 2022 2023 Annual Report on Form 10-K.

Fiscal Year

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to January 31st. Quarters within the fiscal year include 13-week periods, unless a fiscal year includes a 53rd week, in which case the fourth quarter of the fiscal year will be a 14-week period. Each of the three months ended October 29, 2023 April 28, 2024 and three months ended October 30, 2022 April 30, 2023 included 13 weeks and each of the nine months ended October 29, 2023 and nine months ended October 30, 2022 included 39 weeks. The current fiscal year ending January 28, 2024 February 2, 2025 ("fiscal 2023" 2024") will include 52 53 weeks.

Estimates

Management has made a number of estimates and assumptions relating to the reporting of certain assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses in preparing the elements of these financial statements in conformity with U.S. GAAP. Actual results could differ from these estimates.

Accounting Policies

The Company's significant accounting policies are discussed in Note 2 to the audited consolidated financial statements in our 2022 2023 Annual Report on Form 10-K. There have been no significant changes to these policies which have had a material impact on the Company's interim unaudited condensed consolidated financial statements and related notes during the three and nine months ended October 29, 2023 April 28, 2024.

2) RECENT ACCOUNTING PRONOUNCEMENTS

Reference Rate Reform Segment Reporting - In March 2020, November 2023, the Financial Accounting Standards Board ("FASB") issued ASU Accounting Standards Update ("ASU") No. 2020-04, "Reference Rate Reform 2023-07, "Segment Reporting (Topic 848) 280): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" Improvements to Reportable Segment Disclosures" ("ASU 2020-04" 2023-07"). The new guidance provides optional expedients expands reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 requires disclosure of (i) significant segment expenses that are regularly provided to the segment's chief operating decision maker ("CODM") and exceptions included within the segment measure of profit or loss, (ii) an amount and description of its composition for applying U.S. GAAP other segment items to contracts, hedging relationships reconcile to segment profit or loss, and other transactions affected by reference rate reform if certain criteria are met, (iii) the title and position of the Company's CODM. The amendments apply only ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to contracts determine its reportable segments. ASU 2023-07 is effective for annual periods beginning after December 15, 2023, and hedging relationships that reference interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the London Interbank Offered Rate ("LIBOR") or another reference rate segment disclosure impact of the amended guidance; however, ASU 2023-07 is not expected to be discontinued because have a material impact on its consolidated financial statements.

Income Tax Disclosures - In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). The new guidance requires, on an annual basis, disclosure of reference specific categories in the rate reform. The expedients reconciliation and exceptions provided disclosure of income taxes paid disaggregated by jurisdiction. ASU 2020-04 are 2023-09 is effective for prospective contract modifications made and qualifying hedging relationships entered into as of March 12, 2020 through December 31, 2024 annual periods beginning after December 15, 2024.

In February 2023, The Company is currently evaluating the Company amended the terms income tax disclosure impact of the Senior Term Loan Facility (as defined in Note 6) in order amended guidance; however, ASU 2023-09 is not expected to implement have a forward-looking rate based on the term secured overnight financing rate ("Term SOFR") in lieu of LIBOR. In addition, in February 2023, the Company amended the terms of the related interest rate swap to adjust the fixed interest rate and receive payments based upon the one-month Term SOFR rate, based on notional amounts associated with borrowings under the Senior Term Loan Facility. There were no changes to the principal balances or maturity dates of these debt instruments. The amendments to the Senior Term Loan Facility and related interest rate swap are related to the replacement of the reference rate, therefore these amendments are subject to the practical expedients in ASU 2020-04.

In July 2022, the Company amended the terms of the Senior ABL Credit Facility (as defined in Note 6) in order to, among other things, implement a forward-looking rate based on Term SOFR in lieu of LIBOR. The guidance of ASU 2020-04 did not have an material impact on the assessment of the Senior ABL Credit Facility amendment.

At the time of a qualifying future transaction that replaces LIBOR with a new interest rate index, the Company will consider the application of ASU 2020-04, its consolidated financial statements.

3) REVENUE

Disaggregation of Revenue

The following table represents net sales disaggregated by product category:

		Three Months Ended		Nine Months Ended			
		Three Months Ended		Three Months Ended		Three Months Ended	
		October 29, 2023		October 30, 2022			
Product Category	Product Category	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022	Product Category	Product Category
Pipes, valves & fittings products	Pipes, valves & fittings products	\$ 1,222	\$ 1,238	\$ 3,579	\$ 3,639		
Storm drainage products	Storm drainage products	290	282	783	757		
Fire protection products	Fire protection products	170	180	513	544		
Meter products	Meter products	145	118	387	337		
Total net sales	Total net sales	\$ 1,827	\$ 1,818	\$ 5,262	\$ 5,277		

4) ACQUISITIONS

The Company made various acquisitions during the nine three months ended October 29, 2023 April 28, 2024 (the "Fiscal 2023 2024 Acquisitions") and the nine three months ended October 30, 2022 April 30, 2023 (the "Fiscal 2022 2023 Acquisitions") with an aggregate transaction value of \$161 million \$585 million and \$110 million, \$72 million, subject to working capital adjustments, respectively. These transactions were funded with cash, cash and borrowings under the Senior Term Loan Credit Facility (as defined in Note 6 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q).

Fiscal 2024 Acquisitions

- On April 1, 2024, the Company acquired all of the outstanding shares of NW Geosynthetics Inc. ("ACF West"). ACF West has six locations and is a distributor of geosynthetic materials and provider of soil stabilization solutions.
- On March 7, 2024, the Company acquired all of the membership interests of DKC Group Holdings, LLC, and associated entities (collectively, "Dana Kepner"). Dana Kepner has twenty-one locations and is a distributor of water, wastewater, storm drainage, and geotextile products, along with specialty tools and accessories.
- On February 12, 2024, the Company acquired certain assets and assumed certain liabilities of Eastern Supply Inc. and a related entity (collectively, "Eastern Supply"). Eastern Supply has two locations and is a distributor of a broad range of storm drainage products, with custom fabrication capabilities.

Fiscal 2023 Acquisitions

- On July 12, 2023, the Company acquired all of the outstanding shares of J.W. D'Angelo Company, Inc. ("Dangelo"). Dangelo has three locations and is a full-service provider of fire protection and waterworks products.
- On July 10, 2023, the Company acquired certain assets and assumed certain liabilities of Foster Supply Inc. and R.P. Foster Inc. (collectively, "Foster Supply"). Foster Supply has seven locations and is a full-service provider of precast concrete structures, pipe, drainage materials and related geosynthetics products.
- On April 17, 2023, the Company acquired certain assets and assumed certain liabilities of Midwest Pipe Supply Inc. ("Midwest Pipe"). Midwest Pipe has one location and is a distributor of drainage and waterworks products.
- On April 10, 2023, the Company acquired certain assets and assumed certain liabilities of UPSCO Manufacturing & Distribution Company, UPSCO, Inc. and TMB Holdings, LLC (collectively, "UPSCO"). UPSCO is a provider of utility infrastructure products and services.
- On March 6, 2023, the Company acquired certain assets and assumed certain liabilities of Landscape & Construction Supplies LLC ("Landscape & Construction Supplies"). Landscape & Construction Supplies has two locations and is a provider of geosynthetics products.

Fiscal 2022 Acquisitions

- On October 10, 2022, the Company acquired certain assets and assumed certain liabilities of Distributors, Inc. ("Distributors"). Distributors has one location and distributes fire protection products.
- On October 3, 2022, the Company acquired certain assets and assumed certain liabilities of the municipal waterworks division of Trumbull Industries, Inc., and acquired certain assets and assumed certain liabilities of an affiliated entity, Trumbull Manufacturing, Inc. (collectively "Trumbull"). Trumbull has three locations and distributes a variety of infrastructure products to the waterworks industry.
- On August 8, 2022, the Company acquired certain assets and assumed certain liabilities of Inland Water Works Supply, Co. ("Inland"). Inland has one location and distributes waterworks products.
- On June 28, 2022, the Company acquired certain assets and assumed certain liabilities of Earthsavers Erosion Control, LLC ("Earthsavers"). Earthsavers has three locations and produces and distributes a variety of geosynthetic materials, including wattles, erosion control blankets and a broad array of geotextile products.
- On May 2, 2022, the Company acquired certain assets and assumed certain liabilities of Lock City Supply, Inc. ("Lock City"). Lock City has one location and distributes waterworks products.
- On March 21, 2022, the Company acquired certain assets and assumed certain liabilities of Dodson Engineered Products, Inc. ("Dodson"). Dodson has one location and distributes waterworks products.

The following table represents the preliminary allocation of the transaction price to the fair value of identifiable assets acquired and liabilities assumed in the Fiscal 2023 2024 Acquisitions and final allocation of the transaction price to the fair value of identifiable assets acquired and liabilities assumed in the Fiscal 2022 Acquisitions; 2023 Acquisitions. The allocations are preliminary for items including review of working capital balances and the completion of intangible asset valuations.

		Fiscal 2023 Acquisitions	Fiscal 2022 Acquisitions
Fiscal 2024 Acquisitions ⁽¹⁾			
Fiscal 2024 Acquisitions ⁽¹⁾			
Fiscal 2024 Acquisitions ⁽¹⁾			
			Fiscal 2023 Acquisitions
Cash	Cash	\$ 5	\$ —
Receivables	Receivables	28	19
Inventories	Inventories	38	36
Intangible assets	Intangible assets	76	40
Goodwill	Goodwill	17	20
Property, plant and equipment	Property, plant and equipment	24	7
Operating lease right- of-use assets	Operating lease right- of-use assets	7	5
Other assets, current and non-current	Other assets, current and non-current	4	4
Total assets acquired	Total assets acquired	199	131

Accounts payable	Accounts payable	9	9
Deferred income taxes	Deferred income taxes	8	—
Operating lease liabilities, current and non-current	Operating lease liabilities, current and non-current	7	5
Operating lease liabilities, current and non-current			
Operating lease liabilities, current and non-current			
Deferred consideration	Deferred consideration	10	2
Other liabilities, current and non-current	Other liabilities, current and non-current	6	1
Net assets acquired	Net assets acquired	\$ 159	\$ 114

(1) Amounts include the preliminary purchase price allocation of Dana Kepner net assets of \$264 million to goodwill, \$184 million to intangible assets, \$93 million to net working capital, \$29 million to cash and \$8 million to fixed assets. Additionally, includes a deferred income tax liability of \$41 million for the Dana Kepner acquisition.

The net outflow of cash in respect of the purchase of businesses is as follows:

		Fiscal 2023 Acquisitions	Fiscal 2022 Acquisitions
		Fiscal 2024 Acquisitions	
		Fiscal 2024 Acquisitions	
		Fiscal 2024 Acquisitions	
		Fiscal 2023 Acquisitions	
Net assets acquired	Net assets acquired	\$ 159	\$ 114
Less: Working capital adjustment	Less: Working capital adjustment	(3)	—
Less: Cash acquired in acquisition	Less: Cash acquired in acquisition	(5)	—
Total consideration, net of cash; investing cash outflow	Total consideration, net of cash; investing cash outflow	\$ 151	\$ 114
Total consideration, net of cash; investing cash outflow			
Total consideration, net of cash; investing cash outflow			

In the above transactions, to the extent applicable, the excess of purchase price over net tangible and intangible assets acquired resulted in goodwill, which represents the assembled workforce and anticipated long-term growth in new markets, customers and products. Goodwill of \$3 million \$191 million and \$20 million \$2 million associated with the Fiscal 2023 2024 Acquisitions and Fiscal 2022 2023 Acquisitions, respectively, are fully deductible by the Company for U.S. income tax purposes.

Intangible Assets

For the Fiscal 2023 2024 Acquisitions and Fiscal 2022 2023 Acquisitions discussed above, the Company valued the intangible assets acquired consist of customer relationships as intangible assets acquired, and trademarks.

The customer relationship intangible assets represent the value associated with those customer relationships in place at the date of each transaction included in the Fiscal 2023 2024 Acquisitions and Fiscal 2022 2023 Acquisitions. The Company valued the customer relationships using an excess earnings method using including various inputs such as customer attrition rate, revenue growth rate, gross margin percentage and discount rate. Cash flows associated with the existing relationships are expected to diminish over time due to customer turnover. The Company reflected this expected diminishing cash flow through the utilization of an annual customer attrition rate assumption and in its method of amortization.

The trademark intangible asset represents the value associated with the brand names in place at the date of the applicable closing.

A summary of the intangible asset acquired and assumptions utilized in the valuation for the Fiscal 2023 2024 Acquisitions and Fiscal 2022 2023 Acquisitions is as follows:

Intangible Asset Amount								Intangible Asset Amount								Weighted Average Amortization Period		Weighted Average Discount Rate		Weighted Average Attrition Rate	
Customer Relationships																					

	Three Months Ended	
	April 28, 2024	April 30, 2023
Net sales	\$ 1,770	\$ 1,648
Net income	102	128

As a result of integration of the Fiscal 2023 Acquisitions and Fiscal 2022 Acquisitions, including Dana Kepner acquisition with existing operations of the consolidation of certain acquired and existing branches, Company it is impracticable to identify the explicit discrete financial performance associated with the Fiscal 2023 Acquisitions and Fiscal 2022 Acquisitions. Dana Kepner acquisition. As such, the Company has not presented the post-acquisition net sales and net income for the Fiscal 2023 Acquisitions and Fiscal 2022 Acquisitions. Dana Kepner acquisition.

5) GOODWILL AND INTANGIBLE ASSETS

Goodwill

The carrying amount of the Company's goodwill included in its Balance Sheets is as follows:

		October 29, 2023	January 29, 2023
		April 28, 2024	April 28, 2024
		January 28, 2024	
Gross Goodwill	Gross Goodwill	\$ 1,552	\$ 1,535
Accumulated Impairment	Accumulated Impairment	—	—
Net Goodwill	Net Goodwill	\$ 1,552	\$ 1,535

The changes in the carrying amount of goodwill are as follows:

		Nine Three Months Ended	
		October 29, 2023	April 28, 2024
Beginning Balance		\$ 1,535	1,561
Goodwill acquired during the year			17 284
Ending balance		\$ 1,552	1,845

Goodwill acquired during the nine three months ended October 29, 2023 April 28, 2024 was related to the Fiscal 2023 2024 Acquisitions, as further described in Note 4.

Goodwill represents the excess of purchase price over the fair value of net assets acquired. The Company does not amortize goodwill, but does assess the recoverability of goodwill on an annual basis during the fourth quarter. If an event occurs or circumstances change that would "more likely than not" reduce the fair value of a reporting unit below its carrying value, an interim impairment test would be performed between annual tests.

Intangible Assets

The Company's intangible assets included in its Balance Sheets consist of the following:

		October 29, 2023			January 29, 2023		
		Gross Intangible	Accumulated Amortization	Net Intangible	Gross Intangible	Accumulated Amortization	Net Intangible
		April 28, 2024			April 28, 2024		
		Gross Intangible	Accumulated Amortization	Net Intangible	Gross Intangible	Accumulated Amortization	Net Intangible
Customer relationships	Customer relationships	\$ 1,466	\$ 687	\$ 779	\$ 1,390	\$ 597	\$ 793
Other intangible assets	Other intangible assets	7	4	3	5	3	2
Total	Total	\$ 1,473	\$ 691	\$ 782	\$ 1,395	\$ 600	\$ 795

Amortization expense related to intangible assets was as follows:

	Three Months Ended		Nine Months Ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Amortization expense	\$ 31	\$ 30	\$ 91	\$ 89

	Three Months Ended	
	April 28, 2024	April 30, 2023
	\$	\$
Amortization expense	35	29

The estimated aggregate amortization expense on intangible assets owned by the Company for the remainder of fiscal 2023 2024 and the next four full fiscal years is expected to be as follows:

Fiscal 2023	\$	31
Fiscal 2024	116	\$ 112
Fiscal 2025		108 140
Fiscal 2026		99 130
Fiscal 2027		92 121
Fiscal 2028		112

6) DEBT

Debt consisted of the following:

		October 29, 2023		January 29, 2023	
		Unamortized Discount and Debt Issuance		Unamortized Discount and Debt Issuance	
		Principal	Costs	Principal	Costs
		April 28, 2024		April 28, 2024	
		Principal		Principal	Unamortized Discount and Debt Issuance Costs
					Principal
					Unamortized Discount and Debt Issuance Costs
Current maturities of long-term debt:	Current maturities of long-term debt:				
Senior Term Loan due July 2028	Senior Term Loan due July 2028	\$ 15	\$ —	\$ 15	\$ —
Senior Term Loan due July 2028	Senior Term Loan due July 2028				
Senior Term Loan due February 2031	Senior Term Loan due February 2031				
		23		23	—
Long-term debt:	Long-term debt:				
Senior ABL Credit Facility due July 2026	Senior ABL Credit Facility due July 2026	—	—	—	—
Senior ABL Credit Facility due February 2029	Senior ABL Credit Facility due February 2029				
Senior ABL Credit Facility due February 2029	Senior ABL Credit Facility due February 2029				

Senior ABL Credit Facility due February 2029					
Senior Term Loan due July 2028	Senior Term Loan due July 2028	1,451	15	1,463	19
		1,451	15	1,463	19
Senior Term Loan due February 2031					
		2,426			
Total	Total	\$ 1,466	\$ 15	\$ 1,478	\$ 19

The Company's debt obligations as of **October 29, 2023** included **April 28, 2024** include the following debt agreements:

Senior Term Loan Credit Facility

On **February 26, 2023** July 27, 2021, Core & Main LP amended the terms entered into a Senior Term Loan Credit Facility under which it can incur tranches of the indebtedness. Concurrently, Core & Main LP entered into a \$1,500 million seven-year senior term loan, which matures on July 27, 2028 (as amended, the "Senior Term Loan Facility") in order to implement a forward-looking rate based on Term SOFR in lieu of LIBOR. The (the "2028 Senior Term Loan"). The 2028 Senior Term Loan Facility requires quarterly principal payments, payable on the last business day of each fiscal quarter in an amount equal to approximately 0.25% of the original principal amount of the 2028 Senior Term Loan Facility. The remaining balance is payable upon final maturity of the 2028 Senior Term Loan Facility on July 27, 2028. The 2028 Senior Term Loan Facility bears interest at a rate equal to (i) term secured overnight financing rate ("Term SOFR SOFR") plus, in each case, an effective applicable margin of 2.60% or (ii) the base rate, which will be the highest of (x) the corporate base rate established by the administrative agent as its prime rate in effect at its principal office in New York City from time to time, (y) the overnight federal funds rate plus 0.50% per annum and (z) one-month Term SOFR (adjusted for maximum reserves) plus 1.00% per annum, plus, in each case, an applicable margin of 1.50%. The 2028 Senior Term Loan Facility is subject to a Term SOFR "floor" of 0.00%. The weighted average interest rate, excluding the effect of the interest rate swap, of Core & Main LP's outstanding borrowings under the 2028 Senior Term Loan Facility as of **October 29, 2023** April 28, 2024 was 7.97%. See further discussion of the interest rate swap below. Based on quotes from financial institutions (i.e., level 2 of the fair value hierarchy), the fair value of the 2028 Senior Term Loan Facility was \$1,461 million as of **October 29, 2023** April 28, 2024.

On February 9, 2024, Core & Main LP entered into an additional \$750 million senior term loan, which matures on February 9, 2031 (the "2031 Senior Term Loan" and, together with the 2028 Senior Term Loan, the "Senior Term Loan Credit Facility"). The 2031 Senior Term Loan requires quarterly principal payments, payable on the last business day of each fiscal quarter in an amount equal to approximately 0.25% of the original principal amount of the 2031 Senior Term Loan. The remaining balance is payable upon final maturity of the 2031 Senior Term Loan on February 9, 2031. The 2031 Senior Term Loan bears interest at a rate equal to (i) Term SOFR plus, in each case, an applicable margin of 2.25% or (ii) an alternate base rate plus an applicable margin of 1.25%. The 2031 Senior Term Loan is subject to a Term SOFR "floor" of 0.00%. The weighted average interest rate, excluding the effect of the interest rate swap, of Core & Main LP's outstanding borrowings under the 2031 Senior Term Loan as of April 28, 2024 was 7.56%. See further discussion of the interest rate swap below. Based on quotes from financial institutions (i.e., level 2 of the fair value hierarchy), the fair value of the 2031 Senior Term Loan was \$749 million as of April 28, 2024.

Asset-Based Credit Facility

On February 9, 2024, Core & Main LP has amended the terms of the credit agreement governing its senior asset-based revolving credit facility with (as amended, the "Senior ABL Credit Facility") in order to, among other things, extend the maturity from July 27, 2026 to February 9, 2029 and amend the credit agreement governing the Senior ABL Credit Facility to the extent necessary or appropriate to reflect the extension of the amended maturity. The Senior ABL Credit Facility has a borrowing capacity of up to \$1,250 million, subject to borrowing base availability, with a maturity date of July 27, 2026 (the "Senior ABL Credit Facility"). Borrowings under the Senior ABL Credit Facility bear interest at either a Term SOFR rate plus an applicable margin ranging from 1.25% to 1.75%, or an alternate base rate plus an applicable margin ranging from 0.25% to 0.75%, depending on the borrowing capacity under the Senior ABL Credit Facility. Additionally, Core & Main LP pays a fee of 0.25% on unfunded commitments under the Senior ABL Credit Facility. There As of April 28, 2024 and January 28, 2024 there were no \$241 million and \$430 million amounts outstanding, respectively, under the Senior ABL Credit Facility with a weighted average interest rate of 6.62% as of **October 29, 2023** and **January 29, 2023** April 28, 2024.

The aforementioned debt agreements include customary affirmative and negative covenants, which include, among other things, restrictions on Core & Main LP's ability to make distributions, pay dividends, create liens, incur additional indebtedness, make investments, dispose of assets and merge or consolidate with any other person. The Senior Term Loan Credit Facility may require accelerated repayment based upon cash flows generated in excess of operating and investing requirements when the Consolidated Secured Leverage Ratio (as defined in the agreement governing the Senior Term Loan Credit Facility) is greater than or equal to 3.25. In addition, the Senior ABL Credit Facility requires Core & Main LP to comply with a consolidated fixed charge coverage ratio of greater than or equal to 1.00 when availability under the Senior ABL Credit Facility is less than 10.0% of the lesser of (i) the then applicable borrowing base or (ii) the then aggregate effective commitments. The Company was in compliance with all debt covenants as of **October 29, 2023** April 28, 2024.

Substantially all of Core & Main LP's assets are pledged as collateral for the Senior Term Loan Credit Facility and the Senior ABL Credit Facility.

The aggregate amount of debt payments for the remainder of fiscal **2023** 2024 and the next four full fiscal years are as follows:

Fiscal 2023	\$	4
Fiscal 2024	15 \$	17
Fiscal 2025		15 23
Fiscal 2026		15 23
Fiscal 2027		15 23
Fiscal 2028		1,410

Interest Rate Swaps

On February 26, 2023, Core & Main LP amended the terms of the entered into an instrument in which it makes payments to adjust the a third party based upon a fixed interest rate to of 0.693% and receive receives payments based upon the one-month Term SOFR rate, based on notional amounts associated with borrowings under the Senior Term Loan Facility rate. The interest rate swap has a notional amount of \$900 million as of October 29, 2023 April 28, 2024. The notional amount decreases to \$800 million on July 27, 2024 and \$700 million on July 27, 2025 through the instrument maturity on July 27, 2026. This instrument is intended to reduce the Company's exposure to variable interest rates under the Senior Term Loan Credit Facility. As of October 29, 2023 April 28, 2024, this instrument resulted in an effective fixed rate of 3.293%, based upon the 0.693% fixed rate plus an effective applicable margin of 2.60%.

On February 12, 2024, Core & Main LP entered into an additional instrument pursuant to which it will make payments to a third party based upon a fixed interest rate of 3.913% and receive payments based upon the one-month Term SOFR rate. The interest rate swap has a starting notional amount of \$750 million that increases to \$1,500 million on July 27, 2026 through the instrument maturity on July 27, 2028. The instrument is intended to reduce the Company's exposure to variable interest rates under the Senior Term Loan Credit Facility. As of April 28, 2024, this instrument resulted in an effective fixed rate of 6.163%, based upon the 3.913% fixed rate plus an effective applicable margin of 2.25%.

The aggregate fair value of this these cash flow interest rate swap swaps was an \$82 million a \$91 million and \$84 million \$67 million asset as of October 29, 2023 April 28, 2024 and January 29, 2023 January 28, 2024, respectively, which is included within other assets in the Balance Sheet.

Accumulated Other Comprehensive Income	Three Months Ended	
	April 28, 2024	April 30, 2023
Beginning of period balance	\$ 48	\$ 70
Measurement adjustment gain for interest rate swap	37	1
Reclassification of (income) to interest expense	(13)	(10)
Tax (expense) benefit on interest rate swap adjustments		
Measurement adjustment gain for interest rate swap	(9)	—
Reclassification of (income) to interest expense	3	1
End of period balance	\$ 66	\$ 62

The cash flows related to settlement of the interest rate swap swaps are classified in the consolidated statements of cash flows based on the nature of the underlying hedged items. Fair value is based upon the present value of future cash flows under the terms of the contract and observable market inputs (level 2). Significant inputs used in determining fair value include forward-looking one-month Term SOFR rates and the discount rate applied to projected cash flows.

Accumulated Other Comprehensive Income	Three Months Ended		Nine Months Ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Beginning of period balance	\$ 70	\$ 54	\$ 70	\$ 26
Measurement adjustment gain (loss) for interest rate swap	8	43	29	77
Reclassification of (income) to interest expense	(11)	(5)	(32)	(5)
Tax benefit (expense) on interest rate swap adjustments				
Measurement adjustment gain (loss) for interest rate swap	(1)	(7)	(5)	(13)
Reclassification of (income) to interest expense	—	1	4	1
End of period balance	\$ 66	\$ 86	\$ 66	\$ 86

As of October 29, 2023 April 28, 2024, the Company estimates \$41 million \$47 million of the cash flow interest rate swap gains will be reclassified from accumulated other comprehensive income into earnings over the next 12 months.

7) INCOME TAXES

For the three months ended October 29, 2023 April 28, 2024 and October 30, 2022, the Company's effective tax rate was 19.8% and 18.3%, respectively. For the nine months ended October 29, 2023 and October 30, 2022 April 30, 2023, the Company's effective tax rate was 19.5% 24.6% and 17.9% 18.9%, respectively. The variations variation between the Company's estimated effective tax rate and the U.S. and state statutory rates are for the three months ended April 30, 2023 is primarily due to the portion of the Company's earnings attributable to non-controlling interests following interests. The rate for the Reorganization Transactions.

Tax Receivable Agreements and Reorganization Transactions

In connection with the Reorganization Transactions and the IPO, Core & Main entered into three months ended April 28, 2024 increased due to a tax receivable agreement with the Former Limited Partners (the "Former Limited Partners Tax Receivable Agreement") and a tax receivable agreement with the Continuing Limited Partners (the "Continuing Limited Partners Tax Receivable Agreement") (collectively, the "Tax Receivable Agreements"). Core & Main expects to generate additional tax attributes, associated with future exchanges of Partnership Interests by Continuing Limited Partners, that will reduce amounts that it would otherwise pay substantial decrease in the future to various taxing

authorities. The Tax Receivable Agreements provide for non-controlling interest ownership that increased the payment to either the Former Limited Partners or Continuing Limited Partners, or their permitted transferees, of 85% of the tax benefits realized by the Company, or in some circumstances are deemed to realize.

The Company recorded payables to related parties pursuant to the Tax Receivable Agreements of \$310 million and \$185 million as of October 29, 2023 and January 29, 2023, respectively. In fiscal 2023, the Company had a financing cash outflow related to the payment of \$5 million under the Former Limited Partner Tax Receivable Agreements. Payments under the Tax Receivable Agreements within the next 12 months are expected to be \$11 million, which is included within other current liabilities in the Balance Sheet.

The actual amount and timing of any payments under the Tax Receivable Agreements will vary depending upon a number of factors, including the timing of exchanges by the holders of Partnership Interests, the amount of gain recognized by such holders of Partnership Interests, the amount and timing of the taxable income the Company generates in the future and the federal tax rates then applicable. Assuming (i) that the Continuing Limited Partners exchanged all of their Partnership Interests at \$29.43 per share of our Class A common stock (the closing stock price on October 27, 2023), (ii) no material changes in relevant tax law, (iii) a constant corporate tax rate of 25.1%, which represents a pro forma tax rate that includes a provision for U.S. federal income taxes and assumes the highest statutory rate apportioned to each state and local jurisdiction and (iv) that the Company earns sufficient taxable income in each year to realize on a current basis all tax benefits that are subject to the Continuing Limited Partners Tax Receivable Agreement, the Company would recognize a deferred tax asset (subject to offset with existing deferred tax liabilities) of approximately \$472 million and a Continuing Limited Partners Tax Receivable Agreement liability of approximately \$401 million, payable to the Continuing Limited Partners over the life of the Continuing Limited Partners Tax Receivable Agreement. The full exchange by the Continuing Limited Partners will also decrease Core & Main's aforementioned deferred tax asset associated with its investment in Holdings by \$127 million. The foregoing amounts are estimates and subject to change.

8) SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Receivables

Receivables consisted of the following:

	October 29, 2023	January 29, 2023
Trade receivables, net of allowance for credit losses	\$ 1,132	\$ 851
Supplier rebate receivables	83	104
Receivables, net of allowance for credit losses	<u>\$ 1,215</u>	<u>\$ 955</u>

Depreciation Expense

Depreciation expense is classified within cost of sales and depreciation and amortization within the Statement of Operations. Depreciation expense related to property, plant and equipment, including capitalized software, was as follows:

	Three Months Ended		Nine Months Ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Depreciation expense	\$ 7	\$ 6	\$ 20	\$ 17

Accrued Compensation and Benefits

Accrued compensation and benefits consisted of the following:

	October 29, 2023	January 29, 2023
Accrued bonuses and commissions	\$ 72	\$ 100
Other compensation and benefits	28	23
Accrued compensation and benefits	<u>\$ 100</u>	<u>\$ 123</u>

Leases

The table below presents cash and non-cash impacts associated with leases:

	Nine Months Ended	
	October 29, 2023	October 30, 2022
Operating cash flow payments for operating lease liabilities	\$ 40	\$ 37
Operating cash flow payments for non-lease components	18	13
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 43</u>	<u>\$ 44</u>

The non-cash impact related to right-of-use assets obtained in exchange for new operating lease liabilities in the table above excludes the impact from acquisitions.

9) NON-CONTROLLING INTERESTS

Core & Main is the general partner of Holdings and operates and controls all of the business and affairs of Holdings and, through Holdings and its subsidiaries, conducts the Company's business. Accordingly, Core & Main consolidates the consolidated financial statements of Holdings and attributes a portion allocation of net income and equity of Holdings to non-controlling interests related to the vested Partnership Interests held by the Continuing Limited Partners. Income or loss is attributed to the non-controlling interests based on the weighted average percentage of Partnership Interests held by Continuing Limited Partners, excluding unvested Partnership Interests held by Management Feeder, relative to all Partnership Interests of Holdings during the period following the Reorganization Transactions. Holdings equity is attributed to non-controlling interests based on the

Partnership Interests held by Continuing Limited Partners, excluding unvested Partnership Interests held by Management Feeder, relative to all Partnership Interests as of the balance sheet date. The non-controlling interests' ownership percentage may fluctuate over time as the Continuing Limited Partners exchange Partnership Interests, together with the retirement of a corresponding number of shares of Class B common stock, for shares of Class A common stock and Partnership Interests held by Management Feeder vest. The following table summarizes the ownership of Partnership Interests of Holdings (excluding unvested Partnership Interests held by Management Feeder): **taxable entities**.

	Partnership Interests			Ownership Percentage		
	Continuing Limited			Continuing Limited		
	Core & Main	Partners	Total	Core & Main	Partners	Total
Balances as of January 29, 2023	172,765,161	72,471,473	245,236,634	70.4 %	29.6 %	100.0 %
Retirement of Partnership Interests	(15,628,639)	(9,371,361)	(25,000,000)	0.9	(0.9)	—
Issuance of Partnership Interests	260,586	—	260,586	0.1	(0.1)	—
Exchange of Partnership Interests	15,942,897	(15,968,587)	(25,690)	7.2	(7.2)	—
Vesting of Partnership Interests	—	364,254	364,254	(0.1)	0.1	—
Balances as of October 29, 2023	173,340,005	47,495,779	220,835,784	78.5 %	21.5 %	100.0 %

10) BASIC AND DILUTED EARNINGS PER SHARE

The following table presents the calculation of basic and diluted earnings per share for the three and nine months ended October 29, 2023 and October 30, 2022.

Basic earnings per share is computed by dividing net income attributable to Core & Main for the period by the weighted average number of shares of Class A common stock outstanding during the same period. Shares of Class A common stock issued or redeemed during the period were weighted for the portion of the period in which the shares of Class A common stock were outstanding. The Company did not apply the two-class method because shares of Class B common stock do not participate in earnings or losses of Core & Main. As a result, the shares of Class B common stock are not considered participating securities and are not included in the weighted average shares outstanding for purposes of earnings per share. Net income allocated to holders of non-controlling interests was excluded from net income available to the Class A common stock. There were no preferred dividends and no shares of preferred stock outstanding for the period.

The diluted earnings per share calculation includes the basic weighted average number of shares of Class A common stock outstanding plus the dilutive impact of potential outstanding shares of Class A common stock that would be issued upon exchange of Partnership Interests, together with the retirement of a corresponding number of shares of Class B common stock, under the if-converted method, if dilutive. The treasury stock method is applied to outstanding awards, including unvested Partnership Interests and outstanding stock appreciation rights, restricted stock units and stock options.

	Three Months Ended		Nine Months Ended	
	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Basic earnings per share:				
Net income	\$ 158	\$ 178	\$ 455	\$ 497
Net income attributable to non-controlling interests	46	67	147	185
Net income available to Class A common stock	112	111	308	312
Weighted average shares outstanding	170,999,291	170,027,629	169,989,859	168,485,011
Net income per share	\$ 0.65	\$ 0.65	\$ 1.81	\$ 1.85
Diluted earnings per share:				
Net income available to common shareholders - basic	\$ 112	\$ 111	\$ 308	\$ 312
Increase to net income attributable to dilutive instruments	34	49	110	137
Net income available to common shareholders - diluted	146	160	418	449
Weighted average shares outstanding - basic	170,999,291	170,027,629	169,989,859	168,485,011
Incremental shares of common stock attributable to dilutive instruments	53,687,122	76,234,595	62,495,881	77,713,811
Weighted average shares outstanding - diluted	224,686,413	246,262,224	232,485,740	246,198,822
Net income per share - diluted	\$ 0.65	\$ 0.65	\$ 1.80	\$ 1.82

11) RELATED PARTIES

CD&R affiliates

During each of the three and nine months ended October 29, 2023, the Company had less than \$1 million and \$2 million of purchases of product, respectively, from affiliates of Clayton, Dubilier & Rice, LLC ("CD&R"), including other companies invested in by funds affiliated with or managed by CD&R (the "CD&R Funds"). During the three and nine months ended October 30, 2022, the Company had less than \$1 million and \$1 million in purchases of product, respectively, from affiliates of CD&R, including other companies invested in by funds affiliated with the CD&R Funds. There were no amounts payable to affiliates of CD&R at October 29, 2023 and January 29, 2023. There were \$1 million and \$8 million in sales to affiliates of CD&R for the three and nine months ended October 29, 2023, respectively. There was less than \$1 million and \$2 million in sales to affiliates of CD&R for the three and nine months October 30, 2022, respectively. The Company had \$1 million and \$2 million amounts receivable from affiliates of CD&R at October 29, 2023 and January 29, 2023, respectively.

Tax Receivable Agreements

In connection The Company is party to a tax receivable agreement with certain stockholders affiliated with CD&R that transferred all of their Partnership Interests at the Reorganization Transactions. Core & Main entered into time of the Former initial public offering (the "Former Limited Partners Tax Receivable Agreement Agreement") and a tax

receivable agreement with certain stockholders affiliated with CD&R and Management Feeder that continued to own Partnership Interests beyond the Former time of the initial public offering (the "Continuing Limited Partners Tax Receivable Agreement") (collectively, the "Tax Receivable Agreements"). The Company has generated tax attributes, and expects to generate additional tax attributes with future exchanges of Partnership Interests, that will reduce amounts that it would otherwise pay in the future to various tax authorities. The Tax Receivable Agreements provide payments to the parties subject to the Tax Receivable Agreements, or their permitted transferees, of 85% of the tax benefits realized by the Company, or in some circumstances are deemed to be realized.

The Company recorded payables to related parties pursuant to the Tax Receivable Agreements of \$716 million and \$717 million as of April 28, 2024 and January 28, 2024, respectively. Payments under the Tax Receivable Agreements within the next 12 months are expected to be \$19 million, which is included within other current liabilities in the Balance Sheet.

The actual amount and timing of any payments under the Tax Receivable Agreements will vary depending upon a number of factors, including the timing of exchanges by the holders of Partnership Interests, the amount of gain recognized by such holders of Partnership Interests, the amount and timing of the taxable income the Company generates in the future and the federal tax rates then applicable. Assuming (i) that Management Feeder exchanged all of its remaining Partnership Interests at \$57.32 per share of our Class A common stock (the closing stock price on April 26, 2024), (ii) no material changes in relevant tax law, (iii) a constant corporate tax rate of 25.1%, which represents a pro forma tax rate that includes a provision for U.S. federal income taxes and assumes the highest statutory rate apportioned to each state and local jurisdiction and (iv) that the Company earns sufficient taxable income in each year to realize on a current basis all tax benefits, the Company would recognize an additional deferred tax asset (subject to offset with existing deferred tax liabilities) of approximately \$147 million and a liability of approximately \$125 million, payable over the life of the Continuing Limited Partners Tax Receivable Agreement. The full exchange will also decrease Core & Main's aforementioned deferred tax asset associated with the Continuing Limited Partners. See further discussion its investment in Note 7. Holdings by \$6 million. The foregoing amounts are estimates and subject to change.

Exchange Agreement 8) SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

In connection Receivables

Receivables consisted of the following:

	April 28, 2024	January 28, 2024
Trade receivables, net of allowance for credit losses	\$ 1,125	\$ 888
Supplier rebate receivables	75	85
Receivables, net of allowance for credit losses	<u>\$ 1,200</u>	<u>\$ 973</u>

Accrued Compensation and Benefits

Accrued compensation and benefits consisted of the following:

	April 28, 2024	January 28, 2024
Accrued bonuses and commissions	\$ 40	\$ 82
Other compensation and benefits	28	24
Accrued compensation and benefits	<u>\$ 68</u>	<u>\$ 106</u>

Leases

The table below presents cash and non-cash impacts associated with leases:

	Three Months Ended	
	April 28, 2024	April 30, 2023
Operating cash flow payments for operating lease liabilities	\$ 15	\$ 13
Operating cash flow payments for non-lease components	8	6
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 18</u>	<u>\$ 16</u>

The non-cash impact related to right-of-use assets obtained in exchange for new operating lease liabilities in the Reorganization Transactions, table above excludes the impact from acquisitions.

Depreciation Expense

Depreciation expense is classified within cost of sales and depreciation and amortization within the Statement of Operations. Depreciation expense related to property, plant and equipment, including capitalized software, was as follows:

	Three Months Ended	
	April 28, 2024	April 30, 2023
Depreciation expense	<u>\$ 8</u>	<u>\$ 6</u>

9) NON-CONTROLLING INTERESTS

Core & Main entered into is the Exchange Agreement, dated as general partner of July 22, 2021 (as amended, Holdings and operates and controls all of the "Exchange Agreement"), by business and among affairs of Holdings and, through Holdings and its subsidiaries, conducts the Company's business. Accordingly, Core & Main consolidates the

consolidated financial statements of Holdings LP and Core & Main attributes a portion of net income and equity of Holdings to non-controlling interests related to the vested Partnership Interests not held by the Company. Income or loss is attributed to the non-controlling interests based on the weighted average percentage of Partnership Interests held by Management Feeder, LLC. Pursuant excluding unvested Partnership Interests held, relative to all Partnership Interests of Holdings during the Exchange Agreement, period. Holdings equity is attributed to non-controlling interests based on the Continuing Limited Partners (or their permitted transferees) will have Partnership Interests not held by the right, subject Company, excluding unvested Partnership Interests, relative to the terms all Partnership Interests as of the Exchange Agreement, to exchange their balance sheet date. The non-controlling interests' ownership percentage may fluctuate over time as Partnership Interests are exchanged, together with the retirement of a corresponding number of shares of Class B common stock, for shares of Class A common stock generally on a one-for-one basis or for cash in limited circumstances as specified in and Partnership Interests held by Management Feeder vest. The following table summarizes the Exchange Agreement. Holders ownership of Partnership Interests will not have the right to exchange of Holdings (excluding unvested Partnership Interests if Core & Main determines that such exchange would be prohibited held by law or regulation or would violate other agreements with Core & Main or its subsidiaries to which the holder of Partnership Interests may be subject. Core & Main may also refuse to honor any request to effect an exchange if it determines such exchange would pose a material risk that Holdings would be treated as a "publicly traded partnership" for U.S. federal income tax purposes. Notwithstanding the foregoing, the Continuing Limited Partners are generally permitted to exchange Partnership Interests, subject to the terms of the Exchange Agreement. Management Feeder);

	Partnership Interests			Ownership Percentage		
	Core & Main	Management Feeder	Total	Core & Main	Management Feeder	Total
Balances as of January 28, 2024	191,663,608	9,243,276	200,906,884	95.4 %	4.6 %	100.0 %
Issuance of Partnership Interests	158,097	—	158,097	—	—	—
Exchange of Partnership Interests	812,612	(816,654)	(4,042)	0.4	(0.4)	—
Vesting of Partnership Interests	—	123,294	123,294	—	—	—
Balances as of April 28, 2024	192,634,317	8,549,916	201,184,233	95.8 %	4.2 %	100.0 %

10) BASIC AND DILUTED EARNINGS PER SHARE

The Exchange Agreement also provides that, in connection with any such exchange, to following table presents the extent that Holdings has, since consummation calculation of basic and diluted earnings per share for the Reorganization Transactions three months ended April 28, 2024 and the IPO, made distributions to the applicable Continuing Limited Partner that are proportionately lesser or greater than the distributions made April 30, 2023.

Basic earnings per share is computed by dividing net income attributable to Core & Main on a pro rata basis, for the period by the weighted average number of shares of Class A common stock to be outstanding during the same period. Shares of Class A common stock issued or cash to be paid to such Continuing Limited Partner will be adjusted to take into account redeemed during the amount period were weighted for the portion of such discrepancy that is allocable to the Partnership Interests, and period in which the shares of Class A common stock were outstanding. The Company did not apply the two-class method because shares of Class B common stock subject to such exchange. As do not participate in earnings or losses of October 29, 2023, the Company had shareholder receivables of \$8 million recorded within additional paid in capital related to distributions in excess of shareholders' pro rata share. Core & Main expects Main. As a result, the shares of Class B common stock are not considered participating securities and are not included in the weighted average shares outstanding for purposes of earnings per share. Net income allocated to cause Holdings holders of non-controlling interests was excluded from net income available to make distributions to its partners in such a manner as generally to limit increases to the Class A common stock. There were no preferred dividends and no shares of preferred stock outstanding for the period.

The diluted earnings per share calculation includes the basic weighted average number of shares of Class A common stock to outstanding plus the dilutive impact of potential outstanding shares of Class A common stock that would be issued or cash to be paid to exchanging Continuing Limited Partners in connection upon exchange of Partnership Interests, together with the adjustment described retirement of a corresponding number of shares of Class B common stock, under the if-converted method, if dilutive. The treasury stock method is applied to outstanding awards, including unvested Partnership Interests and outstanding stock appreciation rights, restricted stock units and stock options.

	Three Months Ended	
	April 28, 2024	April 30, 2023
Basic earnings per share:		
Net income	\$ 101	\$ 133
Net income attributable to non-controlling interests	6	47
Net income available to Class A common stock	95	86
Weighted average shares outstanding	192,194,061	171,597,317
Net income per share	\$ 0.49	\$ 0.50
Diluted earnings per share:		
Net income available to common shareholders - basic	\$ 95	\$ 86
Increase to net income attributable to dilutive instruments	5	35
Net income available to common shareholders - diluted	100	121
Weighted average shares outstanding - basic	192,194,061	171,597,317
Incremental shares of common stock attributable to dilutive instruments	10,421,763	72,119,447
Weighted average shares outstanding - diluted	202,615,824	243,716,764
Net income per share - diluted	\$ 0.49	\$ 0.50

11) RELATED PARTIES

The Company has entered into the Tax Receivable Agreements and the Exchange Agreement, dated as of July 22, 2021 (as amended, the "Exchange Agreement") with related parties, that are discussed in Note 14 to the preceding sentence, audited consolidated financial statements in our 2023 Annual Report on Form 10-K. There have been no significant

changes to these related party agreements.

12) SUBSEQUENT EVENTS

Management has evaluated events or transactions that may have occurred that would merit recognition or disclosure in the condensed consolidated financial statements.

Secondary Offering and Repurchase Transaction

On November 9, 2023 May 21, 2024, a secondary public offering of 19,000,000 shares of Class A common stock on behalf of Core & Main LP amended the Selling Stockholders was completed at a price to the public of \$30.440 per share (the "November 2023 Secondary Offering"). As part terms of the November 2023 Secondary Offering, 2028 Senior Term Loan in order to reduce the underwriters were granted an option effective applicable margin on a Term SOFR borrowing under the 2028 Senior Term Loan from 2.60% to purchase an additional 2,850,000 shares of Class A common stock (the "November Underwriter Option Exercise") 2.00%. As part The 2028 Senior Term Loan principal balance did not change, still matures on July 27, 2028, requires quarterly principal payments equal to approximately 0.25% of the November 2023 Secondary Offering, 7,122,234 limited partner interests original principal amount, and remains subject to a Term SOFR "floor" of Holdings ("Partnership Interests") were exchanged, together with the retirement of a corresponding number of shares of Class B common stock, for an equal number of shares of Class A common stock, which were a portion of the shares sold by the Selling Stockholders. These shares were sold along with an existing 11,877,766 shares of Class A common stock held by the Selling Stockholders. On November 15, 2023 the underwriters exercised their option and purchased an additional 2,850,000 shares of Class A common stock from the Selling Stockholders.

Concurrently with the completion of the November 2023 Secondary Offering, (i) the Company repurchased from the Selling Stockholders an aggregate of 3,125,728 shares of our Class A common stock, with Holdings redeeming from the Company a corresponding number of Partnership Interests, and (ii) Holdings redeemed from one of the Selling Stockholders 1,874,272 Partnership Interests, with the Company repurchasing a corresponding number of shares of our Class B common stock from such Selling Stockholder for no additional consideration, with each repurchase of Class A common stock and redemption of Partnership Interests at the same price per share of \$30.440 paid by the underwriter to the Selling Stockholders in the November 2023 Secondary Offering for total consideration paid of \$152 million (collectively, the "November 2023 Repurchase Transaction") 0.00%.

The Company did not receive any of the proceeds from the November 2023 Secondary Offering or November Underwriter Option Exercise. The Company paid the costs associated with the sale of shares by the Selling Stockholders in the November 2023 Secondary Offering and November Underwriter Option Exercise, other than underwriting discounts and commissions.

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

The following information should be read in conjunction with the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto of Core & Main, Inc. for the fiscal year ended January 29, 2023 January 28, 2024 included in our 2022 2023 Annual Report on Form 10-K. The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed below and elsewhere in this Quarterly Report on Form 10-Q for a number of important factors, particularly those described under the caption "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in Part I, Item 1A of the 2022 2023 Annual Report on Form 10-K.

Overview

Core & Main is a leader in advancing reliable infrastructure with local service, nationwide. As a leading specialized distributor with a focus on water, wastewater, storm drainage and fire protection products, and related services, we provide solutions to municipalities, private water companies and professional contractors across municipal, non-residential and residential end markets, nationwide. Our specialty products and services are used primarily in the maintenance, repair, replacement and new construction of water, wastewater, storm drainage and fire protection infrastructure. We reach customers through a nationwide network of approximately 320 350 branches across 48 49 states. Our products include pipes, valves, fittings, storm drainage products, fire protection products, meter products and other products for use in the construction, maintenance and repair of water and wastewater systems as well as fire protection systems, products. We complement our core products through additional offerings, including smart meter systems, fusible high-density polyethylene ("fusible HDPE") piping solutions, specifically engineered treatment plant products, geosynthetics and erosion control products. Our services and capabilities allow for integration with customers and form part of their sourcing and procurement function.

Basis of Presentation

The Company is a holding company and its primary material asset is assets are its direct and indirect ownership interest in Core & Main Holdings, LP, a Delaware limited partnership ("Holdings"). and deferred tax assets associated with this ownership. Holdings has no operations and no material assets of its own other than its indirect ownership interest in Core & Main LP, a Florida limited partnership, the legal entity that conducts the operations of Core & Main. Because Core & Main is the general partner of Holdings, it operates and controls all of the business and affairs of Holdings and, through Holdings and its subsidiaries, conducts our business. Accordingly, the The condensed consolidated financial information of Core & Main, presented herein, including the accompanying unaudited condensed consolidated financial statements included in within this Quarterly Report on Form 10-Q, includes the consolidated financial information of Holdings and its subsidiaries. The limited partner interests of Holdings ("Partnership Interests") not held by the Continuing Limited Partners Core & Main are reflected as non-controlling interests in Core & Main's the condensed consolidated financial statements.

Fiscal Year

The Company's fiscal year is a 52- or 53-week period ending on the Sunday nearest to January 31st. Quarters within the fiscal year include 13-week periods, unless a fiscal year includes a 53rd week, in which case the fourth quarter of the fiscal year will be a 14-week period. Each of the three months ended October 29, 2023 April 28, 2024 and three months ended October 30, 2022 April 30, 2023 included 13 weeks and each of the nine months ended October 29, 2023 and nine months ended October 30, 2022 included 39 weeks. The current fiscal year ending January 28, 2024 February 2, 2025 ("fiscal 2023" 2024") will include 52 53 weeks.

Significant Events During Fiscal 2023 the Three Months Ended April 28, 2024

Secondary Offerings and Repurchase Transactions

During fiscal 2023 On February 9, 2024, secondary public offerings of Class A common stock were completed by certain selling stockholders affiliated with Clayton, Dubilier Core & Rice, LLC (the "Selling Stockholders"). As part Main LP amended the secondary public offerings the Selling Stockholders sold existing shares of Class A common stock along with exchanged Partnership Interests, together with the retirement of a corresponding number of shares of Class B common stock, for an equal number of shares of Class A common

stock. Below is a summary of the secondary public offerings completed during and subsequent to the nine months ended October 29, 2023 (the "Fiscal 2023 Secondary Offerings").

Secondary Offering Date	Existing Shares of Class A	Partnership Interests	Total Shares of Class A	
	Common Stock	Exchanged	Common Stock	Price Per Share
November 9, 2023 ⁽¹⁾	13,659,431	8,190,569	21,850,000	\$30.440
September 19, 2023	11,252,620	6,747,380	18,000,000	\$29.015
June 12, 2023	8,752,038	5,247,962	14,000,000	\$28.215
April 14, 2023	3,125,728	1,874,272	5,000,000	\$22.151

(1) Inclusive of full exercise of the underwriters' option.

Concurrently with the completion of the Fiscal 2023 Secondary Offerings, (i) the Company repurchased from the Selling Stockholders shares of our Class A common stock, with Holdings redeeming from the Company a corresponding number of Partnership Interests, and (ii) Holdings redeemed from one of the Selling Stockholders Partnership Interests, with the Company repurchasing a corresponding number of shares of our Class B common stock from such Selling Stockholder for no additional consideration. Below is a summary of the repurchase transactions completed during and subsequent to the nine months ended October 29, 2023 (the "Fiscal 2023 Repurchase Transactions").

Repurchase Transaction Date	Shares of Class A Common		Total Shares	Price Per Share	Total Consideration Paid (in millions)
	Stock	Partnership Interests	Repurchased		
November 9, 2023	3,125,728	1,874,272	5,000,000	\$30.440	\$152
September 19, 2023	3,125,728	1,874,272	5,000,000	\$29.015	\$145
June 12, 2023	3,125,728	1,874,272	5,000,000	\$28.215	\$141
April 14, 2023	9,377,183	5,622,817	15,000,000	\$22.151	\$332

The Company did not receive any of the proceeds from the Fiscal 2023 Secondary Offerings. The Company paid the costs associated with the sale of shares by the Selling Stockholders Senior ABL Credit Facility (as defined in the Fiscal 2023 Secondary Offerings, other than underwriting discounts and commissions).

For a further description of the Fiscal 2023 Secondary Offerings and the Fiscal 2023 Repurchase Transactions, refer to Note 1 and Note 12.6 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q (10-Q) in order to extend the maturity from July 27, 2026 to February 9, 2029.

On February 9, 2024, Core & Main LP entered into a \$750 million senior term loan, which matures on February 9, 2031 (the "2031 Senior Term Loan"). Proceeds of the 2031 Senior Term Loan were used or may be used in the future to, among other things, (a) repay total outstanding borrowings under the Senior ABL Credit Facility, (b) invest in organic growth and productivity initiatives, mergers and acquisitions, share repurchases or other initiatives aligned with Core & Main's capital allocation strategy and (c) pay related fees, premiums and expenses.

On February 12, 2024, Core & Main LP entered into an interest rate swap that has a starting notional amount of \$750 million that increases to \$1,500 million on July 27, 2026 through the instrument maturity on July 27, 2028. The instrument is intended to reduce the Company's exposure to variable interest rates under the senior term loan facilities.

Refer to Note 6 to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further discussion of the amendment to the Senior ABL Credit Facility, the 2031 Senior Term Loan and the interest rate swap.

Key Factors Affecting Our Business

End-Markets and General Economic Conditions

Historically, demand for our products has been closely tied to municipal infrastructure spending, non-residential construction and residential construction in the U.S. We estimate that, based on net sales for the fiscal year ended January 29, 2023 (January 28, 2024 ("fiscal 2022" 2023)), our exposure by end market was approximately 39% 42% municipal, 39% 38% non-residential and 22% 20% residential. Infrastructure spending and the non-residential and residential construction markets are subject to cyclical market pressures. Municipal demand has been relatively steady over the long term due to the consistent and immediate need to replace broken infrastructure; however, activity levels are subject to the availability of funding for municipal projects. Non-residential and residential construction activities are primarily driven by availability of credit, interest rates, general economic conditions, consumer confidence and other factors that are beyond our control. The length and magnitude of these cycles have varied over time and by market. Cyclicity can also have an impact on the products we procure for our customers or our related services, as further discussed under "—Price Fluctuations" below. Interest rate increases in the fiscal 2022 year ended January 29, 2023 ("fiscal 2022") and continuing into fiscal 2023 slowed home buying and new lot development, which was a contributing factor to a decline in the residential end market compared with the prior year. Future changes in interest rates or deviations from expectations of declining rates may contribute to an increase or further decline in residential and non-residential end market volume, respectively.

In November 2021, the IJA Infrastructure Investment and Jobs Act ("IIJA") was signed into law, which includes \$55 billion to invest in water infrastructure across the United States. U.S. In the coming years, including as a result of the IIJA, we expect increased federal infrastructure investment to have a core focus on the upgrade, repair and replacement of municipal waterworks systems and to address demographic shifts and serve the growing population. We believe these dynamics, coupled with expanding municipal budgets, create the backdrop for a favorable funding environment and accelerated investment in projects that will benefit our business.

Seasonality

Our operating results within a fiscal year are typically impacted by seasonality. Although weather patterns affect our operating results throughout the year, colder weather and shorter daylight hours historically have reduced construction, maintenance and repair activity. As a result, net sales are typically lower in our first and fourth fiscal quarters, especially in northern geographic regions. Abnormal levels of precipitation may negatively impact our operating results as it may result in the delay of construction projects. Our operating results may also be adversely affected by hurricanes, which typically occur during our third fiscal quarter. Our cash flows from operating activities are typically lower during the first and second fiscal quarters due to investment in working capital and annual incentive compensation payments and are typically higher during the third and fourth fiscal quarters due to cash inflows associated with receivable collections and reduced inventory purchases.

Price Fluctuations

Our financial performance is impacted by price fluctuations in the cost to procure substantially all the products we sell and our ability to reflect these changes, in a timely manner, in our customer pricing.

The ~~cost costs~~ to procure the products we sell are historically volatile and subject to fluctuations arising from changes in supply and demand, national and international economic conditions, labor ~~and material~~ costs, competition, market speculation, government regulation, weather events, trade policies and periodic delays in the delivery of our products. If we are able to pass through price increases to our customers, our net sales will increase; conversely, during periods of deflation, our customer pricing may decrease to remain competitive, resulting in decreased net sales. During fiscal 2022 ~~and the fiscal year ended January 29, 2022 ("fiscal 2021")~~, we experienced ~~supply chain disruption that contributed to~~ significant price inflation and product surcharges with respect to certain ~~of our~~ products we ~~sell and supply chain disruption~~. ~~Sell~~. The supply chain disruption was due to several factors, including, but not limited to, unpredictable lead times and delays from our suppliers, labor availability, global logistics and the availability of raw ~~materials, in part due to the impact of COVID-19 on the global economy and the conflict in Ukraine that limited product availability and further exacerbated the effects of inflation. To date in materials. In~~ fiscal 2023, we ~~have seen saw~~ improvements in the supply chain and more predictable lead times for certain products, but ~~there are for~~ other products ~~where~~ the supply chain ~~remains remained~~ constrained. This ~~has~~ led to price stability in fiscal 2023 compared to the price inflation we experienced during fiscal ~~2022. Depending on the ultimate scope 2022 and duration of fiscal 2021. Additional~~ supply chain disruptions ~~we may experience result in~~ increases in product costs which we may not be able to pass on to our customers, loss of sales due to lack of product availability or potential customer claims from the inability to provide products in accordance with contractual terms. Greater product availability from supply chain improvements may lead to increased competition ~~along with that may result in~~ price and volume declines. ~~For fiscal 2023, we expect recent year-over-year growth rates to moderate as we anniversary the effects of inflation in fiscal 2022. As we have experienced significant inflation over a relatively short period, there is increased risk that we may experience lower levels of inflation, deflation or substantially lower net sales growth than in recent periods, particularly as a result of greater product availability for certain suppliers and product lines. We continue to proactively monitor the situation and our supply chain and assess further possible implications to our business. the resulting price impacts.~~

We are also exposed to fluctuations in costs for petroleum as we distribute a substantial portion of our products by truck. ~~Petroleum prices have fluctuated as a result of the conflict in Ukraine and other factors.~~ In addition, we are exposed to fluctuations in prices for imported products due to logistical challenges and changes in labor, fuel, ~~shipping~~ container and other importation-related costs. We may also face price fluctuations on other products due to constrained labor availability and manufacturing capacity of our suppliers. Our ability to reflect these changes, in a timely manner, in our customer pricing may impact our financial performance.

Interest Rates

Certain of our indebtedness, including borrowings under the Senior Term Loan ~~Facility and the Senior ABL Credit Facility (each as~~ (as defined in Note 6 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q), ~~and the Senior ABL Credit Facility~~ are subject to variable rates of interest and expose us to interest rate risk. The Senior Term Loan ~~Credit~~ Facility and the Senior ABL Credit Facility each bear interest based on ~~term secured overnight financing rate ("Term SOFR. SOFR")~~. If interest rates ~~further~~ increase, our debt service obligations on our variable-rate indebtedness will ~~further~~ increase and our net income would decrease, even though the amount borrowed under the facilities remains the same. As of ~~October 29, 2023~~ April 28, 2024, we had ~~\$1,466 million \$2,449 million~~ of outstanding variable-rate debt. We seek to mitigate our exposure to interest rate volatility through the entry into interest rate swap instruments, such as our ~~current~~ interest rate swap, associated with borrowings under the Senior Term Loan ~~Credit~~ Facility, which effectively converts ~~\$900 million \$900 million~~ of our variable rate debt to fixed rate debt, ~~which with~~ notional amount decreases to \$800 million on July 27, 2024, and \$700 million on July 27, 2025 through the instrument maturity on July 27, 2026. ~~On February 12, 2024, Core & Main LP entered into an additional interest rate swap, associated with borrowings under the Senior Term Loan Credit Facility, that has a starting notional amount of \$750 million that increases to \$1,500 million on July 27, 2026 through the instrument maturity on July 27, 2028, which effectively converts our variable rate debt to fixed rate debt.~~ Despite these efforts, unfavorable movement in interest rates may further result in higher interest expense and cash payments.

Acquisitions

In addition to our organic growth strategy, we opportunistically pursue strategic asset and business acquisitions to grow our business. Below is a summary of the acquisitions that closed during the ~~nine three~~ months ended ~~October 29, 2023~~ April 28, 2024 (the "Fiscal ~~2023 2024~~ Acquisitions") and the ~~nine three~~ months ended ~~October 30, 2022~~ April 30, 2023 (the "Fiscal ~~2022 2023~~ Acquisitions") with an aggregate transaction value of ~~\$161 million \$585 million and \$110 million, \$72 million~~, subject to working capital adjustments,

respectively.

Name	Product Lines	Closing Date
J.W. D'Angelo Co.Fiscal 2024		
NW Geosynthetics Inc. ("Dangelo" ACF West")	Pipes, Valves & Fittings; Fire Protection; Storm Drainage	July 2023 April 2024
Foster DKC Group Holdings, LLC ("Dana Kepner")	Pipes, Valves & Fittings; Storm Drainage; Meter products	March 2024
Eastern Supply Inc. ("Foster Eastern Supply")	Storm Drainage	February 2024
Fiscal 2023		
Midwest Pipe Supply Inc. ("Midwest Pipe")	Pipes, Valves & Fittings; Storm Drainage	July 2023
	Pipes,	
	Valves &	
	Fittings;	
Midwest Pipe Supply Inc. ("Midwest Pipe")	Storm	April
	Drainage	2023
UPSCO, Inc. ("UPSCO")	Pipes, Valves & Fittings; Meter products	April 2023
Landscape & Construction Supplies LLC ("Landscape & Construction Supplies" LCS")		
	Storm Drainage	March 2023
Distributors, Inc. ("Distributors")	Fire	October
	Protection	2022
Trumbull Industries, Inc. ("Trumbull")	Pipes,	
	Valves &	October
	Fittings	2022
Inland Water Works Supply Co. ("Inland")	Pipes,	
	Valves &	
	Fittings;	
	Storm	August
Earthsavers Erosion Control, LLC ("Earthsavers")	Drainage	2022
	Storm	June
Lock City Supply, Inc. ("Lock City")	Drainage;	2022
	Meter	
	products	May
	Pipes,	
Dodson Engineered Products, Inc. ("Dodson")	Valves &	
	Fittings;	
	Storm	
	Drainage;	
	Meter	March
	products	2022

As we integrate these and other acquisitions into our existing operations, we may not be able to identify the specific financial statement impacts associated with these acquisitions. There can be no assurance that the anticipated benefits of the acquisitions will be realized on the timeline we expect, or at all.

Key Business Metrics

Net Sales

We generate net sales primarily from the sale of water, wastewater, storm drainage and fire protection products and the provision of related services to approximately 60,000 customers, as of January 29, 2023 January 28, 2024, including municipalities, private water companies and professional contractors. We recognize sales, net of sales tax, customer incentives, returns and discounts. Net sales fluctuate as a result of changes in product costs and tariffs. We as we seek to reflect these changes in our customer pricing in a timely manner, which manner. This will increase net sales if we are able to pass along price increases and decrease net sales if we are required to reduce our customer prices as a result of competitive dynamics.

We categorize our net sales into pipes, valves & fittings, storm drainage products, fire protection products and meter products:

- Pipe, valves, hydrants, fittings include these products and other complementary products and services. Pipe includes PVC, ductile iron, fusible HDPE and copper tubing.

- Storm drainage products primarily include corrugated piping systems, retention basins, manholes, grates, geosynthetics, erosion control and other related products.
- Fire protection products primarily include fire protection pipe, sprinkler heads and devices as well as custom fabrication services.
- Meter products primarily include smart meter products, meter sets, meter accessories, installation, software and other services.

Gross Profit

Gross profit represents the difference between the product cost **inclusive of material costs** from suppliers (net of earned rebates and discounts and including the cost of inbound freight), **labor and overhead costs and depreciation** and the net sale price to our customers. Gross profit may be impacted by the time between changes in supplier costs, tariffs and changes in our customer pricing. Gross profit may not be comparable to those of other companies, as other companies may include all of the costs related to their distribution network in cost of sales.

Operating Expenses

Operating expenses are primarily comprised of selling, general and administrative costs, which include personnel expenses (salaries, wages, incentive compensation, associate benefits and payroll taxes), rent, insurance, utilities, professional fees, **outbound freight**, **out**, fuel and repair and maintenance.

Net Income

Net income represents net sales less cost of sales, operating expenses, depreciation and amortization, interest expense, other expense and the provision for income taxes.

Net Income Attributable to Core & Main, Inc.

Net income attributable to Core & Main, Inc. represents net income less income attributable to non-controlling interests. Non-controlling interests represent owners of Partnership Interests of Holdings other than Core & Main.

Adjusted EBITDA

We define Adjusted EBITDA as EBITDA further adjusted for certain items management believes are not reflective of the underlying operations of our business, including **but not limited to** (a) loss on debt modification and extinguishment, (b) equity-based compensation, (c) expenses associated with the public offerings and (d) expenses associated with acquisition activities. Adjusted EBITDA includes amounts otherwise attributable to non-controlling interests as we manage the consolidated **company** **Company** and evaluate operating performance in a similar manner. We use Adjusted EBITDA to assess the operating results and effectiveness of our business. See “—Non-GAAP Financial Measures” **below** for further discussion of Adjusted EBITDA and a reconciliation to net income or net income attributable to Core & Main, Inc., the most directly comparable measure under U.S. generally accepted accounting principles (“GAAP”), as **applicable**. **applicable**.

Earnings Per Share

Earnings per share represents the Class A common stock basic and diluted earnings per share. For a further description of basic and diluted earnings per share, refer to Note 10 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Results of Operations

Three Months Ended **October 29, 2023** **April 28, 2024** Compared with Three Months Ended **October 30, 2022** **April 30, 2023**

Amounts in millions (except per share data)

Three Months Ended		Three Months Ended	
April 28, 2024		April 28, 2024	
		April 30, 2023	
	Three Months Ended		
	October 29, 2023	October 30, 2022	
Net sales			
Net sales			
Net sales	Net sales	\$ 1,827	\$ 1,818
Cost of sales	Cost of sales	1,333	1,318
Gross profit	Gross profit	494	500
Operating expenses:	Operating expenses:		
Selling, general and administrative			
Selling, general and administrative			
Selling, general and administrative	Selling, general and administrative	240	231
Depreciation and amortization	Depreciation and amortization	37	35

Total operating expenses	Total operating expenses	266	
		277	
Operating income	Operating income	217	234
Interest expense	Interest expense	20	16
Income before provision for income taxes	Income before provision for income taxes	197	218
Income before provision for income taxes			
Income before provision for income taxes			
Provision for income taxes	Provision for income taxes	39	40
Net income	Net income	158	178
Less: net income attributable to non-controlling interests	Less: net income attributable to non-controlling interests	46	67
Net income attributable to Core & Main, Inc.	Net income attributable to Core & Main, Inc.	\$ 112	\$ 111
Earnings per share:	Earnings per share:		
Basic	Basic	\$ 0.65	\$ 0.65
Basic			
Basic			
Diluted	Diluted	\$ 0.65	\$ 0.65
Non-GAAP Financial Data:	Non-GAAP Financial Data:		
Adjusted EBITDA	Adjusted EBITDA	\$ 275	
		\$ 260	
Adjusted EBITDA			
Adjusted EBITDA			

Net Sales

Net sales for the three months ended **October 29, 2023** April 28, 2024 increased **\$9 million** \$167 million, or **0.5%** 10.6%, to **\$1,827 million** \$1,741 million compared with **\$1,818 million** \$1,574 million for the three months ended **October 30, 2022** April 30, 2023. **Net** The increase in net sales **increased** was primarily **due** attributable to an increase from acquisitions partially offset by comparably lower end-market volumes. Net and slight improvements in our end-markets. The net sales declines for pipes, valves & fittings were and storm drainage increased due to lower end-market volume partially offset by acquisitions. Net sales growth for storm drainage products benefited from higher volume primarily related to acquisitions. acquisitions and slight improvements in our end-markets. Net sales for fire protection products declined due to lower selling prices and lower volume on steel pipe, partially offset by acquisitions. Net sales of meter products benefited from acquisitions and higher volumes due to an increasing adoption of smart meter technology.

	Three Months Ended		
	October 29, 2023	October 30, 2022	Percentage Change
Pipes, valves & fittings products	\$ 1,222	\$ 1,238	(1.3)%
Storm drainage products	290	282	2.8 %
Fire protection products	170	180	(5.6)%
Meter products	145	118	22.9 %
Total net sales	\$ 1,827	\$ 1,818	

technology by municipalities, increased product availability, acquisitions and higher selling prices.

Three Months Ended

	April 28, 2024	April 30, 2023	Percentage Change
Pipes, valves & fittings products	\$ 1,169	\$ 1,074	8.8 %
Storm drainage products	253	215	17.7 %
Fire protection products	167	169	(1.2)%
Meter products	152	116	31.0 %
Total net sales	\$ 1,741	\$ 1,574	

Gross Profit

Gross profit for the three months ended **October 29, 2023** decreased **\$6 million** April 28, 2024 increased **\$29 million**, or **1.2%** 6.6%, to **\$494 million** **\$468 million** compared with **\$500 million** **\$439 million** for the three months ended **October 30, 2022** April 30, 2023. Gross profit increased due to increased net sales partially offset by a decrease in gross profit as a percentage of net sales. Gross profit as a percentage of net sales for the three months ended **October 29, 2023** April 28, 2024 was **27.0%** 26.9% compared with **27.5%** 27.9% for the three months ended **October 30, 2022** April 30, 2023. The overall **decline** decrease in gross profit as a percentage of net sales was primarily attributable to larger prior year benefits from strategic inventory investments during an inflationary environment partially offset by **favorable impacts from the** execution of our gross margin **initiatives**. **initiatives and accretive acquisitions.**

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") Expenses

SG&A expenses for the three months ended **October 29, 2023** April 28, 2024 increased **\$9 million** **\$34 million**, or **3.9%** 15.2%, to **\$240 million** **\$257 million** compared with **\$231 million** **\$223 million** during the three months ended **October 30, 2022** April 30, 2023. The increase was primarily attributable to an increase of **\$3 million** **\$22 million** in personnel expenses along with higher facility and other distribution costs related to **inflation** **acquisitions and acquisitions**. **inflation**. SG&A expenses as a percentage of net sales were **13.1%** 14.8% for the three months ended **October 29, 2023** April 28, 2024 compared with **12.7%** 14.2% for the three months ended **October 30, 2022**. **The increase was attributable to inflationary cost impacts.**

Depreciation and Amortization Expense

Depreciation and amortization ("D&A") expense for the three months ended **October 29, 2023** was **\$37 million** compared with **\$35 million** during the three months ended **October 30, 2022** April 30, 2023. The increase was primarily attributable to **investments in growth**, **inflationary cost impacts and acquisitions.**

Depreciation and Amortization ("D&A") Expense

D&A expense was **\$43 million** for the three months ended April 28, 2024 compared with **\$35 million** for the three months ended April 30, 2023. D&A expense increased due to recent **acquisitions** partially offset by lower amortization on existing customer relationship intangible assets, **acquisitions.**

Operating Income

Operating income for the three months ended **October 29, 2023** April 28, 2024 decreased **\$17 million** **\$13 million**, or **7.3%** 7.2%, to **\$217 million** **\$168 million** compared with **\$234 million** **\$181 million** during the three months ended **October 30, 2022** April 30, 2023. The decrease in operating income was **primarily** attributable to **lower gross profit and higher SG&A expenses**. **and amortization expenses** partially offset by higher gross profit.

Interest Expense

Interest expense was **\$20 million** **\$34 million** for the three months ended **October 29, 2023** April 28, 2024 compared with **\$16 million** **\$17 million** for the three months ended **October 30, 2022** April 30, 2023. The increase was primarily attributable to **borrowings on the 2031 Senior Term Loan**, **increased borrowings under the Senior ABL Credit Facility**, **and an increase in interest rates on our variable-rate debt.**

Provision for Income Taxes

The provision for income taxes for the three months ended **October 29, 2023** decreased **\$1 million** April 28, 2024 increased **\$2 million**, or **2.5%** 6.5%, to **\$39 million** **\$33 million** compared with **\$40 million** **\$31 million** for the three months ended **October 30, 2022** April 30, 2023. For the three months ended **October 29, 2023** April 28, 2024 and **October 30, 2022** April 30, 2023, our effective tax rate was **19.8%** 24.6% and **18.3%** 18.9%, respectively. The effective tax rate for each period reflects only the portion of net income that is attributable to taxable entities. The increase in the effective tax rate was attributable to **exchanges of Partnership Interests by a substantial decrease in the non-controlling interest holders ownership** that increased the allocation of net income to taxable entities.

Net Income

Net income for the three months ended **October 29, 2023** April 28, 2024 decreased **\$20 million** **\$32 million**, or **11.2%** 24.1% to **\$158 million** **\$101 million** compared with **\$178 million** **\$133 million** for the three months ended **October 30, 2022** April 30, 2023. The decrease in net income was primarily attributable to a decrease in operating **income**. **income resulting from an increase in interest and operating expenses.**

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests for the three months ended **October 29, 2023** April 28, 2024 decreased **\$21 million** **\$41 million**, or **31.3%** 87.2%, to **\$46 million** **\$6 million** compared with **\$67 million** **\$47 million** for the three months ended **October 30, 2022** April 30, 2023. The decrease was **primarily** attributable to **substantial exchanges of Partnership Interests by non-controlling interest holders and an 11.2% decline in net income.**

Net Income Attributable to Core & Main, Inc.

Net income attributable to Core & Main, Inc. for the three months ended **October 29, 2023** increased **\$1 million**, or 0.9%, to **\$112 million** compared with **\$111 million** for the three months ended **October 30, 2022**. The increase was attributable to decreased allocation to non-controlling interest holders following exchanges of Partnership Interests partially offset by an 11.2% decline in net income.

Earnings Per Share

The Class A common stock basic earnings per share for the three months ended October 29, 2023 and the three months ended October 30, 2022 was \$0.65 in each period. The Class A common stock diluted earnings per share for the three months ended October 29, 2023 and the three months ended October 30, 2022 was \$0.65 in each period. The basic earnings per share was flat due to an increase in net income attributable to Core & Main, Inc. offset by higher Class A share counts from exchanges of Partnership Interests. The diluted earnings per share was flat due to lower share counts following the Repurchase Transactions and was offset by a decline in net income.

Adjusted EBITDA

Adjusted EBITDA for the three months ended October 29, 2023 decreased \$15 million, or 5.5%, to \$260 million compared with \$275 million for the three months ended October 30, 2022. The decrease in Adjusted EBITDA was primarily attributable to lower gross profit and higher SG&A expenses. For a reconciliation of Adjusted EBITDA to net income or net income attributable to Core & Main, Inc., the most comparable GAAP financial metric, as applicable, see “—Non-GAAP Financial Measures.”

Nine Months Ended October 29, 2023 Compared with Nine Months Ended October 30, 2022

Amounts in millions (except per share data)

	Nine Months Ended	
	October 29, 2023	October 30, 2022
Net sales	\$ 5,262	\$ 5,277
Cost of sales	3,828	3,855
Gross profit	1,434	1,422
Operating expenses:		
Selling, general and administrative	701	667
Depreciation and amortization	109	104
Total operating expenses	810	771
Operating income	624	651
Interest expense	59	46
Income before provision for income taxes	565	605
Provision for income taxes	110	108
Net income	455	497
Less: net income attributable to non-controlling interests	147	185
Net income attributable to Core & Main, Inc.	\$ 308	\$ 312
Earnings per share:		
Basic	\$ 1.81	\$ 1.85
Diluted	\$ 1.80	\$ 1.82
Non-GAAP Financial Data:		
Adjusted EBITDA	\$ 750	\$ 771

Net Sales

Net sales for the nine months ended October 29, 2023 decreased \$15 million, or 0.3%, to \$5,262 million compared with \$5,277 million for the nine months ended October 30, 2022. The decrease in net sales was primarily attributable to a reduction in volume from comparably lower end-market volumes partially offset by higher selling prices and acquisitions. Net sales declines for pipes, valves & fittings were due to lower end-market volume partially offset by higher selling prices and acquisitions. Net sales growth for storm drainage products benefited from higher selling prices and acquisitions. Net sales for fire protection products declined due to lower selling prices and lower volume on steel pipe. Net sales of meter products benefited from higher selling prices, higher volumes due to an increasing adoption of smart meter technology by municipalities and acquisitions.

	Nine Months Ended		Percentage Change
	October 29, 2023	October 30, 2022	
Pipes, valves & fittings products	\$ 3,579	\$ 3,639	(1.6)%
Storm drainage products	783	757	3.4 %
Fire protection products	513	544	(5.7)%
Meter products	387	337	14.8 %
Total net sales	\$ 5,262	\$ 5,277	

Gross Profit

Gross profit for the nine months ended October 29, 2023 increased \$12 million, or 0.8%, to \$1,434 million compared with \$1,422 million for the nine months ended October 30, 2022. Gross profit increased, despite a net sales decline, due to an increase in gross profit as a percentage of net sales. Gross profit as a percentage of net sales for the nine months ended October 29, 2023 was 27.3% compared with 26.9% for the nine months ended October 30, 2022. The overall increase in gross profit as a percentage of net sales

was primarily attributable to execution of our gross margin initiatives partially offset by larger prior year benefits from strategic inventory investments during an inflationary environment.

Selling, General and Administrative Expenses

SG&A expenses for the nine months ended October 29, 2023 increased \$34 million, or 5.1%, to \$701 million compared with \$667 million during the nine months ended October 30, 2022. The increase was primarily attributable to an increase of \$13 million in personnel expenses along with higher facility and other distribution costs related to inflation and acquisitions. SG&A expenses as a percentage of net sales were 13.3% for the nine months ended October 29, 2023 compared with 12.6% for the nine months ended October 30, 2022. The increase was primarily attributable to inflationary cost impacts.

Depreciation and Amortization Expense

D&A expense was \$109 million for the nine months ended October 29, 2023 compared with \$104 million for the nine months ended October 30, 2022. D&A increased due to recent acquisitions and was partially offset by lower amortization on existing customer relationship intangible assets.

Operating Income

Operating income for the nine months ended October 29, 2023 decreased \$27 million, or 4.1%, to \$624 million compared with \$651 million during the nine months ended October 30, 2022. The decrease in operating income was attributable to higher SG&A expense partially offset by higher gross profit.

Interest Expense

Interest expense was \$59 million for the nine months ended October 29, 2023 compared with \$46 million for the nine months ended October 30, 2022. The increase was primarily attributable to an increase in interest rates on our variable-rate debt.

Provision for Income Taxes

The provision for income taxes for the nine months ended October 29, 2023 increased \$2 million, or 1.9%, to \$110 million compared with \$108 million for the nine months ended October 30, 2022. For the nine months ended October 29, 2023 and October 30, 2022, our effective tax rate was 19.5% and 17.9%, respectively. The effective tax rate for each period reflects only the portion of net income that is attributable to taxable entities. The increase in the effective tax rate was attributable to exchanges of Partnership Interests by non-controlling interest holders that increased the allocation of net income to taxable entities.

Net Income

Net income for the nine months ended October 29, 2023 decreased \$42 million, or 8.5%, to \$455 million compared with \$497 million for the nine months ended October 30, 2022. The decrease in net income was primarily attributable to a decrease in operating income and higher interest expense.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests for the nine months ended October 29, 2023 decreased \$38 million, or 20.5%, to \$147 million compared with \$185 million for the nine months ended October 30, 2022. The decrease was attributable to exchanges of Partnership Interests by non-controlling interest holders and an 8.5% decline in net income.

Net Income Attributable to Core & Main, Inc.

Net income attributable to Core & Main, Inc. for the nine three months ended October 29, 2023 decreased \$4 million April 28, 2024 increased \$9 million, or 1.3% 10.5%, to \$308 million \$95 million compared with \$312 million \$86 million for the nine three months ended October 30, 2022 April 30, 2023. The decrease increase was primarily attributable to an 8.5% decline in net income partially offset by a decreased allocation to non-controlling interest holders following exchanges of Partnership Interests. Interests partially offset by a decline in net income.

Earnings Per Share

The Class A common stock basic earnings per share for the nine months ended October 29, 2023 decreased 2.2% to \$1.81 compared with \$1.85 for the nine months ended October 30, 2022. The Class A common stock and diluted earnings per share for the nine three months ended October 29, 2023 April 28, 2024 both decreased 1.1% 2.0% to \$1.80 \$0.49 compared with \$1.82 \$0.50 for the nine three months ended October 30, 2022 April 30, 2023. The decrease in basic earnings per share was attributable to a decline higher Class A share counts from exchanges of Partnership Interests partially offset by an increase in net income attributable to Core & Main, Inc. and higher Class A share counts from exchanges of Partnership Interests. Diluted earnings per share decreased due to a decline in net income partially offset by lower share counts following the Repurchase Transactions, share repurchase transactions executed throughout fiscal 2023.

Adjusted EBITDA

Adjusted EBITDA for the nine three months ended October 29, 2023 April 28, 2024 decreased \$21 million \$3 million, or 2.7% 1.4%, to \$750 million \$217 million compared with \$771 million \$220 million for the nine three months ended October 30, 2022 April 30, 2023. The decrease in Adjusted EBITDA was primarily attributable to higher SG&A expenses partially offset by higher gross profit. For a reconciliation of Adjusted EBITDA to net income or net income attributable to Core & Main, Inc., the most comparable GAAP financial metric, as applicable, see "—Non-GAAP Financial Measures."

Liquidity and Capital Resources

Historically, we have financed our liquidity requirements through cash flows from operating activities, borrowings under our credit facilities, issuances of equity and debt securities and working capital management activities. Our principal historical liquidity requirements have been for working capital, capital expenditures, acquisitions, servicing indebtedness and the Fiscal 2023 Repurchase Transactions.

As of October 29, 2023 April 28, 2024, our cash and cash equivalents totaled \$101 million \$30 million. We maintain our cash deposits according to a banking policy that requires diversification across a variety of highly-rated financial institutions. However, this could result in a concentration of cash and cash equivalents across these financial institutions in excess of Federal Deposit Insurance Corporation-insured limits.

As of **October 29, 2023** **April 28, 2024**, we had **no \$241 million** outstanding borrowings on our Senior ABL Credit Facility, which provides for borrowings of up to \$1,250 million, subject to borrowing base availability. As of **October 29, 2023** **April 28, 2024**, after giving effect to approximately \$16 million of letters of credit issued under the Senior ABL Credit Facility, Core & Main LP would have been able to borrow approximately **\$1,234 \$993** million under the Senior ABL Credit Facility, subject to borrowing base availability. Our short term debt obligations of **\$15 million \$23 million** are related to quarterly amortization principal payments on the Senior Term Loan **Credit** Facility.

We commenced payments under the Tax Receivable Agreements in **In** fiscal year **2023, as 2024**, the Company had a financing cash outflow related to the payment of **\$5 million \$11 million** under the Tax Receivable Agreements. The **total annual** payments under the Tax Receivable Agreements are expected to increase as a result of exchanges, including those exchanges made as part of the **Fiscal 2023 Secondary Offerings, secondary offerings completed in fiscal 2023**. Payments under the Tax Receivable Agreements are only required to be made to the extent that we **utilize realize or are deemed to have realized the benefit of** the corresponding tax deductions to reduce payments to federal, state and local taxing authorities. These payments are in an amount that represents 85% of the reduction in payments to federal, state and local taxing authorities. As such, the cash savings from the incremental tax deductions are expected to exceed the payments under the Tax Receivable Agreements over the life of these arrangements. Based on the anticipated filing date of income tax returns and contractual payment terms in the Tax Receivable Agreements, we expect these payments to occur two fiscal years after we utilize the corresponding tax deductions.

Further exchanges **of Partnership Interest by Management Feeder** will result in additional tax deductions to us and require additional payables pursuant to Tax Receivable Agreements. The actual amount and timing of the additional payments under the Tax Receivable Agreements will vary depending upon a number of factors as discussed further in Note 7 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

In addition to making distributions to Core & Main, Inc. to fund tax obligations and payments under the Tax Receivable Agreements, in accordance with the Partnership Agreement, Holdings also makes distributions to **the Continuing Limited Partners Management Feeder** representing the non-controlling interests of Core & Main, Inc. to fund their income tax obligations with various taxing authorities. The amount of these payments are dependent upon various factors, including the amount of taxable income allocated to them from Holdings, changes in the ownership percentage of the non-controlling interest holders, changes in tax rates and the timing of distributions relative to the corresponding tax year. Tax distributions to non-controlling interest holders were **\$33 million \$4 million** for the **nine three** months ended **October 29, 2023 April 28, 2024**. Further exchanges by **the Continuing Limited Partners Management Feeder** may result in lower tax distributions subject to any changes to income before provision to income taxes.

We believe that our current sources of liquidity, which include cash generated from operations, existing cash and cash equivalents and available borrowing capacity under the Senior ABL Credit Facility, will be sufficient to meet our working capital, capital expenditures and other cash commitments, including obligations relating to our indebtedness and the Tax Receivable Agreements, over **at least** the next **12 months, months, at minimum**. We have based these estimates on assumptions that may **differ from actual results, prove to be wrong**, and we could utilize our available capital resources sooner than we expect. Our growth strategy contemplates future acquisitions for which we will need sufficient access to capital. To finance future acquisitions, particularly larger acquisitions, we may issue additional equity or incur additional indebtedness. Any such additional indebtedness would increase our debt leverage. See "Risk Factors" in Part I, Item 1A of the **2022 2023** Annual Report on Form 10-K.

Additionally, we continuously evaluate our approach to our capital allocation, which may include acquisitions, greenfields, debt reduction (including through open market debt repurchases, negotiated repurchases, other retirements of outstanding debt and opportunistic refinancing of debt), stock repurchases, dividends or other distributions. **During the nine months ended October 29, 2023, we completed the Repurchase Transactions for total consideration of \$618 million. For further details, refer to Note 1 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.** We may continue to return capital to our shareholders through share repurchases and/or dividends. The execution of these, and other, capital allocation activities may be at the discretion of, and subject to the approval by, our board of directors and will depend on our financial condition, earnings, liquidity and capital requirements, market conditions, level of indebtedness, contractual restrictions, compliance with our debt covenants, restrictions imposed by **Delaware applicable** law, general business conditions and any other factors that our board of directors deems relevant in making any such determination. Therefore, there can be no assurance that we will engage in any or all of these actions or to what amount of capital we will allocate to each option. **Our affiliates may also purchase our debt from time to time, through open market purchases or other transactions. In such cases, our debt may not be retired, in which case we would continue to pay interest in accordance with the terms of such debt and we would continue to reflect the debt as outstanding in our consolidated Balance Sheets.**

The execution of certain initiatives under our capital allocation policy may require distributions by Holdings and Core & Main LP. These entities' ability to make distributions may be limited as a practical matter by our growth plans as well as Core & Main LP's Senior Term Loan **Credit** Facility and Senior ABL Credit Facility. The Senior Term Loan **Credit** Facility may require accelerated repayment based upon cash flows generated in excess of operating and investing requirements when Core & Main LP's net total leverage ratio **(as defined in the agreement governing the Senior Term Loan Credit Facility)** is greater than or equal to 3.25. In addition, the Senior ABL Credit Facility requires us to comply with a consolidated fixed charge coverage ratio of greater than or equal to 1.00 when availability is less than 10.0% of the lesser of (i) the then applicable borrowing base and (ii) the then aggregate effective commitments under the Senior ABL Credit Facility. Substantially all of Core & Main LP's assets secure the Senior Term Loan **Credit** Facility and the Senior ABL Credit Facility.

Information about our cash flows, by category, is presented in the Condensed Consolidated Statements of Cash Flows and is summarized as follows:

Nine Months Ended			
October 29, 2023	October 30, 2022		
Three Months Ended		Three Months Ended	
April 28, 2024	April 28, 2024	April 30, 2023	

Cash flows provided by operating activities	Cash flows \$ 775 \$ 94		
Cash flows provided by operating activities			
Cash flows provided by operating activities			
Cash flows used in investing activities	Cash flows (182) (133)		
Cash flows (used in) provided by financing activities	(669) 38		
Decrease in cash and cash equivalents	\$ (76) \$ (1)		
Cash flows provided by (used in) financing activities			
Increase (decrease) in cash and cash equivalents			

Operating Activities

Net cash provided by operating activities was \$775 million \$78 million for the nine three months ended October 29, 2023 April 28, 2024 compared with \$94 million \$120 million for the nine three months ended October 30, 2022 April 30, 2023. The \$681 million improvement \$42 million decrease in cash provided by operating cash flows activities was primarily driven by a reduction in inventory higher income tax payments due to more predictable product lead times in higher taxable income of Core & Main, Inc. following exchanges of Partnership Interests throughout fiscal 2023, compared with inventory investments in fiscal 2022, partially offset by a \$42 million increase in increased interest payments and a decrease more typical investment in operating income, working capital in the three months ended April 28, 2024.

Investing Activities

Net cash used in investing activities increased by \$49 million \$500 million to \$182 million \$574 million for the nine three months ended October 29, 2023 April 28, 2024 compared with \$133 million \$74 million for the nine three months ended October 30, 2022 April 30, 2023, primarily attributable to a \$37 million \$500 million increase in cash outflows for acquisitions, and a \$14 million increase primarily due to the Dana Kepner acquisition in capital expenditures during fiscal 2023, 2024.

Financing Activities

Net cash provided by financing activities was \$525 million for the three months ended April 28, 2024 compared with net cash used in financing activities was \$669 million of \$222 million for the nine three months ended October 29, 2023 compared with net cash provided by financing activities of \$38 million for the nine months ended October 30, 2022 April 30, 2023. The change of \$707 million \$747 million was primarily attributed to the \$750 million issuance of the 2031 Senior Term Loan, prior year cash outflows of \$618 million \$332 million for the Repurchase Transactions a \$90 million decrease (as defined in borrowings on the Senior ABL Credit Facility and a \$5 million payment pursuant Note 1 to the Tax Receivable Agreements. These factors were partially offset by a unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q), and \$6 million decrease reduction in distributions to non-controlling interest holders during fiscal 2023, 2024. These factors were partially offset by \$319 million decrease in net borrowings on the Senior ABL Credit Facility activity and a \$6 million increase in payments pursuant to the Tax Receivable Agreements during fiscal 2024.

Financing

Our As of April 28, 2024, our debt obligations (in millions) consist of the following:

	Current Aggregate			
	Principal/Borrowing Capacity		Maturity Date	Interest
				(i) Term SOFR plus, in each case, an effective applicable margin of 2.60%, or (ii) the base rate which will be (described in Note 6 included elsewhere in this Quarterly Report on Form 10-Q).
2028 Senior Term Loan ⁽¹⁾	\$	\$1,466 1,459	July 27, 2028	The weighted average interest rate, excluding the highest effects of (x) the corporate base interest rate established by the administrative agent swaps, was 7.97% as its prime rate in effect at its principal office in New York City from time to time, (y) the overnight federal funds rate plus 0.50% per annum and (z) one-month of April 28, 2024.
2031 Senior Term Loan		749	February 9, 2031	(i) Term SOFR (adjusted for maximum reserves) plus 1.00% per annum, plus, in each case, an applicable margin of 1.50% 2.25%, or (ii) the base rate (described elsewhere in this Form 10-Q). The weighted average interest rate, excluding the effects of the interest rate swaps, was 7.56% as of April 28, 2024.
Senior ABL Credit Facility ^{(1) (2)}		1,250	July 27, 2026 February 9, 2029	Term SOFR rate plus an applicable margin ranging from 1.25% to 1.75%, or an alternate base rate plus an applicable margin ranging from 0.25% to 0.75%, depending on the borrowing capacity under the Senior ABL Credit Facility.
Interest Rate Swap ^{(2) (3)}		900	July 27, 2026	Effective fixed rate of 3.293%, based upon the 0.693% fixed rate plus an effective applicable margin of 2.60% associated with the 2028 Senior Term Loan Facility. Loan.
Interest Rate Swap ⁽⁴⁾		750	July 27, 2028	Effective fixed rate of 6.163%, based upon the 3.913% fixed rate plus an applicable margin of 2.25% associated with the 2031 Senior Term Loan.

(1) The 2028 Senior Term Loan was amended on May 21, 2024 to reduce the effective applicable margin on a Term SOFR borrowing from 2.60% to 2.00%.

(2) Aggregate amount of commitments under the asset-based revolving credit facility of \$1,250 million overall, subject to borrowing base availability. There were no amounts \$241 million outstanding under the Senior ABL Credit Facility as of October 29, 2023 April 28, 2024.

(2) (3) Notional amount of \$900 million as of October 29, 2023 April 28, 2024. The notional amount decreases to \$800 million on July 27, 2024 and \$700 million on July 27, 2025 through the instrument maturity on July 27, 2026.

(4) Interest rate swap entered into on February 12, 2024 for a notional amount of \$750 million. The notional amount increases to \$1,500 million on July 27, 2026 through the instrument maturity on July 27, 2028.

Refer to Note 6 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a description of our debt obligations and the timing of future principal and interest payments including impacts from our interest rate swap.

Purchase Obligations

As of October 29, 2023 April 28, 2024, the Company had agreements in place with various suppliers to purchase goods and services, primarily inventory, in the aggregate amount of \$978 million \$1,157 million. These purchase obligations are generally cancelable, cancellable, but the Company foresees no intent to cancel. Payments are generally expected to be made during fiscal 2023 2024 and the fiscal 2024 year ended February 1, 2026 for these obligations.

Non-GAAP Financial Measures

In addition to providing results that are determined in accordance with GAAP, we present EBITDA and Adjusted EBITDA, which are non-GAAP financial measures. These measures are not considered measures of financial performance or liquidity under GAAP and the items excluded therefrom are significant components in understanding and assessing our financial performance or liquidity. These measures should not be considered in isolation or as alternatives to GAAP measures such as net income or net income attributable to Core & Main, Inc., as applicable, cash provided by or used in operating, investing or financing activities or other financial statement data presented in our financial statements as an indicator of our financial performance or liquidity.

We define EBITDA as net income, or net income attributable to Core & Main, Inc., as applicable, adjusted for non-controlling interests, depreciation and amortization, provision for income taxes and interest expense. We define Adjusted EBITDA as EBITDA as further adjusted for certain items management believes are not reflective of the underlying operations of our business, including but not limited to (a) loss on debt modification and extinguishment, (b) equity-based compensation, (c) expenses associated with the initial public offering and subsequent secondary offerings and (d) expenses associated with acquisition activities. Net income attributable to Core & Main, Inc. is the most directly comparable GAAP measure to EBITDA and Adjusted EBITDA.

We use EBITDA and Adjusted EBITDA to assess the operating results and effectiveness and efficiency of our business, business. Adjusted EBITDA includes amounts otherwise attributable to non-controlling interests as we manage the consolidated company Company and evaluate operating performance in a similar manner. We present these non-GAAP financial measures because we believe that investors consider them to be important supplemental measures of performance, and we believe that these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Non-GAAP financial measures as reported by us may not be comparable to similarly titled metrics reported by other companies and may not be calculated in the same manner. These measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. For example, EBITDA and Adjusted EBITDA:

- do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on debt;
- do not reflect income tax expenses, the cash requirements to pay taxes or related distributions;

- do not reflect cash requirements to replace in the future any assets being depreciated and amortized; and
- exclude certain transactions or expenses as allowed by the various agreements governing our indebtedness.

EBITDA and Adjusted EBITDA are not alternative measures of financial performance or liquidity under GAAP and therefore should be considered in conjunction with net income, net income attributable to Core & Main, Inc. and other performance measures such as gross profit or net cash provided by or used in operating, investing or financing activities and not as alternatives to such GAAP measures. In evaluating Adjusted EBITDA, you should be aware that, in the future, we may incur expenses similar to those eliminated in this presentation.

The following table sets forth a reconciliation of net income or net income attributable to Core & Main, Inc. to EBITDA and Adjusted EBITDA for the periods presented:

		Three Months Ended		Nine Months Ended	
		October	October	October	October
		29, 2023	30, 2022	29, 2023	30, 2022
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		Three Months Ended		Three Months Ended	
		April 28, 2024		April 28, 2024	
				April 30, 2023	
Net income attributable to Core & Main, Inc.	Net income attributable to Core & Main, Inc.	\$ 112	\$ 111	\$ 308	\$ 312
Plus: net income attributable to non-controlling interest	Plus: net income attributable to non-controlling interest	46	67	147	185
Net income	Net income	158	178	455	497
Depreciation and amortization (1)	Depreciation and amortization (1)	38	37	111	107
Provision for income taxes	Provision for income taxes	39	40	110	108
Interest expense	Interest expense	20	16	59	46
EBITDA	EBITDA	\$ 255	\$ 271	\$ 735	\$ 758
Equity-based compensation	Equity-based compensation	3	2	8	9
Equity-based compensation					
Equity-based compensation					
Acquisition expenses (2)	Acquisition expenses (2)	1	1	4	3
Offering expenses (3)	Offering expenses (3)	1	1	3	1
Adjusted EBITDA	Adjusted EBITDA	\$ 260	\$ 275	\$ 750	\$ 771

- (1) Includes depreciation of certain assets which **is** reflected in "cost of sales" in our Statement of Operations.
- (2) Represents expenses associated with acquisition activities, including transaction costs, post-acquisition employee retention bonuses, severance payments **and** expense recognition of purchase accounting fair value adjustments (excluding amortization) **and** contingent consideration adjustments.
- (3) Represents costs related to **the Secondary Offerings (as defined in Note 1 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q) secondary offerings** reflected in SG&A expenses in our Statement of Operations.

Recently Issued and Adopted Accounting Pronouncements and Accounting Pronouncements Issued But Not Yet Adopted

Refer to Note 2 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on **form Form** 10-Q.

Critical Accounting Policies and Estimates

A summary of our significant accounting policies are discussed in Note 2 to the audited consolidated financial statements in our **2022 2023** Annual Report on Form 10-K. The preparation of condensed consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Our estimates and assumptions are based on historical experiences and changes in the business environment. However, actual results may differ from estimates under different conditions, sometimes materially. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results of operations and require management judgment. There have been no significant changes to these policies which have had a material impact on the Company's interim unaudited condensed consolidated financial statements and related notes during **the three and nine months ended October 29, 2023 April 28, 2024**.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of **October 29, 2023 April 28, 2024**.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of conducting business, we are exposed to certain risks associated with potential changes in market conditions. These risks include fluctuations in interest rates and prices, including price fluctuations related to substantially all of our products.

Interest Rate Risk

Our credit facilities bear interest at a floating rate. **Both the The** Senior Term Loan **Credit** Facility and the Senior ABL Credit Facility bear interest generally equal to Term SOFR plus an applicable margin. As a result, we are exposed to fluctuations in interest rates to the extent of our net borrowings under the Senior Term Loan **Credit** Facility and the Senior ABL Credit Facility. As of **October 29, 2023 April 28, 2024**, our net borrowings under the Senior Term Loan **Credit** Facility and **the** Senior ABL Credit Facility were **\$1,466 million \$2,449 million**. As such, excluding the impact of any interest rate swap, each one percentage point change in interest rates would result in an approximately **\$15 million \$22 million** change in the annual interest expense on the Senior Term Loan **Credit** Facility. As of **October 29, 2023 April 28, 2024**, assuming availability under our Senior ABL Credit Facility was fully utilized, each one percentage point change in interest rates would result in an approximately \$12 million change in annual interest expense. See "Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations—Key Factors Affecting Our Business—Interest Rates."

Credit Risk

We are exposed to credit risk on accounts receivable balances. This risk is mitigated due to our large, diverse customer base. In fiscal **2022 2023**, our 50 largest customers accounted for approximately 12% of our net sales, with our largest customer accounting for less than 1% of net sales. We maintain provisions for potential credit losses and such losses to date have normally been within our expectations. We evaluate the solvency of our customers on an ongoing basis to determine if additional allowances for doubtful accounts receivable need to be recorded. We have historically not been exposed to a material amount of uncollectible receivable balances.

Price Risk

We are exposed to price fluctuations in the cost to procure substantially all the products we sell and our ability to reflect these changes, in a timely manner, in our customer pricing. Our operating performance may be affected by both upward and downward price fluctuations. We have a limited ability to control the timing **an and** amount of changes in the cost to procure our products. We seek to recover increases in our product costs by passing product cost increases on to our customers. Conversely, decreases in our product costs can correspondingly lower the price levels of the products we sell in order to remain competitive in our markets. Changes to product costs may lead to a risk of a reduction to our **margins, which we margins. We** seek to minimize **this risk** through strategic inventory investments ahead of announced price increases, the execution of our gross margin initiatives and accretive acquisitions. We are also exposed to fluctuations in petroleum costs as we deliver a substantial portion of the products we sell by truck and fluctuations in prices for imported products due to logistical challenges. We seek to minimize the effects of changing prices through economies of purchasing, inventory management based on the predictability of product lead teams and recovering product costs by passing cost increases on to customers. Such price fluctuations have from time to time produced volatility in our financial performance and could do so in the future.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic and current reports under the Exchange Act that we file with the **SEC U.S. Securities and Exchange Commission (the "SEC")** is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as appropriate, to allow timely decisions regarding required disclosure. Our management, with the participation of our Chief Executive Officer (**Principal Executive Officer**) and Chief Financial Officer (**Principal Financial Officer**), evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) concluded that, as of **October 29, 2023 April 28, 2024**, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this Quarterly Report on Form 10-Q relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently party to any material legal proceedings. Nevertheless, we are from time to time involved in litigation incidental to the ordinary conduct of our business, including personal injury, workers' compensation and business operations. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Like other companies in our industry, we have been subject to personal injury and property damage claims arising from the types of products that we distribute. As a distributor in this industry, we face an inherent risk of exposure to product liability claims in the event that the use of the products we have distributed in the past or may in the future distribute is alleged to have resulted in economic loss, personal injury or property damage or violated environmental, health or safety or other laws. Such product liability claims in the past have included, and may in the future include, allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. In particular, we have been and continue to be a defendant in asbestos-related litigation matters. See Item 1A. "Risk Factors—Risks Related to Our Business—The nature of our business exposes us to product liability, construction defect and warranty claims and other litigation and legal proceedings" in our Fiscal 2022 2023 Annual Report on Form 10-K.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes from the risk factors disclosed in Part I, Item 1A "Risk Factors" in our Fiscal 2022 2023 Annual Report on Form 10-K.

The CD&R Investors continue to have significant control over us and may have conflicts of interest with other stockholders.

As of November 15, 2023, the CD&R Investors will beneficially own shares of our common stock representing approximately 33.3% of the combined voting power of our common stock through its ownership of Class A common stock and Class B common stock. As a result, the CD&R Investors will continue to have significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, which could reduce the market price of our Class A common stock.

Because the CD&R Investors' interests may differ from your interests, actions the CD&R Investors take as significant stockholders may not be favorable to you. For example, the concentration of voting power held by the CD&R Investors could delay, defer or prevent a change of control of us, impede a merger, takeover or other business combination that another stockholder may otherwise view favorably or cause us to enter into transactions or agreements that are not in the best interests of all stockholders. Other potential conflicts could arise, for example, over matters such as associate retention or recruiting, or our dividend policy.

The CD&R Investors have the right to designate for nomination for election to our board of directors at least 30% of our directors and to designate the Chair of our board of directors as long as the CD&R Investors (together with their affiliates) collectively beneficially own shares of our common stock and our other equity securities representing at least 30% and 25%, respectively, of the total voting power of the outstanding shares of our common stock and our other equity securities.

Anti-takeover provisions in our Certificate of Incorporation and our amended and restated by-laws (the "By-laws") could discourage, delay or prevent a change of control of our company and may affect the trading price of our Class A common stock.

Our Certificate of Incorporation and By-laws include a number of provisions that may discourage, delay or prevent a change in our management or control over us even if our stockholders might consider such changes to be favorable. For example, our Certificate of Incorporation and By-laws collectively:

- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to thwart a takeover attempt;
- provide for a classified board of directors, which divides our board of directors into three classes, with members of each class serving staggered three-year terms, which prevents stockholders from electing an entirely new board of directors at an annual meeting;
- limit the ability of stockholders to remove directors without cause;
- provide that vacancies on our board of directors, including vacancies resulting from an enlargement of our board of directors, may be filled only by a majority vote of directors then in office;
- prohibit stockholders from calling special meetings of stockholders;
- prohibit stockholder action by consent in writing or electronic transmission, thereby requiring all actions to be taken at a meeting of the stockholders;
- opt out of Section 203 of the Delaware General Corporation Law (the "DGCL"), which prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, or any successor provision to Section 203, until Section 203 by its terms would, but for the applicable provisions of our Certificate of Incorporation, apply to us and the CD&R Investors (together with their affiliates) cease to beneficially own shares of our common stock representing at least 5% of the total voting power of the outstanding shares of our common stock;

- establish advance notice requirements for nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders; and
- require the approval of holders of at least 66 2/3% of the voting power of the outstanding shares of our common stock then entitled to vote thereon to amend our By-laws and certain provisions of our Certificate of Incorporation.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our Class A common stock offered by a bidder in a takeover context or from changing our management and board of directors. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our Class A common stock if the provisions are viewed as discouraging takeover attempts in the future.

Our Certificate of Incorporation and By-laws may also make it difficult for stockholders to replace or remove our management. Furthermore, the existence of the foregoing provisions, as well as the significant amount of the total voting power that the CD&R Investors have, could limit the price that investors might be willing to pay in the future for shares of our Class A common stock. These provisions may facilitate management entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

We are no longer a “controlled company” within the meaning of the NYSE rules. However, we may continue to rely on exemptions from certain corporate governance requirements during a one-year transition period.

As of September 19, 2023, we are no longer a “controlled company” within the meaning of the NYSE corporate governance standards. The NYSE rules require that (i) we have at least a majority of independent directors on each of the Talent and Compensation and Nominating and Governance Committees within 90 days of the date that we no longer qualify as a “controlled company”; and (ii) that the Talent and Compensation and Nominating and Governance Committees be composed entirely of independent directors within one year of the date that we no longer qualify as a “controlled company.” Accordingly, during the transition period, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE. Furthermore, a change in our board of directors and committee membership may result in a change in our operation philosophies and deviations from our current corporate strategy.

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

a. Sales of Unregistered Securities

None.

b. Use of Proceeds from Public Offering of Common Stock

None.

c. Issuer Purchases of Equity Securities

The following is a summary of our repurchases of shares of Class A common stock during the three months ended **October 29, 2023** **April 28, 2024**:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) or Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 31 - August 31 ⁽¹⁾	5,090	\$ 32.11	N/A	N/A
September 1 - September 30 ⁽¹⁾⁽²⁾	3,125,974	29.02	N/A	N/A
October 1 - October 29 ⁽¹⁾	10,329	31.03	N/A	N/A
	<u>3,141,393</u>	<u>\$ 29.03</u>	<u>—</u>	<u>—</u>

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) or Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 29 - February 29 ⁽¹⁾	518	\$ 41.31	N/A	N/A
March 1 - March 31 ⁽¹⁾	38,393	48.97	N/A	N/A
April 1 - April 28 ⁽¹⁾	16,764	58.94	N/A	N/A
	<u>55,675</u>	<u>\$ 51.90</u>	<u>—</u>	<u>—</u>

(1) Reflects repurchases by the Company of shares of our Class A common stock pursuant to employee tax withholding obligations and strike price settlement upon exercise of unit appreciation rights and vesting of restricted stock units pursuant to terms of the Company's 2021 Omnibus Equity Incentive Plan, except for the transaction described in footnote (2) below.

(2) Includes the repurchase by the Company of 3,125,728 shares of our Class A common stock for a price per share of \$29.015 on September 19, 2023 in connection with the September 2023 Repurchase Transaction (as defined in Note 1 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q). The Company also repurchased 1,874,272 shares of our Class B common stock in connection with the September 2023 Repurchase Transaction for no additional consideration. **Plan**.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Item 408(a) of Regulation S-K requires the Company to disclose whether any of its directors or officers have adopted or terminated (i) any trading arrangement that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c); and/or (ii) any written trading arrangement that meets the requirements of a "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K. During the quarter ended **October 29, 2023** **April 28, 2024**, the following activity occurred requiring disclosure under Item 408(a) of Regulation S-K.

Stephen O. LeClair, Chief Executive Officer, The Schaller Family GST Trust DTD 06/12/2020, affiliated with John R. Schaller, President, adopted a new trading arrangement on **October 11, 2023** providing for the sale of up to 300,000 aggregate shares of the Company's Class A common stock between **January 11, 2024** and **July 11, 2024**.

Jeffrey D. Giles, VP Corporate Department, adopted a new trading arrangement on **October 11, 2023** providing for the sale of up to 80,000 aggregate shares of the Company's Class A common stock between **January 11, 2024** and **July 11, 2024**.

Laura K. Schneider, Chief Human Resources Officer, adopted a new trading arrangement on **October 11, 2023** **April 2, 2024** providing for the sale of up to 200,000 aggregate shares of the Company's Class A common stock between **January 11, 2024** **July 2, 2024** and **July 11, 2024** **January 2, 2025**.

Orvin T. Kimbrough, The Irrevocable Trust FBO D. G. Gipson, affiliated with Dennis G. Gipson, Director, adopted a new trading arrangement on **October 13, 2023** **April 1, 2024**, providing for the sale of up to **20,000** 25,000 aggregate shares of the Company's Class A common stock between **January 11, 2024** **July 1, 2024**, and **July 11, 2024** **January 2, 2025**.

Bradford A. Cowles, President, adopted a new trading arrangement on **March 28, 2024** providing for the sale of up to 100,000 aggregate shares of the Company's Class A common stock between **June 27, 2024** and **December 27 2024**.

The James G. Castellano 2021 Family Trust, affiliated with James G. Castellano, Director, adopted a new trading arrangement on **March 28, 2024** providing for the sale of up to 25,000 aggregate shares of the Company's Class A common stock between **June 27, 2024** and **December 27 2024**.

Each of the above trading arrangements is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and the Company's Policy on Trading in Securities.

Item 6. Exhibits

Exhibit Number	Description
10.1	Purchase and Redemption Third Amendment to the Term Loan Credit Agreement, dated as of September 13, 2023 February 9, 2024, by and among Core & Main Inc, LP, the several banks and other financial institutions party thereto and JPMorgan Chase Bank, N.A., Core & Main Holdings, LP, CD&R Fund X Advisor Waterworks B, L.P., CD&R Fund X Waterworks B1, L.P., CD&R Fund X-A Waterworks B, L.P, as administrative agent and CD&R Waterworks Holdings, LLC collateral agent (incorporated by reference to Exhibit 10.1 to Core & Main's Current Report on Form 8-K filed on September 19, 2023 February 13, 2024).
10.2	Amendment No. 5 to the ABL Credit Agreement, dated as of February 9, 2024, by and among Core & Main LP, the several banks and other financial institutions party thereto and Citibank, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to Core & Main's Current Report on Form 8-K filed February 13, 2024).
10.3	Fourth Amendment to the Term Loan Credit Agreement, dated as of May 21, 2024, by and among Core & Main LP, the several banks and other financial institutions party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, (incorporated by reference to Exhibit 10.1 to Core & Main's Current Report on Form 8-K filed May 23, 2024).
31.1	Certification by Stephen O. LeClair, Core & Main's Principal Executive Officer, pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification by Mark R. Witkowski, Core & Main's Principal Financial Officer, pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification by Stephen O. LeClair, Core & Main's Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification by Mark R. Witkowski, Core & Main's Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).*

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

Date: December 5, 2023 June 4, 2024

CORE & MAIN, INC.

By: /s/ Stephen O. LeClair

Name: Stephen O. LeClair

Title: Chair of the Board, Chief Executive Officer

(Principal Executive Officer)

By: /s/ Mark R. Witkowski

Name: Mark R. Witkowski

Title: Chief Financial Officer

(Principal Financial Officer)

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**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen O. LeClair, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Core & Main, 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: December 5, 2023 June 4, 2024

/s/ Stephen O. LeClair

Stephen O. LeClair

Chief Executive Officer and Chair of the Board

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark R. Witkowski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Core & Main, 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: December 5, 2023 June 4, 2024

/s/ Mark R. Witkowski
Mark R. Witkowski
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Core & Main, Inc. (the "Company") on Form 10-Q for the quarter ended October 29, 2023 April 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen O. LeClair, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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: December 5, 2023 June 4, 2024

/s/ Stephen O. LeClair
Stephen O. LeClair
Chief Executive Officer and Chair of the Board
(Principal Executive Officer)

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

In connection with the Quarterly Report of Core & Main, Inc. (the "Company") on Form 10-Q for the quarter ended **October 29, 2023** **April 28, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark R. Witkowski, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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: **December 5, 2023** **June 4, 2024**

/s/ Mark R. Witkowski

Mark R. Witkowski

Chief Financial Officer

(Principal Financial Officer)

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