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DELTA REPORT

10-Q

FERGUSON PLC

10-Q - JANUARY 31, 2023 COMPARED TO 10-Q - OCTOBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	1272
CHANGES	140
DELETIONS	284
ADDITIONS	848

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

FORM 10-Q

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

For the quarterly period ended October 31, 2022 January 31, 2023

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

For the transition period from to

Commission File Number: 001-40066

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Ferguson plc

(Exact name of registrant as specified in its charter)

Jersey, Channel Islands	**98-1499339**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1020 Eskdale Road, Winnersh Triangle, Wokingham,
Berkshire, RG41 5TS, United Kingdom
(Address of principal executive offices and zip code)

+44 (0) 118 927 3800
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares of 10 pence	FERG	New York Stock Exchange
		London 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	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of November 30, 2022 February 28, 2023, the number of outstanding ordinary shares was 207,654,899. 206,100,063.

EXPLANATORY NOTE

Ferguson plc (the "Company"), a corporation organized under the laws of Jersey, Channel Islands, qualifies as a foreign private issuer in the United States for purposes of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company voluntarily has chosen to file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K with the United States Securities and Exchange Commission instead of filing on the reporting forms available to foreign private issuers. As of January 31, 2023, the Company has determined it will no longer qualify as a foreign private issuer, effective as of August 1, 2023, and will be considered a U.S. domestic issuer.

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CERTAIN TERMS

Unless otherwise specified or the context otherwise requires, the terms “Company,” “Ferguson,” “we,” “us” and “our” and other similar terms refer to Ferguson plc and its consolidated subsidiaries. Except as otherwise specified or the context otherwise requires, references to years indicate our fiscal year ended July 31 of the respective year. For example, references to “fiscal 2023” or similar references refer to the fiscal year ended July 31, 2023.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included in this quarterly report on Form 10-Q (this “Quarterly Report”) is forward-looking, including within the meaning of the Private Securities Litigation Reform Act of 1995, and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, statements or guidance regarding or relating to our future financial position, results of operations and growth, projected interest in and ownership of our ordinary shares by domestic U.S. investors, plans and objectives for future capabilities, risks associated with changes in global and regional economic, market and political conditions, ability to manage supply chain challenges, ability to manage the impact of product price fluctuations, our financial condition and liquidity, legal or regulatory changes, and other statements concerning the success of our business and strategies.

Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as “believes,” “estimates,” “anticipates,” “potential,” “expects,” “forecasts,” “intends,” “continues,” “plans,” “projects,” “goal,” “target,” “aim,” “may,” “will,” “would,” “could” or “should” or, in each case, their negative or other variations or comparable terminology and other similar references to future periods. Forward-looking statements speak only as of the date on which they are made. They are not assurances of future performance and are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Therefore, you should not place undue reliance on any of these forward-looking statements. Although we believe that the forward-looking statements contained in this Quarterly Report are based on reasonable assumptions, you should be aware that many factors could cause actual results to differ materially from those in such forward-looking statements, including but not limited to:

- weakness in the economy, market trends, uncertainty and other conditions in the markets in which we operate, and other factors beyond our control, including any macroeconomic or other consequences of the current conflict in Ukraine;
- failure to rapidly identify or effectively respond to direct and/or end customers' wants, expectations or trends, including costs and potential problems associated with new or upgraded information technology systems;
- decreased demand for our products as a result of operating in highly competitive industries and the impact of declines in the residential and non-residential markets, as well as the repair, maintenance and improvement ("RMI") and new construction markets;
- changes in competition, including as a result of market consolidation;
- failure of a key information technology system or process as well as exposure to fraud or theft resulting from payment-related risks;
- privacy and protection of sensitive data failures, including failures due to data corruption, cybersecurity incidents or network security breaches;
- ineffectiveness of or disruption in our domestic or international supply chain or our fulfillment network, including delays in inventory, increased delivery costs or lack of availability;
- failure to effectively manage and protect our facilities and inventory;
- unsuccessful execution of our operational strategies;
- failure to attract, retain and motivate key associates;
- exposure of associates, contractors, customers, suppliers and other individuals to health and safety risks;

- inherent risks associated with acquisitions, partnerships, joint ventures and other business combinations, dispositions or strategic transactions;
- regulatory, product liability and reputational risks and the failure to achieve and maintain a high level of product and service quality;
- inability to renew leases on favorable terms or at all, as well as any remaining obligations under a lease if we close a facility;
- changes in, interpretations of, or compliance with tax laws in the United States, the United Kingdom, Switzerland or Canada;

- our indebtedness and changes in our credit ratings and outlook;
- fluctuations in foreign currency and product prices (e.g., commodity-priced materials, inflation/deflation);
- funding risks related to our defined benefit pension plans;
- legal proceedings as well as failure to comply with domestic and foreign laws and regulations or the occurrence of unforeseen developments such as litigation;
- risks associated with the relocation of our primary listing to the United States and any volatility in our share price and shareholder base in connection therewith;
- the costs and risk exposure relating to environmental, social and governance ("ESG") matters;
- adverse impacts caused by the COVID-19 pandemic (or related variants); and
- other risks and uncertainties set forth under the heading "Risk Factors" in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended July 31, 2022 as filed with the Securities and Exchange Commission ("SEC") on September 27, 2022 (the "Annual Report") and in other filings we make with the SEC in the future.

Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with our legal or regulatory obligations, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data

Ferguson plc
Condensed Consolidated Statements of Earnings
(unaudited)

	Three months ended October 31,	Three months ended January 31,	Six months ended January 31,

(In millions, except per share amounts)	(In millions, except per share amounts)	2022	2021	(In millions, except per share amounts)	2023	2022	2023	2022
Net sales	Net sales	$7,931	$6,803	Net sales	$6,825	$6,508	$14,756	$13,311
Cost of sales	Cost of sales	(5,510)	(4,676)	Cost of sales	(4,763)	(4,519)	(10,273)	(9,195)
Gross profit	Gross profit	2,421	2,127	Gross profit	2,062	1,989	4,483	4,116
Selling, general and administrative expenses	Selling, general and administrative expenses	(1,509)	(1,314)	Selling, general and administrative expenses	(1,432)	(1,362)	(2,941)	(2,676)
Depreciation and amortization	Depreciation and amortization	(81)	(74)	Depreciation and amortization	(81)	(72)	(162)	(146)
Operating profit	Operating profit	831	739	Operating profit	549	555	1,380	1,294
Interest expense, net	Interest expense, net	(41)	(27)	Interest expense, net	(47)	(22)	(88)	(49)
Other income (expense), net		2	(1)					
Other expense, net				Other expense, net	(7)	(1)	(5)	(2)
Income before income taxes	Income before income taxes	792	711	Income before income taxes	495	532	1,287	1,243
Provision for income taxes	Provision for income taxes	(197)	(176)	Provision for income taxes	(121)	(96)	(318)	(272)
Income from continuing operations	Income from continuing operations	595	535	Income from continuing operations	374	436	969	971
Income from discontinued operations (net of tax)	Income from discontinued operations (net of tax)	—	25	Income from discontinued operations (net of tax)	—	—	—	25
Net income	Net income	$595	$560	Net income	$374	$436	$969	$996
Earnings per share - Basic:	Earnings per share - Basic:			Earnings per share - Basic:				
Continuing operations	Continuing operations	$2.85	$2.42	Continuing operations	$1.81	$1.98	$4.66	$4.40

Discontinued operations	Discontinued operations	—	0.11	Discontinued operations	—	—	—	0.11
Total	Total	$2.85	$2.53	Total	$1.81	$1.98	$4.66	$4.51
Earnings per share - Diluted:	Earnings per share - Diluted:			Earnings per share - Diluted:				
Continuing operations	Continuing operations	$2.84	$2.40	Continuing operations	$1.80	$1.97	$4.64	$4.38
Discontinued operations	Discontinued operations	—	0.11	Discontinued operations	—	—	—	0.11
Total	Total	$2.84	$2.51	Total	$1.80	$1.97	$4.64	$4.49
Weighted average number of shares outstanding:	Weighted average number of shares outstanding:			Weighted average number of shares outstanding:				
Basic	Basic	208.7	221.4	Basic	207.1	220.0	207.9	220.7
Diluted	Diluted	209.8	222.7	Diluted	207.8	221.2	208.8	222.0

See accompanying Notes to the Condensed Consolidated Financial Statements.

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Ferguson plc
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

		Three months ended October 31,			Three months ended January 31,		Six months ended January 31,	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**	**2023**	**2022**
Net income	Net income	$595	$560	Net income	$374	$436	$969	$996
Other comprehensive (loss) income:								

Other comprehensive income (loss):				Other comprehensive income (loss):				
Foreign currency translation adjustments	Foreign currency translation adjustments	(36)	—	Foreign currency translation adjustments	18	(14)	(18)	(14)
Pension (loss) income, net of tax benefit of $2 and $—, respectively.		(1)	3					
Total other comprehensive (loss) income, net of tax		(37)	3					
Pension income (loss), net of tax expense of ($3), ($10), ($1), and ($10) respectively.				Pension income (loss), net of tax expense of ($3), ($10), ($1), and ($10) respectively.	8	(21)	7	(18)
Total other comprehensive income (loss), net of tax				Total other comprehensive income (loss), net of tax	26	(35)	(11)	(32)
Comprehensive income	Comprehensive income	$558	$563	Comprehensive income	$400	$401	$ 958	$ 964

See accompanying Notes to the Condensed Consolidated Financial Statements.

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Ferguson plc
Condensed Consolidated Balance Sheets
(unaudited)

		As of			**As of**	
(In millions, except share amounts)	**(In millions, except share amounts)**	**October 31, 2022**	**July 31, 2022**	**(In millions, except share amounts)**	**January 31, 2023**	**July 31, 2022**
Assets	**Assets**			**Assets**		

Cash and cash equivalents	Cash and cash equivalents	$638	$771	Cash and cash equivalents	$597	$771
Accounts receivable, less allowances of $42 and $27, respectively		3,609	3,610			
Accounts receivable, less allowances of $47 and $27, respectively				Accounts receivable, less allowances of $47 and $27, respectively	3,166	3,610
Inventories	Inventories	4,233	4,333	Inventories	4,173	4,333
Prepaid and other current assets	Prepaid and other current assets	899	834	Prepaid and other current assets	813	834
Assets held for sale	Assets held for sale	3	3	Assets held for sale	19	3
Total current assets	**Total current assets**	9,382	9,551	**Total current assets**	8,768	9,551
Property, plant and equipment, net	Property, plant and equipment, net	1,410	1,376	Property, plant and equipment, net	1,482	1,376
Operating lease right-of-use assets	Operating lease right-of-use assets	1,225	1,200	Operating lease right-of-use assets	1,294	1,200
Deferred income taxes, net	Deferred income taxes, net	196	177	Deferred income taxes, net	214	177
Goodwill	Goodwill	2,042	2,048	Goodwill	2,094	2,048
Other intangible assets, net	Other intangible assets, net	760	782	Other intangible assets, net	799	782
Other non-current assets	Other non-current assets	510	527	Other non-current assets	565	527
Total assets	**Total assets**	$15,525	$15,661	**Total assets**	$15,216	$15,661
Liabilities and shareholders' equity						
Liabilities and shareholders’ equity				**Liabilities and shareholders’ equity**		
Accounts payable	Accounts payable	$3,335	$3,607	Accounts payable	$3,155	$3,607
Short-term debt	Short-term debt	—	250	Short-term debt	55	250
Current portion of operating lease liabilities	Current portion of operating lease liabilities	327	321	Current portion of operating lease liabilities	336	321

Dividend payable				Dividend payable	156	—
Share repurchase liability	Share repurchase liability	77	324	Share repurchase liability	139	324
Other current liabilities	Other current liabilities	1,356	1,297	Other current liabilities	1,073	1,297
Total current liabilities	**Total current liabilities**	5,095	5,799	**Total current liabilities**	4,914	5,799
Long-term debt	Long-term debt	3,759	3,679	Long-term debt	3,936	3,679
Long-term portion of operating lease liabilities	Long-term portion of operating lease liabilities	900	878	Long-term portion of operating lease liabilities	961	878
Other long-term liabilities	Other long-term liabilities	650	640	Other long-term liabilities	680	640
Total liabilities	**Total liabilities**	10,404	10,996	**Total liabilities**	10,491	10,996
Shareholders' equity:	**Shareholders' equity:**			**Shareholders' equity:**		
Ordinary shares, par value 10 pence: 500,000,000 shares authorized, 232,171,182 shares issued	Ordinary shares, par value 10 pence: 500,000,000 shares authorized, 232,171,182 shares issued	$30	$30	Ordinary shares, par value 10 pence: 500,000,000 shares authorized, 232,171,182 shares issued	30	30
Paid-in capital	Paid-in capital	773	760	Paid-in capital	789	760
Retained earnings	Retained earnings	8,129	7,594	Retained earnings	7,945	7,594
Treasury shares, 24,069,674 and 21,078,577 shares, respectively at cost		(2,897)	(2,782)			
Employee Benefit Trusts, 284,562 and 846,491 shares, respectively at cost		(47)	(107)			
Treasury shares, 25,619,935 and 21,078,577 shares, respectively at cost				Treasury shares, 25,619,935 and 21,078,577 shares, respectively at cost	(3,151)	(2,782)

Employee Benefit Trusts, 283,604 and 846,491 shares, respectively at cost				Employee Benefit Trusts, 283,604 and 846,491 shares, respectively at cost	(47)	(107)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(867)	(830)	Accumulated other comprehensive loss	(841)	(830)
Total shareholders' equity	Total shareholders' equity	5,121	4,665	Total shareholders' equity	4,725	4,665
Total liabilities and shareholders' equity	**Total liabilities and shareholders' equity**	$15,525	$15,661	**Total liabilities and shareholders' equity**	$15,216	$15,661

See accompanying Notes to the Condensed Consolidated Financial Statements.

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Ferguson plc
Condensed Consolidated Statements of Shareholders' Equity
(unaudited)

	Three Months Ended October 31, 2021						
(In millions, except per share data)	Ordinary Shares	Paid-in Capital	Retained Earnings	Treasury Shares	Employee Benefit Trusts	Accumulated Other Comprehensive Loss	Total Equity
Balance at July 31, 2021	$30	$704	$6,054	($931)	($58)	($796)	$5,003
Share-based compensation	—	24	—	—	—	—	24
Net income	—	—	560	—	—	—	560
Other comprehensive income	—	—	—	—	—	3	3
Share repurchases	—	—	—	(390)	(43)	—	(433)
Shares issued under employee share plans	—	—	(50)	7	43	—	—

Balance at October 31, 2021	30	$728	$6,564	($1,314)	($58)	($793)	$5,157

	Three Months Ended October 31, 2022						
(In millions, except per share data)	Ordinary Shares	Paid-in Capital	Retained Earnings	Treasury Shares	Employee Benefit Trusts	Accumulated Other Comprehensive Loss	Total Equity
Balance at July 31, 2022	$30	$760	$7,594	($2,782)	($107)	($830)	$4,665
Share-based compensation	—	13	—	—	—	—	13
Net income	—	—	595	—	—	—	595
Other comprehensive loss	—	—	—	—	—	(37)	(37)
Share repurchases	—	—	—	(115)	—	—	(115)
Shares issued under employee share plans	—	—	(60)	—	60	—	—
Balance at October 31, 2022	$30	$773	$8,129	($2,897)	($47)	($867)	$5,121

See accompanying Notes to the Condensed Consolidated Financial Statements.

	Three Months Ended January 31, 2023						
(In millions, except per share data)	Ordinary Shares	Paid-in Capital	Retained Earnings	Treasury Shares	Employee Benefit Trusts	Accumulated Other Comprehensive Loss	Total Equity
Balance at October 31, 2022	$30	$773	$8,129	($2,897)	($47)	($867)	$5,121
Share-based compensation	—	16	—	—	—	—	16
Net income	—	—	374	—	—	—	374
Cash dividends declared ($2.66)	—	—	(552)	—	—	—	(552)
Other comprehensive income	—	—	—	—	—	26	26
Share repurchases	—	—	—	(260)	—	—	(260)
Shares issued under employee share plans	—	—	(6)	6	—	—	—
Balance at January 31, 2023	$30	$789	$7,945	($3,151)	($47)	($841)	$4,725

Six months ended January 31, 2023

(In millions, except per share data)	Ordinary Shares	Paid-in Capital	Retained Earnings	Treasury Shares	Employee Benefit Trusts	Accumulated Other Comprehensive Loss	Total Equity
Balance at July 31, 2022	$30	$760	$7,594	($2,782)	($107)	($830)	$4,665
Share-based compensation	—	29	—	—	—	—	29
Net income	—	—	969	—	—	—	969
Cash dividends declared ($2.66)	—	—	(552)	—	—	—	(552)
Other comprehensive loss	—	—	—	—	—	(11)	(11)
Share repurchases	—	—	—	(375)	—	—	(375)
Shares issued under employee share plans	—	—	(66)	6	60	—	—
Balance at January 31, 2023	$30	$789	$7,945	($3,151)	($47)	($841)	$4,725

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Ferguson plc

(In millions, except per share data)	Three Months Ended January 31, 2022						
	Ordinary Shares	Paid-in Capital	Retained Earnings	Treasury Shares	Employee Benefit Trusts	Accumulated Other Comprehensive Loss	Total Equity
Balance at October 31, 2021	$30	$728	$6,564	($1,314)	($58)	($793)	$5,157
Share-based compensation	—	9	—	—	—	—	9
Net income	—	—	436	—	—	—	436
Other comprehensive loss	—	—	—	—	—	(35)	(35)
Cash dividends declared ($1.665)	—	—	(368)	—	—	—	(368)
Share repurchases	—	—	—	(322)	(49)	—	(371)
Shares issued under employee share plans	—	—	—	—	—	—	—
Other	—	—	17	—	—	—	17

Balance at January 31, 2022	$30	$737	$6,649	($1,636)	($107)	($828)	$4,845

Condensed Consolidated Statements of Cash Flows

	Six months ended January 31, 2022						
(In millions, except per share data)	Ordinary Shares	Paid-in Capital	Retained Earnings	Treasury Shares	Employee Benefit Trusts	Accumulated Other Comprehensive Loss	Total Equity
Balance at July 31, 2021	$30	$704	$6,054	$ (931)	($58)	($796)	$5,003
Share-based compensation	—	33	—	—	—	—	33
Net income	—	—	996	—	—	—	996
Other comprehensive loss	—	—	—	—	—	(32)	(32)
Cash dividends declared ($1.665)	—	—	(368)	—	—	—	(368)
Share repurchases	—	—	—	(712)	(92)	—	(804)
Shares issued under employee share plans	—	—	(50)	7	43	—	—
Other	—	—	17	—	—	—	17
Balance at January 31, 2022	$30	$737	$6,649	($1,636)	($107)	($828)	$4,845

(unaudited)

	Three months ended October 31,	
(In millions)	**2022**	**2021**
Cash flows from operating activities:		
Net income	$595	$560
(Income) from discontinued operations	—	(25)
Income from continuing operations	595	535
Depreciation and amortization	81	74
Share-based compensation	13	19
Decrease (increase) in inventories	94	(386)
Increase in receivables and other assets	(56)	(337)
Decrease in accounts payable and other liabilities	(395)	(44)
Change in deferred taxes and income tax payable	167	128
Other operating activities	2	2

Net cash provided by (used in) operating activities of continuing operations	501	(9)
Net cash used in operating activities of discontinued operations	(3)	—
Net cash provided by (used in) operating activities	498	(9)
Cash flows from investing activities:		
Purchase of businesses acquired, net of cash acquired	(5)	(48)
Capital expenditures	(95)	(54)
Other investing activities	(4)	(3)
Net cash used in investing activities of continuing operations	(104)	(105)
Net cash provided by investing activities of discontinued operations	—	25
Net cash used in investing activities	(104)	(80)
Cash flows from financing activities:		
Purchase of own shares by Employee Benefit Trusts	—	(43)
Purchase of treasury shares	(366)	(97)
Repayments of debt	(1,505)	—
Proceeds from debt	1,350	—
Change in bank overdrafts	7	1,070
Other financing activities	(5)	(4)
Net cash (used in) provided by financing activities	(519)	926
Change in cash, cash equivalents and restricted cash	(125)	837
Effects of exchange rate changes	(8)	(6)
Cash, cash equivalents and restricted cash, beginning of period	785	1,342
Cash, cash equivalents and restricted cash, end of period	$652	$2,173
Supplemental Disclosures:		
Cash paid for income taxes	$29	$48
Cash paid for interest	57	20
Accrued capital expenditures	11	7

See accompanying Notes to the Condensed Consolidated Financial Statements.

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Ferguson plc
Condensed Consolidated Statements of Cash Flows
(unaudited)

(In millions)	**Six months ended January 31, 2023**	**2022**
Cash flows from operating activities:		
Net income	$969	$996
(Income) from discontinued operations	—	(25)
Income from continuing operations	969	971
Depreciation and amortization	162	146
Share-based compensation	27	30
Net loss on disposal of assets and impairment	—	15
Decrease (increase) in inventories	237	(463)
Decrease (increase) in receivables and other assets	512	(117)
Decrease in accounts payable and other liabilities	(634)	(261)
Change in deferred taxes and income tax payable	(101)	(98)
Other operating activities	3	6
Net cash provided by operating activities of continuing operations	1,175	229
Net cash used in operating activities of discontinued operations	(4)	—
Net cash provided by operating activities	1,171	229
Cash flows from investing activities:		
Purchase of businesses acquired, net of cash acquired	(179)	(245)
Capital expenditures	(242)	(122)
Other investing activities	(4)	(5)
Net cash used in investing activities of continuing operations	(425)	(372)
Net cash provided by investing activities of discontinued operations	—	25
Net cash used in investing activities	(425)	(347)
Cash flows from financing activities:		
Purchase of own shares by Employee Benefit Trusts	—	(92)
Purchase of treasury shares	(564)	(417)
Repayments of debt	(1,880)	—
Proceeds from debt	1,950	500

Change in bank overdrafts	4	10
Cash dividends	(403)	(364)
Other financing activities	(13)	(9)
Net cash used in financing activities	(906)	(372)
Change in cash, cash equivalents and restricted cash	(160)	(490)
Effects of exchange rate changes	19	(10)
Cash, cash equivalents and restricted cash, beginning of period	785	1,342
Cash, cash equivalents and restricted cash, end of period	$644	$842
Supplemental Disclosures:		
Cash paid for income taxes	$419	$370
Cash paid for interest	83	47
Accrued capital expenditures	7	9

See accompanying Notes to the Condensed Consolidated Financial Statements.

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Ferguson plc

Notes to the Condensed Consolidated Financial Statements

(unaudited)

Note 1: Summary of significant accounting policies

Background

Ferguson plc (the "Company") (NYSE: FERG; LSE: FERG) is a public company limited by shares incorporated in Jersey under the Companies (Jersey) Law 1991 (as amended). The Company is a value-added distributor in North America providing expertise, solutions and products from infrastructure, plumbing and appliances to HVAC, fire, fabrication and more. We exist to make our customers' complex projects simple, successful and sustainable. Ferguson is headquartered in the United Kingdom ("U.K."), with its operations and associates solely focused on North America and managed from Newport News, Virginia. The Company's registered office is 13 Castle Street, St Helier, Jersey, JE1 1ES, Channel Islands.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements and notes to the condensed consolidated financial statements are presented in accordance with the rules and regulations of the Securities and Exchange Commission and accounting principles generally accepted in the United States of America ("U.S. GAAP"), but do not include all the disclosures normally required in annual consolidated financial statements. The unaudited condensed consolidated financial statements, in the opinion of management, contain all normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. The July 31, 2022 condensed consolidated balance sheet was derived from the audited financial statements.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022 (the "Annual Report"). Report. The financial results for the interim periods may not be indicative of the financial results for the entire fiscal year.

Use of estimates

The preparation of the Company's interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions affecting certain reported amounts. Actual results may differ from those estimates.

Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash on hand, deposits with banks with original maturities of three months or less and overdrafts to the extent there is a legal right of offset and practice of net settlement with cash balances.

Restricted cash primarily consists of deferred consideration for business combinations, subject to various settlement agreements, and is recorded in prepaid and other current assets in the Company's condensed consolidated balance sheets.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows.

		As of			As of	
(In millions)	(In millions)	October 31, 2022	July 31, 2022	(In millions)	January 31, 2023	July 31, 2022
Cash and cash equivalents	Cash and cash equivalents	$638	$771	Cash and cash equivalents	$597	$771
Restricted cash	Restricted cash	14	14	Restricted cash	47	14
Total cash, cash equivalents and restricted cash	Total cash, cash equivalents and restricted cash	$652	$785	Total cash, cash equivalents and restricted cash	$644	$785

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Recently issued accounting pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of Effects of Reference Rate Reform on Financial Reporting. This ASU, and subsequent clarifications, provide practical expedients for contract modification accounting related to the transition away from the London Interbank Offered Rate ("LIBOR") and other interbank offering rates to alternative reference rates. The expedients are applicable to contract modifications made and hedging relationships entered into on or before December 31, 2022. The amendments should be applied on a prospective basis. The Company has evaluated the impact of reference rate reform and does concluded the impact is not expect a material impact to the Company's consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. The amendments address how to determine whether a contract liability is recognized by the acquirer in a business combination and provides specific guidance on how to recognize and measure acquired contract assets and contract liabilities from revenue contracts in a business combination. For public business entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption of the amendments is permitted, including adoption in an interim period. The Company is evaluating this standard update and does not expect a material impact to the Company's consolidated financial statements.

Recent accounting pronouncements pending adoption that are not discussed above are either not applicable, or will not have, or are not expected to have, a material impact on our consolidated financial condition, results of operations, cash flows or related disclosures.

Note 2: Revenue and segment information

The Company reports its financial results of operations on a geographical basis in the following two reportable segments: United States and Canada. Each segment generally derives its revenues in the same manner. The Company uses adjusted operating profit as its measure of segment profit. Adjusted operating profit is defined as profit before tax, excluding central and other costs, restructuring costs, amortization of acquired intangible assets, net interest expense, as well as other items typically recorded in net other (expense) income such as (loss)/gain on disposal of businesses, pension plan changes/closure costs and amounts recorded in connection with the Company's interests in investees. Certain income and expenses are not allocated to the Company's segments and, thus, the information that management uses to make operating decisions and assess performance does not reflect such amounts.

Segment details were as follows:

		Three months ended October 31,			**Three months ended January 31,**		**Six months ended January 31,**	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**	**2023**	**2022**
Net sales:	**Net sales:**			**Net sales:**				
United States	United States	$7,532	$6,418	United States	$6,504	$6,172	$14,036	$12,590
Canada	Canada	399	385	Canada	321	336	720	721
Total net sales	Total net sales	$7,931	$6,803	Total net sales	$6,825	$6,508	$14,756	$13,311
Adjusted operating profit:	**Adjusted operating profit:**			**Adjusted operating profit:**				

United States	United States	$845	$752	United States	$579	$576	$1,424	$1,328
Canada	Canada	33	34	Canada	14	23	47	57
Central and other costs	Central and other costs	(14)	(19)	Central and other costs	(11)	(11)	(25)	(30)
Corporate restructurings(1)	Corporate restructurings(1)	—	(1)	Corporate restructurings(1)	—	(6)	—	(7)
Amortization of acquired intangible assets	Amortization of acquired intangible assets	(33)	(27)	Amortization of acquired intangible assets	(33)	(27)	(66)	(54)
Interest expense, net	Interest expense, net	(41)	(27)	Interest expense, net	(47)	(22)	(88)	(49)
Other (expense) income, net	Other (expense) income, net	2	(1)	Other (expense) income, net	(7)	(1)	(5)	(2)
Income before income taxes	**Income before income taxes**	$792	$711	**Income before income taxes**	$495	$532	$1,287	$1,243

(1) For the three and six months ended October 31, 2021 January 31, 2022, corporate restructuring costs related to the incremental costs of the Company's listing in the United States.

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Our products are delivered through a common network of distribution centers, branches, specialist sales associates, counter service, showroom consultants and e-commerce. The Company recognizes revenue when a sales arrangement with a customer exists, the transaction price is fixed or determinable and the Company has satisfied its performance obligation per the sales arrangement. The majority of the Company's revenue originates from sales arrangements with a single performance obligation to deliver products, whereby the performance obligations are satisfied when control of the product is transferred to the customer which is the point the product is delivered to, or collected by, the customer.

The Company determined that disaggregating net sales by end market at the segment level achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows may be impacted by economic factors. The disaggregated net sales by end market are as follows:

		Three months ended October 31,			**Three months ended January 31,**		**Six months ended January 31,**	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**	**2023**	**2022**

United States:	**United States:**			**United States:**				
Residential	Residential	$4,002	$3,477	Residential	$3,420	$3,386	$7,422	$6,863
Non-residential:	Non-residential:			Non-residential:				
Commercial	Commercial	2,419	2,053	Commercial	2,114	1,939	4,533	3,992
Civil/Infrastructure	Civil/Infrastructure	638	501	Civil/Infrastructure	508	473	1,146	974
Industrial	Industrial	473	387	Industrial	462	374	935	761
Total Non-residential	Total Non-residential	3,530	2,941	Total Non-residential	3,084	2,786	6,614	5,727
Total United States	**Total United States**	7,532	6,418	**Total United States**	6,504	6,172	14,036	12,590
Canada	**Canada**	399	385	**Canada**	321	336	720	721
Total net sales	**Total net sales**	$7,931	$6,803	**Total net sales**	$6,825	$6,508	$14,756	$13,311

No sales to an individual customer accounted for more than 10% of net sales during any of the periods presented.

The Company is a value-added distributor of products from infrastructure, plumbing and appliances to HVAC, fire, fabrication and more. We offer a broad line of products, and items are regularly added to and removed from the Company's inventory. Accordingly, it would be impractical to provide sales information by product category due to the way our business is managed and the dynamic nature of the inventory offered.

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Note 3: Earnings per share

Basic earnings per share is calculated using our weighted-average outstanding common ordinary shares. Diluted earnings per share is calculated using our weighted-average outstanding common ordinary shares including the dilutive effect of share awards as determined under the treasury stock method.

The following table shows the calculation of diluted shares:

		Three months ended October 31,			**Three months ended January 31,**		**Six months ended January 31,**	
(In millions, except per share amounts)	**(In millions, except per share amounts)**	**2022**	**2021**	**(In millions, except per share amounts)**	**2023**	**2022**	**2023**	**2022**
Income from continuing operations	Income from continuing operations	$595	$535	Income from continuing operations	$374	$436	$969	$971

Income from discontinued operations (net of tax)	Income from discontinued operations (net of tax)	—	25	Income from discontinued operations (net of tax)	—	—	—	25
Net income	Net income	$595	$560	Net income	$374	$436	$969	$996
Weighted average number of shares outstanding:	Weighted average number of shares outstanding:			Weighted average number of shares outstanding:				
Basic weighted-average shares	Basic weighted-average shares	208.7	221.4	Basic weighted-average shares	207.1	220.0	207.9	220.7
Effect of dilutive shares	Effect of dilutive shares	1.1	1.3	Effect of dilutive shares	0.7	1.2	0.9	1.3
Diluted weighted-average shares	Diluted weighted-average shares	209.8	222.7	Diluted weighted-average shares	207.8	221.2	208.8	222.0
Earnings per share - Basic:	Earnings per share - Basic:			Earnings per share - Basic:				
Continuing operations	Continuing operations	$2.85	$2.42	Continuing operations	$1.81	$1.98	$4.66	$4.40
Discontinued operations	Discontinued operations	—	0.11	Discontinued operations	—	—	—	0.11
Total	Total	$2.85	$2.53	Total	$1.81	$1.98	$4.66	$4.51
Earnings per share - Diluted:	Earnings per share - Diluted:			Earnings per share - Diluted:				
Continuing operations	Continuing operations	$2.84	$2.40	Continuing operations	$1.80	$1.97	$4.64	$4.38
Discontinued operations	Discontinued operations	—	0.11	Discontinued operations	—	—	—	0.11
Total	Total	$2.84	$2.51	Total	$1.80	$1.97	$4.64	$4.49
Excluded anti-dilutive shares	Excluded anti-dilutive shares	—	0.1	Excluded anti-dilutive shares	0.1	—	0.1	0.1

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Note 4: Income tax

Ferguson manages its affairs so that it is centrally managed and controlled in the U.K. and therefore has its tax residency in the U.K. The provision for income taxes consists of provisions for the U.K. plus non-U.K. tax rate differentials with respect to other locations in which Ferguson's operations are based. Accordingly, the consolidated income tax rate is a composite rate reflecting earnings in various locations and the applicable rates.

The Company's tax provision for each period presented was calculated using an estimated annual tax rate, adjusted for discrete items occurring during the applicable period to arrive at an effective tax rate. The effective income tax rates were 24.9% and 24.8% for the three months ended October 31, 2022 and 2021, respectively. relevant periods were as follows:

	Three months ended January 31,		Six months ended January 31,	
	2023	2022	2023	2022
Effective tax rate, continuing operations	24.4 %	18.0 %	24.7 %	21.9 %

During the first quarter year-to-date period of fiscal 2023, there have been no material changes to the Company's unrecognized tax benefits when compared to those items disclosed in the Company's Annual Report.

As disclosed in our Annual Report, we consider foreign earnings of specific subsidiaries to be indefinitely reinvested. If at some future date, the Company ceases to be permanently reinvested in these foreign subsidiaries, the Company may be subject to foreign withholding and other taxes on these undistributed earnings and may need to record a deferred tax liability for any outside basis difference on these specific foreign subsidiaries. The potential impact in connection with these items has not materially changed since the end of fiscal 2022.

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Note 5: Debt

The Company's debt obligations consisted of the following:

		As of			As of	
(In millions)	(In millions)	October 31, 2022	July 31, 2022	(In millions)	January 31, 2023	July 31, 2022
Variable-rate debt:	**Variable-rate debt:**			**Variable-rate debt:**		
Receivables Securitization Facility	Receivables Securitization Facility	$50	$455	Receivables Securitization Facility	$275	$455

Term Loan	Term Loan	500	—	Term Loan	500	—
Private Placement Notes:	**Private Placement Notes:**			**Private Placement Notes:**		
3.43% due September 2022	3.43% due September 2022	—	250	3.43% due September 2022	—	250
3.30% due November 2023	3.30% due November 2023	55	55	3.30% due November 2023	55	55
3.44% due November 2024	3.44% due November 2024	150	150	3.44% due November 2024	150	150
3.73% due September 2025	3.73% due September 2025	400	400	3.73% due September 2025	400	400
3.51% due November 2026	3.51% due November 2026	150	150	3.51% due November 2026	150	150
3.83% due September 2027	3.83% due September 2027	150	150	3.83% due September 2027	150	150
Unsecured Senior Notes:	**Unsecured Senior Notes:**			**Unsecured Senior Notes:**		
4.50% due October 2028	4.50% due October 2028	750	750	4.50% due October 2028	750	750
3.25% due June 2030	3.25% due June 2030	600	600	3.25% due June 2030	600	600
4.25% due April 2027	4.25% due April 2027	300	300	4.25% due April 2027	300	300
4.65% due April 2032	4.65% due April 2032	700	700	4.65% due April 2032	700	700
Subtotal	Subtotal	$3,805	$3,960	Subtotal	$4,030	$3,960
Less: current maturities of debt	Less: current maturities of debt	—	(250)	Less: current maturities of debt	(55)	(250)
Unamortized discounts and debt issuance costs	Unamortized discounts and debt issuance costs	(25)	(24)	Unamortized discounts and debt issuance costs	(24)	(24)
Interest rate swap - fair value adjustment	Interest rate swap - fair value adjustment	(21)	(7)	Interest rate swap - fair value adjustment	(15)	(7)
Total long-term debt	Total long-term debt	$3,759	$3,679	Total long-term debt	$3,936	$3,679

Private Placement Notes

During the first quarter of fiscal 2023, the 3.43% notes due in September 2022 were repaid at maturity.

Bilateral Loan

The Company maintains previously maintained an unsecured $250 million 364-day revolving facility (the “Bilateral Loan Facility”). The Bilateral Loan Facility is governed by the Revolving Facility Agreement, dated March 25, 2022, among the Company, Ferguson UK Holdings Limited, a wholly-owned subsidiary of the Company (“Ferguson UK”), Sumitomo Mitsui Banking Corporation, London Branch, as lead arranger, the lenders party thereto and SMBC Bank International PLC, as agent for the lenders (the “Bilateral Loan Agreement”). The

Effective December 29, 2022, the Company voluntarily cancelled the Bilateral Loan Facility will mature in March 2023. Prior to accordance with the first anniversary of the date terms of the Bilateral Loan Agreement, Agreement. At the Company may request that the termination date be extended for a further period time of 364 days, subject to the terms and conditions set forth in the agreement. Borrowings are available to the Company and certain of its subsidiaries and bear interest at a rate of Term SOFR (as defined in the Bilateral Loan Agreement) plus a margin and variable credit adjustment spread depending on the interest period. The Bilateral Loan Agreement requires the Company to pay a quarterly commitment fee. All obligations under the Bilateral Loan Agreement are unconditionally guaranteed by the Company and Ferguson UK, to the extent each entity is not the borrower with respect to such obligation.

The Bilateral Loan Agreement contains affirmative and negative covenants that, among other things, restrict, subject to certain conditions, exceptions and thresholds, the ability of the Company and its subsidiaries to incur indebtedness, grant liens on present or future assets or revenues, sell assets or engage in mergers or consolidations. The Bilateral Loan Agreement also contains events of default, including, among others, cross-default and cross-acceleration provisions, in each case, subject to grace periods and thresholds.

As of October 31, 2022, cancellation, no borrowings amounts were outstanding under the Bilateral Loan Agreement.

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Term Loan Agreement

The Credit Agreement, dated October 7, 2022, among the Company, Ferguson UK, the lenders party thereto and the agent of the lenders party thereto (the “Term Loan Agreement”) provides for term loans in an aggregate principal amount of $500 million, the proceeds of which may be used for general corporate purposes. The Term Loan Agreement will mature on October 7, 2025.

Term loans will bear interest at a rate per annum of the Term SOFR Rate, as defined in the Term Loan Agreement, plus a credit spread adjustment of 10 basis points plus a margin ranging from 100 to 150 basis points, determined on the basis of the Company’s corporate credit ratings (or if public credit ratings are not published, senior unsecured debt ratings), which margin is currently 112.5 basis points per annum. .

Ferguson UK may voluntarily prepay the term loans, in whole or in part, without premium or penalty, but subject to reimbursement of funding losses with respect to certain prepayments. Term loans that are prepaid may not be reborrowed.

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The Term Loan Agreement contains representations and warranties and affirmative and negative covenants and events of default, including, but not limited to, restrictions on the incurrence of non-guarantor subsidiary indebtedness, additional liens, mergers and sales of assets and changes in nature of business, in each case, subject to certain conditions, exceptions and thresholds. The Term Loan Agreement also requires the Company to maintain on a consolidated basis, as of the last day of each fiscal quarter, a maximum net leverage ratio of 3.50 to 1.00, with a step-up to 4.00 to 1.00 with respect to each of the four fiscal quarters ending immediately after certain material acquisitions. The Company unconditionally and irrevocably guarantees the term loans.

Revolving Credit Facility

The Company maintains a revolving credit facility (the "Revolving Facility") under the Amendment and Restatement Agreement, dated October 7, 2022, among the Company, Ferguson UK, the lenders and arrangers party thereto, and the agent of the lenders party thereto (as amended from time to time, the "Revolving Facility Agreement"). The Revolving Facility has aggregate total available credit commitments of $1.35 billion. Borrowings under the Revolving Facility bear interest at a per annum rate of Term SOFR (as defined in the Revolving Facility Agreement) plus a credit spread adjustment of 10 basis points plus a margin ranging from 20 to 75 basis points, determined on the basis of the Company's corporate credit ratings (or if public credit ratings are not published, senior unsecured debt ratings).

The Company is required to pay a quarterly commitment fee and utilization fee in certain circumstances. All obligations under the Revolving Facility Agreement are unconditionally guaranteed by the Company and Ferguson UK, to the extent each entity is not the borrower with respect to such obligation.

The Revolving Facility Agreement contains affirmative and negative covenants that, among other things, restrict, subject to certain conditions, exceptions and thresholds, the ability of the Company and its subsidiaries to incur indebtedness, grant liens on present or future assets or revenues, sell assets or engage in mergers or consolidations. The Revolving Facility Agreement also contains events of default, including, among others, cross-default and cross-acceleration provisions, in each case, subject to grace periods and thresholds. The Revolving Facility terminates in March 2026.

As of October 31, 2022January 31, 2023, no borrowings were outstanding under the Revolving Facility.

Receivables Securitization Facility

The Company maintains a Receivables Securitization Facility (as amended from time to time, the "Receivables Facility") governed by the Receivables Purchase Agreement dated July 31, 2013, as amended from time to time, including the Thirteenth Amendment to Receivables Purchase Agreement, dated October 7, 2022. time. As of October 31, 2022, the Receivables Facility consisted of accounts receivable funding for up to $1.1 billion, including a swingline for up to $100 million in same day funding, terminating on October 7, 2025. The Company has available to it an accordion feature whereby the facility may be increased up to $1.5 billion subject to lender participation. Additionally, the Company has available a swingline from one of the lenders for up to $100 million in same day funding. Interest is payable under the Receivables Facility at a rate of Term SOFR (as defined in the Receivables Facility) plus a credit spread adjustment of 10 basis points plus a margin. The Company does not factor its accounts receivable as the Receivables Facility is the Company's only secured borrowing.

The Receivables Facility contains affirmative and negative covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company and its subsidiaries party thereto from granting additional liens on the accounts receivable, selling certain assets or engaging in acquisitions, mergers or consolidations, or, in the case of the borrower, incurring other indebtedness.

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The Receivables Facility also contains events of default and cross-default provisions, including requirements that our performance in relation to accounts receivable remains at set levels (specifically, among other things, relating to timely payments being received from debtors on the accounts receivable and to the amount of accounts receivable written off as bad debt) and that a required level of accounts receivable be generated and available to support the borrowings under the arrangements. As of October 31, 2022 January 31, 2023, $50 million $275 million in borrowings were outstanding under the Receivables Facility.

The Company pays customary fees regarding unused amounts to maintain the availability under the Receivables Facility.

The Company was in compliance with all debt covenants for all of these debt obligations and facilities that were in effect as of October 31, 2022 January 31, 2023.

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Note 6: Assets and liabilities at fair value

The Company has not changed its valuation techniques for measuring fair value of any financial assets or liabilities during the periods presented. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term other debt instruments, such as the receivables securitization facility and term loans, approximate their the fair values due to the relatively short maturities of those instruments.

The Company's derivatives (interest rate swaps) swaps which are considered fair value hedges) and investments in equity instruments are carried at fair value on the condensed consolidated balance sheets (Level 2 and Level 3 fair value inputs, respectively) and are not material. The notional amount of the Company's outstanding fair value hedges as of October 31, 2022 January 31, 2023 and July 31, 2022 was $355 million.

Carrying amounts and the related estimated fair value (Level 2) of the Company's long-term debt were as follows:

		October 31, 2022		July 31, 2022			January 31, 2023		July 31, 2022	
(In millions)	(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured Senior Notes	Unsecured Senior Notes	$2,328	$2,064	$2,328	$2,350	Unsecured Senior Notes	$2,329	$2,213	$2,328	$2,350
Private Placement Notes	Private Placement Notes	902	850	1,153	1,142	Private Placement Notes	903	872	1,153	1,142

Note 7: Commitments and contingencies

Legal matters

The Company is, from time to time, involved in various legal proceedings considered to be normal course of business in relation to, among other things, the products that we supply, contractual and commercial disputes and disputes with employees. Provision is made if, on the basis of current information and professional advice, liabilities are considered likely to arise. In the case of unfavorable outcomes, the Company may benefit from applicable insurance protection. The Company does not expect any of its pending legal proceedings to have a material adverse effect on its results of operations, financial position or cash flows.

Note 8: Accumulated other comprehensive loss

The change in accumulated other comprehensive loss was as follows:

(In millions, net of tax)	(In millions, net of tax)	Foreign currency translation	Pensions	Total	(In millions, net of tax)	Foreign currency translation	Pensions	Total
Balance at July 31, 2021		($396)	($400)	($796)				
Balance at July 31, 2022					Balance at July 31, 2022	($420)	($410)	($830)
Other comprehensive (loss) before reclassifications					Other comprehensive (loss) before reclassifications	(36)	(3)	(39)
Amounts reclassified from accumulated other comprehensive (loss) income					Amounts reclassified from accumulated other comprehensive (loss) income	—	2	2

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Other comprehensive (loss)					**Other comprehensive (loss)**	(36)	(1)	(37)
Balance at October 31, 2022					Balance at October 31, 2022	(456)	(411)	(867)
Other comprehensive (loss) income before reclassifications	Other comprehensive (loss) income before reclassifications	—	1	1	Other comprehensive (loss) income before reclassifications	18	6	24
Amounts reclassified from accumulated other comprehensive loss		—	2	2				
Amounts reclassified from accumulated other comprehensive (loss) income					Amounts reclassified from accumulated other comprehensive (loss) income	—	2	2
Other comprehensive (loss) income	**Other comprehensive (loss) income**	—	3	3	**Other comprehensive (loss) income**	18	8	26
Balance at October 31, 2021		($396)	($397)	($793)				
Balance at January 31, 2023					Balance at January 31, 2023	($438)	($403)	($841)

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(In millions, net of tax)	**(In millions, net of tax)**	**Foreign currency translation**	**Pensions**	**Total**	**(In millions, net of tax)**	**Foreign currency translation**	**Pensions**	**Total**
Balance at July 31, 2022		($420)	($410)	($830)				
Balance at July 31, 2021					Balance at July 31, 2021	($396)	($400)	($796)

Other comprehensive (loss) income before reclassifications				Other comprehensive (loss) income before reclassifications	—	1	1
Amounts reclassified from accumulated other comprehensive loss				Amounts reclassified from accumulated other comprehensive loss	—	2	2
Other comprehensive (loss) income				**Other comprehensive (loss) income**	—	3	3
Balance at October 31, 2021				Balance at October 31, 2021	(396)	(397)	(793)
Other comprehensive (loss) before reclassifications	(36)	(3)	(39)	Other comprehensive (loss) before reclassifications	(14)	(23)	(37)
Amounts reclassified from accumulated other comprehensive loss	—	2	2				
Amounts reclassified from accumulated other comprehensive (loss) income				Amounts reclassified from accumulated other comprehensive (loss) income	—	2	2
Other comprehensive (loss)	(36)	(1)	(37)	**Other comprehensive (loss)**	(14)	(21)	(35)
Balance at October 31, 2022	($456)	($411)	($867)				
Balance at January 31, 2022				Balance at January 31, 2022	($410)	($418)	($828)

Amounts reclassified from accumulated other comprehensive income related to pension and other post-retirement items include the related income tax impacts. Such amounts consisted of the following:

	Three months ended	Three months ended	Six months ended

		October 31,			January 31,		January 31,	
(In millions, net of tax)	**(In millions, net of tax)**	**2022**	**2021**	**(In millions, net of tax)**	**2023**	**2022**	**2023**	**2022**
Amortization of actuarial losses	Amortization of actuarial losses	$3	$3	Amortization of actuarial losses	$3	$2	$6	$5
Tax benefit	Tax benefit	(1)	(1)	Tax benefit	(1)	—	(2)	(1)
Amounts reclassified from accumulated other comprehensive loss	Amounts reclassified from accumulated other comprehensive loss	$2	$2	Amounts reclassified from accumulated other comprehensive loss	$2	$2	$4	$4

Note 9: Retirement benefit obligations

The Company maintains pension plans in the U.K. and Canada. The components of net periodic pension cost, which are included in other income (expense) in the condensed consolidated statements of earnings, were as follows:

		Three months ended October 31,			Three months ended January 31,		Six months ended	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**	**2023**	**2022**
Interest cost	Interest cost	($12)	($10)	Interest cost	($13)	($10)	($25)	($20)
Expected return on plan assets	Expected return on plan assets	12	12	Expected return on plan assets	12	11	24	23
Amortization of net actuarial losses	Amortization of net actuarial losses	(3)	(3)	Amortization of net actuarial losses	(3)	(2)	(6)	(5)
Net periodic cost	**Net periodic cost**	($3)	($1)	**Net periodic cost**	($4)	($1)	($7)	($2)

The impact of exchange rate fluctuations is included on the amortization line above.

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Note 10: Shareholders' equity

The following table presents a summary of the Company's share activity:

		Three months ended October 31,			Three months ended January 31,		Six months ended January 31,	
		2022	2021		2023	2022	2023	2022
Ordinary shares:	**Ordinary shares:**			**Ordinary shares:**				
Balance at beginning of period	Balance at beginning of period	232,171,182	232,171,182	Balance at beginning of period	232,171,182	232,171,182	232,171,182	232,171,182
Change in shares issued	Change in shares issued	—	—	Change in shares issued	—	—	—	—
Balance at end of period	Balance at end of period	232,171,182	232,171,182	Balance at end of period	232,171,182	232,171,182	232,171,182	232,171,182
Treasury shares:	**Treasury shares:**			**Treasury shares:**				
Balance at beginning of period	Balance at beginning of period	(21,078,577)	(9,862,816)	Balance at beginning of period	(24,069,674)	(10,557,893)	(21,078,577)	(9,862,816)
Repurchases of ordinary shares	Repurchases of ordinary shares	(2,991,097)	(764,474)	Repurchases of ordinary shares	(1,601,423)	(1,960,893)	(4,592,520)	(2,725,367)
Treasury shares used to settle share-based compensation awards	Treasury shares used to settle share-based compensation awards	—	69,397	Treasury shares used to settle share-based compensation awards	51,162	971	51,162	70,368
Balance at end of period	Balance at end of period	(24,069,674)	(10,557,893)	Balance at end of period	(25,619,935)	(12,517,815)	(25,619,935)	(12,517,815)
Employee Benefit Trusts:	**Employee Benefit Trusts:**			**Employee Benefit Trusts:**				
Balance at beginning of period	Balance at beginning of period	(846,491)	(833,189)	Balance at beginning of period	(284,562)	(549,704)	(846,491)	(833,189)
New shares purchased	New shares purchased	—	(300,000)	New shares purchased	—	(300,000)	—	(600,000)

Employee Benefit Trust shares used to settle share-based compensation awards	Employee Benefit Trust shares used to settle share-based compensation awards	561,929	583,485	Employee Benefit Trust shares used to settle share-based compensation awards	958	222	562,887	583,707
Balance at end of period	Balance at end of period	(284,562)	(549,704)	Balance at end of period	(283,604)	(849,482)	(283,604)	(849,482)
Total shares outstanding at end of period	Total shares outstanding at end of period	207,816,946	221,063,585	Total shares outstanding at end of period	206,267,643	218,803,885	206,267,643	218,803,885

Two Employee Benefit Trusts have been established in connection with the Company's discretionary share option plans and long-term incentive plans. Dividends due on shares held by the Employee Benefit Trusts are waived in accordance with the provisions of the trust deeds. At October 31, 2022 January 31, 2023 and 2021, July 31, 2022, the shares held in trusts had a market values of $31 million $40 million and $83 million $107 million, respectively.

Share Repurchases

In September 2021, the Company announced a program to repurchase up to $1.0 billion of shares. In March 2022 and September 2022, the Company announced an increase in its share repurchase program of $1.0 billion and $0.5 billion, respectively. As of October 31, 2022 January 31, 2023, the Company has completed $1.9 billion $2.1 billion of the total announced $2.5 billion repurchase program. The Company is currently purchasing shares under an irrevocable and non-discretionary arrangement with $77 million $139 million in accrued repurchases remaining, which is recorded as a current liability in the condensed consolidated balance sheet.

Note 11: Share-based compensation

The Ferguson Group Ordinary Share Plan 2019 (the "OSP") and the Ferguson Group Performance Ordinary Share Plan 2019 (the "POSP") each provides for the grant of equity awards without limitation on the number of ordinary shares that can be awarded under the plan. The Ferguson Group Long-Term Incentive Plan 2019 ("LTIP") contains guidelines that limit the maximum number of shares that can be granted under this plan.

Awards granted under the OSP vest over a period of time ("time vested"), typically three years. Dividends do not accrue during the vesting period. The fair value of the award is based on the closing share price on the date of grant.

Awards granted under the POSP vest at the end of a three-year performance cycle ("performance vested"). The number of ordinary shares granted issued upon vesting varies based upon the Company's performance against an adjusted operating profit measure. Dividends do not accrue during the vesting period. The fair value of the award is based on the closing share price on the date of grant.

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Awards granted under the LTIP vest at the end of a three-year performance period. For grants awarded prior to fiscal 2023, the number of ordinary shares to be granted issued upon vesting will vary based on Company measures of inflation-indexed earnings per share ("EPS"), cash flow and total shareholder return ("TSR") compared to a peer company set. Based on the performance conditions of these awards granted prior to fiscal 2023, these LTIP grants are treated as liability-settled awards. As such, the fair value of these awards is initially determined at the date of grant, and is remeasured at each balance sheet date until the liability is settled. Dividends accrue during the vesting period. As of October 31, 2022 January 31, 2023 and July 31, 2022, the total liability recorded in connection with these grants was $9 million and $11 million. , respectively.

In the first quarter of fiscal 2023, the Company granted awards under the LTIP in which the ordinary shares to be granted issued upon vesting vary based on fixed measures of Company defined EPS and return on capital employed ("ROCE"), as well as TSR compared to a peer company set. Dividend equivalents accrue during the vesting period. Based on the performance conditions of these awards granted in the first quarter of fiscal 2023, these grants are treated as equity-settled awards ("LTIP, equity-settled") with the fair value determined on the date of grant. Specifically, the fair value of such awards that vest based on achievement of the EPS and ROCE measures was equal to the closing share price on the date of grant. The fair value of the awards that vest based on TSR was determined using a Monte-Carlo simulation, which estimated the fair value based on the Company's share price activity relative to the peer comparative set over the expected term of the award, risk-free interest rate, expected dividends, and the expected volatility of the shares of the Company and that of the peer company set.

The following table summarizes the share-based incentive awards activity for the first quarter of fiscal 2023: six months ended January 31, 2023:

		Number of Shares	Weighted Average grant date fair value		Number of Shares	Weighted Average grant date fair value
Outstanding at July 31, 2022	**Outstanding at July 31, 2022**	1,576,554	$100.03	**Outstanding at July 31, 2022**	1,576,554	$100.03
Time vested grants	Time vested grants	116,463	100.06	Time vested grants	118,462	100.06
Performance vested grants	Performance vested grants	272,288	100.06	Performance vested grants	276,954	100.06
LTIP, equity-settled grants	LTIP, equity-settled grants	37,676	91.84	LTIP, equity-settled grants	37,676	91.84
Share adjustments based on performance	Share adjustments based on performance	204,182	99.19	Share adjustments based on performance	(20,766)	109.25
Vested	Vested	(561,991)	74.22	Vested	(611,636)	75.29
Forfeited	Forfeited	(27,752)	113.69	Forfeited	(41,649)	112.59

Outstanding at October 31, 2022	1,617,420	$108.48			
Outstanding at January 31, 2023			**Outstanding at January 31, 2023**	1,335,595	$110.60

The following table relates to time vested, performance vested and long-term incentive awards: awards activity:

	Three months ended October 31,	
(In millions, except per share amounts)	**2022**	**2021**
Vesting date fair value	$60	$94
Weighted-average grant date fair value per share granted	$99.33	$134.88

	Six months ended January 31,
(In millions, except per share amounts)	**2023**
Fair value of awards vested	$66
Weighted-average grant date fair value per share granted	99.34

The following table relates to all share-based compensation awards:

		Three months ended October 31,			Three months ended January 31,		Six months ended January 31,	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**	**2023**	**2022**
Share-based compensation expense (within SG&A)	Share-based compensation expense (within SG&A)	$13	$19	Share-based compensation expense (within SG&A)	$15	$14	$27	$32
Income tax benefit	Income tax benefit	$3	$5	Income tax benefit	4	3	7	8

The total unrecognized share-based compensation expense at October 31, 2022 January 31, 2023 was $96 million $67 million and is expected to be recognized over a weighted-average period of 2.3 1.9 years.

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Note 12: Acquisitions

The Company acquired the following businesses during the six months ended January 31, 2023. Each of the acquired businesses are engaged in the distribution of plumbing and heating products and was acquired to support growth, primarily in the United States. All transactions have been accounted for by the acquisition method of accounting.

Name	Date of acquisition	Location	Equity/asset deal	Acquired %
Monark Premium Appliance	August 2022	USA	Asset	100 %
Guarino Distributing Company, L.L.C.	November 2022	USA	Asset	100 %
Airefco, Inc.	December 2022	USA	Asset	100 %
Power Process Equipment, Inc.	December 2022	USA	Asset	100 %
Pipelines, Inc.	January 2023	USA	Asset	100 %

The following table summarizes the preliminary purchase price allocation for the assets acquired and liabilities assumed in regards to the Company's acquisitions:

(In millions)	
Intangible assets:	
Trade names and brands	$4
Customer relationships	62
Other	1
Right of use assets	17
Property, plant and equipment	4
Inventories	88
Trade and other receivables	32
Lease liabilities	(17)
Trade and other payables	(40)
Provisions	(4)
Total	147
Goodwill	53
Consideration	$200
Satisfied by:	
Cash	$179
Deferred consideration	$21
Total consideration	$200

The fair values of the assets acquired are considered preliminary and are based on management's best estimates. Further adjustments may be necessary when additional information becomes available about events that existed at the date of acquisition. Amendments to fair value estimates may be made to these figures during the measurement period following the date of acquisition. As of the date of this Quarterly Report, the Company has made all known material adjustments.

The fair value estimates of intangible assets are considered non-recurring Level 3 measurements within the fair value hierarchy and are estimated as of each respective acquisition date.

The goodwill on these acquisitions is attributable to the anticipated profitability of the new markets and product ranges to which the Company has gained access and additional profitability, operating efficiencies and other synergies available in connection with existing markets. All goodwill acquired during the six months ended January 31, 2023 is in the United States segment with all goodwill expected to be deductible for tax purposes.

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Deferred consideration represents the expected payout due to certain sellers of acquired businesses that is subject to either 1) a contractual settle-up period or 2) contingent on achieving contractually defined performance metrics. If the deferred consideration is contingent on achieving performance metrics, the liability is estimated using assumptions regarding the expectations of an acquiree's ability to achieve the contractually defined performance metrics, over a period of time that typically spans one to three years. When ultimately paid, deferred consideration is reported as a cash outflow from financing activities.

The businesses acquired during the year-to-date period of fiscal 2023 contributed $49 million to net sales and $3 million in losses to the Company's income before income tax, including acquired intangible asset amortization, transaction and integration costs for the period between the date of acquisition and January 31, 2023.

If each acquisition had been completed on the first day of fiscal 2022, the Company's unaudited proforma net sales would be $14,865 million and $13,464 million for the six months ended January 31, 2023 and 2022, respectively. The impact on income before income tax in both the six months ended January 31, 2023 and 2022, including additional amortization, transaction costs and integration costs would not be material. These unaudited pro-forma results do not necessarily represent financial results that would have been achieved had the acquisition actually occurred on August 1, 2021.

The net outflow of cash related to business acquisitions is as follows:

	Six months ended
(In millions)	**January 31, 2023**
Purchase consideration	$179
Cash, cash equivalents and bank overdrafts acquired	—
Cash consideration paid, net of cash acquired	179
Deferred and contingent consideration[1]	12
Net cash outflow in respect of the purchase of businesses	$191

(1) Included in other financing activities in the Consolidated Statements of Cash Flows.

Note 12: 13: Related party transactions

For the first quarter of fiscal 2023 three and fiscal six month periods ended January 31, 2023 and 2022, the Company purchased $7 million $6 million and $6 million $13 million, respectively, compared with $5 million and $11 million, respectively, of delivery, installation and related administrative services from companies that are, or are indirect wholly-owned subsidiaries of companies that are, controlled or significantly influenced by a Ferguson non-executive director. No material amounts are due to such companies. The services are purchased on an arm's-length basis.

Note 13: Subsequent events

Subsequent to the end of the first quarter of fiscal 2023, the Company acquired Airefco, Inc., a regional HVAC distributor serving customers in the Pacific Northwest, Guarino Distributing Company, L.L.C., an HVAC distributor operating in Louisiana and Mississippi, and Power Process Equipment, an industrial supplies distributor in the upper Midwest for approximately $159 million in aggregate.

In September 2022, the Board of Directors approved, and the Company announced, a dividend of $1.91 per share (approximately $397 million in total) which was subject to shareholder approval at the Company's 2022 Annual General Meeting, held on November 30, 2022. The dividend was approved by shareholders and will be paid on December 8, 2022. Given the requirement for shareholder approval, the Company did not accrue the dividend payment as of October 31, 2022.

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

Our management's discussion and analysis of financial condition and results of operations ("MD&A") is intended to convey management's perspective regarding the Company's operational and financial performance for the three months and six month periods ended October 31, 2022 January 31, 2023 and 2021. 2022, respectively. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements and related notes appearing in "Item 1. Financial Statements" of this Quarterly Report (the "Condensed Consolidated Financial Statements") and the consolidated financial statements and related notes in "Item 8. Financial Statements and Supplementary Data" of our Annual Report.

The following discussion contains trend information and forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements, as well as from our historical performance, due to various factors, including, but not limited to, those referred to or discussed in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" and elsewhere in this Quarterly Report.

Overview

Ferguson is a value-added distributor in North America providing expertise, solutions and products from infrastructure, plumbing and appliances to HVAC, fire, fabrication and more. Ferguson is headquartered in the U.K., with its operations and associates solely focused on North America and managed from Newport News, Virginia.

The following table presents highlights of our quarterly performance: the Company's performance for the periods:

		Three months ended October 31,			Three months ended January 31,		Six months ended January 31,	
(In millions, except per share amounts)	**(In millions, except per share amounts)**	**2022**	**2021**	**(In millions, except per share amounts)**	**2023**	**2022**	**2023**	**2022**
Net sales	Net sales	$7,931	$6,803	Net sales	$6,825	$6,508	$14,756	$13,311
Income from continuing operations	Income from continuing operations	595	535	Income from continuing operations	374	436	969	971
Earnings per share from continuing operations - Diluted		2.84	2.40					
Earnings per share from continuing operations - diluted				Earnings per share from continuing operations - diluted	1.80	1.97	4.64	4.38
Net cash provided by (used in) operating activities of continuing operations		501	(9)					
Net cash provided by operating activities of continuing operations				Net cash provided by operating activities of continuing operations			1,175	229
Supplemental non-GAAP financial measures:(1)	**Supplemental non-GAAP financial measures:**(1)			**Supplemental non-GAAP financial measures:**(1)				
Adjusted operating profit	Adjusted operating profit	864	767	Adjusted operating profit	582	588	1,446	1,355

Adjusted earnings per share - diluted	Adjusted earnings per share - diluted	2.95	2.50	Adjusted earnings per share - diluted	1.91	1.93	4.87	4.43

(1) The Company uses certain non-GAAP measures, which are not defined or specified under U.S. GAAP. See the section titled "Non-GAAP Reconciliations and Supplementary Information."

For the first second quarter of fiscal 2023, net sales increased by 16.6%, 4.9% compared to the second quarter of fiscal 2022, primarily due to price inflation (approximately 15% 10%), as well as incremental revenue from acquisitions, and the benefit of an extra partially offset by lower sales day in both the U.S. and Canada compared to the first quarter of fiscal 2022. volume.

For the first second quarter of fiscal 2023, income from continuing operations increased 11.2% to $595 million decreased by 14.2% compared to $535 million in the first second quarter of fiscal 2022. This decline was primarily driven by higher selling, general & administrative costs ("SG&A"), interest expense and income tax expense, partially offset by an increase in gross profit compared to the prior year. Adjusted operating profit increased decreased by 12.6% to $864 million compared to $767 million 1.0% in the first second quarter of fiscal 2022, 2023, reflecting the increase in SG&A, partially offset by higher gross profit generated from sales growth as well as disciplined operating cost control. compared to the prior year.

For the first second quarter of fiscal 2023, diluted earnings per share from continuing operations was $2.84 $1.80 (adjusted diluted earnings per share: $2.95) and increased 18.3% $1.91), decreasing 8.6% compared to the prior year period (18.0% (1.0% on an adjusted basis) driven by growth in due to lower income from continuing operations, as well as though partially offset by the impact from of share repurchases.

Net cash provided by operating activities from continuing operations increased to $501 million $1.2 billion in the first quarter year-to-date period of fiscal 2023 compared to an outflow of $9 million $229 million in the first quarter same period of fiscal 2022, primarily reflecting improved working capital management, particularly inventory compared to the first quarter of fiscal 2022 when the Company made strategic investments in working capital to better serve customers during times of significant supply chain disruption. and receivables.

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Results of Operations

		Three months ended October 31,			Three months ended January 31,		Six months ended January 31,	
(In millions)	(In millions)	2022	2021	(In millions)	2023	2022	2023	2022
Net sales	Net sales	$7,931	$6,803	Net sales	$6,825	$6,508	14,756	13,311
Cost of sales	Cost of sales	(5,510)	(4,676)	Cost of sales	(4,763)	(4,519)	(10,273)	(9,195)

Gross profit	Gross profit	2,421	2,127	Gross profit	2,062	1,989	4,483	4,116
Selling, general and administrative expenses	Selling, general and administrative expenses	(1,509)	(1,314)	Selling, general and administrative expenses	(1,432)	(1,362)	(2,941)	(2,676)
Depreciation and amortization	Depreciation and amortization	(81)	(74)	Depreciation and amortization	(81)	(72)	(162)	(146)
Operating profit	Operating profit	831	739	Operating profit	549	555	1,380	1,294
Interest expense, net	Interest expense, net	(41)	(27)	Interest expense, net	(47)	(22)	(88)	(49)
Other income (expense), net		2	(1)					
Other expense, net				Other expense, net	(7)	(1)	(5)	(2)
Income before income taxes	Income before income taxes	792	711	Income before income taxes	495	532	1,287	1,243
Provision for income taxes	Provision for income taxes	(197)	(176)	Provision for income taxes	(121)	(96)	(318)	(272)
Income from continuing operations	Income from continuing operations	$595	$535	Income from continuing operations	$374	$436	$969	$971

Net sales

Net sales were $7.9 billion $6.8 billion in the first second quarter of fiscal 2023, an increase of $1.1 billion $0.3 billion, or 16.6% 4.9%, compared to the same period in fiscal 2022. The increase in net sales was primarily driven by price inflation of approximately 15% 10%, as well as a 2.6% increase in sales from acquisitions, partially offset by lower sales volume. The Company's sales growth was driven by its United States segment, growing 5.4%, mainly due to strong growth in the non-residential end markets, along with a slight increase in growth in residential markets, compared to the prior year period. For further discussion on the Company's net sales, see the Segment Results section below.

Net sales were $14.8 billion in the year-to-date period of fiscal 2023, an increase of $1.4 billion, or 10.9%, compared to the same period in fiscal 2022. The increase in net sales was primarily driven by price inflation of approximately 13%, as well as a 2.7% increase in sales from prior year acquisitions, and a 1.5% benefit of one additional sales day compared to the prior year period. These increases were partially offset by lower sales volume and, to a lesser extent, volume. For further discussion on the impact of foreign currency exchange rates compared to Company's net sales, see the prior year period. The Company's sales growth was primarily driven by its U.S. segment, growing 17.4% as both residential and non-residential end markets grew compared to the prior year period, and to a lesser extent within its Canadian segment which had sales growth of 3.6%. Segment Results section below.

Gross Profit

Gross profit was $2.4 billion $2.1 billion in the first second quarter of fiscal 2023, an increase of $0.3 billion $0.1 billion, or 13.8% 3.7%, compared to the same period in fiscal 2022, reflecting increased net sales. Gross profit as a percentage of sales was 30.5% 30.2% and 31.3% 30.6% in the first second quarters of fiscal 2023 and fiscal 2022, respectively. The decrease of 0.8% 0.4% primarily reflected the price realization benefit in the prior year period due to rapid commodity price inflation which exceeded the weighted average cost of inventory sold.

Gross profit was $4.5 billion in the year-to-date period of fiscal 2023, an increase of $0.4 billion, or 8.9%, compared to the same period in fiscal 2022. Gross profit as a percentage of sales was 30.4% and 30.9% in the year-to-date period of fiscal 2023 and fiscal 2022, respectively. The factors impacting the year-to-date comparison were largely the same as those noted above for the quarter.

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

SG&A expenses were $1.5 billion $1.4 billion in the first second quarter of fiscal 2023, an increase of $195 million $70 million, or 14.8% 5.1%, compared to the same period in fiscal 2022. SG&A as a percentage of sales was 19.0% 21.0% and 19.3% 20.9% in the first quarters second quarter of fiscal 2023 and fiscal 2022, respectively, reflecting operating cost leverage respectively. The increase in SG&A as a percent of the Company's labor base, partially offset by sales reflects the incremental operating costs from acquisitions and increased infrastructure, partially offset by the operating cost leverage resulting from the Company managing its labor base relative to sales growth compared with the prior year acquisitions. year.

SG&A expenses were $2.9 billion in the year-to-date period of fiscal 2023, an increase of $0.3 billion, or 9.9%, compared to the same period in fiscal 2022. SG&A as a percentage of sales was 19.9% and 20.1% in the year-to-date period of fiscal 2023 and fiscal 2022, respectively. The decrease in SG&A as a percent of sales reflects operating cost leverage resulting from the Company managing its labor base relative to sales growth, partially offset by incremental operating costs from acquisitions and increased infrastructure costs compared to the prior year.

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Net interest expense

Net interest expense was $41 million $47 million in the second quarter of fiscal 2023 compared to $22 million in the second quarter of fiscal 2022. In the year-to-date periods, net interest expense was $88 million in fiscal 2023 compared with $49 million in fiscal 2022. The change in net interest expense in both year-over-year comparisons was primarily due to an increase in average debt related to the Company's $1.0 billion senior notes offering in the third quarter of fiscal 2022 and the $500 million of term loans entered into during the first quarter of fiscal 2023, and to a lesser extent, increased interest rates on the Company's variable rate debt.

Income tax

Income tax expense was $121 million for the second quarter of fiscal 2023, an increase of $14 million $25 million, or 51.9% 26.0%, compared to the same period in fiscal 2022. The increase was primarily due to a net increase in debt in connection with In the Company's $1.0 billion bond offering in the third quarter year-to-date period of fiscal 2022, as well as the new $500 million term loan which was entered into during the first quarter of fiscal 2023.

Income tax

Income 2023, income tax expense was $197 million for the first quarter of fiscal 2023, $318 million, an increase of $21 million $46 million, or 11.9% 16.9%, compared to the same period in fiscal 2022. The increase in income tax expense was primarily driven by increases in pre-tax income in the first quarter of fiscal 2023. The Company's effective tax rate rates attributable to continuing operations was 24.9% were 24.4% and 18.0% for the first quarter second quarters of fiscal 2023 compared to 24.8% and 2022, respectively. The effective tax rates were 24.7% and 21.9% for the same period year-to-date periods of fiscal 2023 and 2022, respectively. For each of the year-over-year comparisons, the increase in the effective tax rate was due to discrete tax benefits recorded in fiscal 2022.

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Net income

Income from continuing operations for the first second quarter of fiscal 2023 was $595 million $374 million, an increase a decrease of $60 million $62 million, or 11.2% 14.2%, compared to the same period in fiscal 2022. This increase 2022 due to the elements described above.

Income from continuing operations for the year-to-date period of fiscal 2023 was primarily $969 million, a result decrease of net sales growth. $2 million, or 0.2%, compared to the same period in fiscal 2022 due to the elements described above.

Segment results

United States

		Three months ended October 31,			Three months ended January 31,		Six months ended January 31,	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**	**2023**	**2022**
Net sales	Net sales	$7,532	$6,418	Net sales	$6,504	$6,172	$14,036	$12,590
Adjusted operating profit	Adjusted operating profit	845	752	Adjusted operating profit	579	576	1,424	1,328

Net sales for the United States segment were $7.5 billion $6.5 billion in the first second quarter of fiscal 2023, an increase of $1.1 billion $0.3 billion, or 17.4% 5.4%, compared to the prior year period. The increase in net sales was primarily driven by price inflation of approximately 15% 10%, as well as a 2.9% 2.8% increase in sales from prior year acquisitions and a 1.5% benefit of one additional sales day compared to the prior year period. acquisitions. These increases were partially offset by lower volume. The Company's sales within its Growth in non-residential markets was 10.7%, with growth in each of civil/infrastructure, commercial and industrial end markets. Growth in residential markets, which comprise over half of segment revenue, was 1.0%, driven by resilient RMI sales, partially offset by a reduction in new construction due to slowing housing starts and permit activity.

On a year-to-date basis, net sales for the Company's U.S. revenue, grew 15.1% United States segment were $14.0 billion in fiscal 2023, an increase of $1.4 billion, or 11.5%, compared to the prior year period. The increase in net sales was primarily driven by price inflation of approximately 13%, as well as a 2.8% increase in sales from acquisitions. These increases were partially offset by lower volume. Growth in non-residential markets was 15.5%, with growth in each of civil/infrastructure, commercial and industrial end markets. Growth in residential markets was 8.1%, driven by strong RMI growth activity sales and moderate growth in new construction in light of slowing housing starts and permit activity. Non-residential markets also grew 20.0%, with strength in each of civil/infrastructure. commercial and industrial end markets.

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The following table illustrates net sales growth by end market:

		% of United States segment net sales First Quarter Fiscal 2023	United States segment net sales growth First Quarter Fiscal 2023		% of United States segment net sales		United States segment net sales growth	
					Three month ended January 31, 2023	Six months ended January 31, 2023	Three month ended January 31, 2023	Six months ended January 31, 2023
Residential	Residential	53 %	15.1 %	Residential	53 %	53 %	1.0 %	8.1 %
Non-residential	Non-residential	47	20.0	Non-residential	47	47	10.7	15.5
Total	**Total**		17.4 %	**Total**			5.4 %	11.5 %

Adjusted operating profit for the United States segment was $845 million $579 million for the first second quarter of fiscal 2023, an increase of $93 million $3 million, or 12.4% 0.5%, compared to the same prior year period, primarily reflecting the operating cost leverage resulting from the Company managing its labor base relative to sales growth, as well as higher gross profit compared to the prior year, period. This partially offset by the incremental operating costs from acquisitions and increased infrastructure costs.

On a year-to-date basis, adjusted operating profit for the United States segment was $1,424 million in fiscal 2023, an increase was of $96 million, or 7.2%, compared to the same prior year period, primarily due to net sales growth of 17.4%. and operating cost leverage.

Canada

		Three months ended October 31,			Three months ended		Six months ended	
					January 31,			
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**	**2023**	**2022**
Net sales	Net sales	$399	$385	Net sales	$321	$336	$720	$721
Adjusted operating profit	Adjusted operating profit	33	34	Adjusted operating profit	14	23	47	57

Net sales for the Canada segment were $399 million $321 million in the first second quarter of fiscal 2023, an increase a decrease of $14 million $15 million, or 3.6% 4.5%, compared to the same period in fiscal 2022. This increase decrease in net sales was primarily due to a 6.3% impact of foreign currency exchange rates and lower volumes, as well as a 1.2% impact due to fewer sales days. These impacts were partially offset by sales price inflation of approximately 13% 9%.

On a year-to-date basis, net sales for the Canada segment in the first quarter of fiscal 2023 as well as a 1.5% benefit of one additional sales day compared to were about even with the prior year. The factors impacting the year-over year period. These increases comparison were partially offset by a 6.1% largely the same as for the quarter. The impact in foreign currency exchange rates, as well as lower sales volumes. of price inflation was approximately 11%.

Adjusted operating profit for the Canada segment in the first second quarter and year-to-date period of fiscal 2023 decreased slightly compared to the same period in the prior year due to the impacts of foreign currency exchange rates. higher operating costs.

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Non-GAAP Reconciliations and Supplementary Information

The Company reports its financial results in accordance with U.S. GAAP. However, the Company believes certain non-GAAP financial measures provide users of the Company's financial information with additional meaningful information to assist in understanding financial results and assessing the Company's performance from period to period. These non-GAAP measures include adjusted operating profit, adjusted net income, adjusted earnings per share ("adjusted EPS") - basic and adjusted EPS -diluted. Management believes these measures are important indicators of operations because they exclude items that may not be indicative of our core operating results and provide a better baseline for analyzing trends in our underlying businesses, and they are consistent with how business performance is planned, reported and assessed internally by management and the Company's Board of Directors. Such non-GAAP adjustments include: include amortization of acquired intangible assets, discrete tax items, and any other items that are non-recurring. Non-recurring items may include business restructuring charges, corporate restructuring charges, which includes costs associated with the Company's listing in the United States, gains or losses on the disposals of businesses which by their nature do not reflect primary operations, and as well as certain other items deemed non-recurring in nature and/or that are not a result of the Company's primary operations. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These non-GAAP financial measures should not be considered in isolation or as a substitute for results reported under U.S. GAAP. These non-GAAP financial measures reflect an additional way of viewing aspects of operations that, when viewed with U.S. GAAP results, provide a more complete understanding of the business. The Company strongly encourages investors and shareholders to review Company financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Reconciliation of net income to adjusted operating profit

The following table reconciles net income (U.S. GAAP) to adjusted operating profit (non-GAAP):

		Three months ended October 31,			**Three months ended January 31,**		**Six months ended January 31,**	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**	**2023**	**2022**
Net income	**Net income**	$595	$560	**Net income**	$374	$436	$969	$996
Income from discontinued operations (net of tax)	Income from discontinued operations (net of tax)	—	(25)	Income from discontinued operations (net of tax)	—	—	—	(25)
Provision for income taxes	Provision for income taxes	197	176	Provision for income taxes	121	96	318	272
Interest expense, net	Interest expense, net	41	27	Interest expense, net	47	22	88	49
Other (income) loss		(2)	1					
Other expense, net				Other expense, net	7	1	5	2
Operating profit				**Operating profit**	549	555	1,380	1,294
Corporate restructurings(1)	Corporate restructurings(1)	—	1	Corporate restructurings(1)	—	6	—	7
Amortization of acquired intangibles	Amortization of acquired intangibles	33	27	Amortization of acquired intangibles	33	27	66	54
Adjusted operating profit	**Adjusted operating profit**	$864	$767	**Adjusted operating profit**	$582	$588	$1,446	$1,355

(1) For the three and six months ended October 31, 2021 January 31, 2022, corporate restructuring costs related to the incremental costs of the Company's listing in the United States.

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Reconciliation of net income to adjusted net income and adjusted EPS

The following table reconciles net income (U.S. GAAP) to adjusted net income and adjusted EPS – basic and adjusted EPS – diluted (non-GAAP):

		Three months ended October 31,			Three months ended January 31,		Six months ended January 31,	
(In millions, except per share amounts)	**(In millions, except per share amounts)**	**2022**	**2021**	**(In millions, except per share amounts)**	**2023**	**2022**	**2023**	**2022**
Net income	**Net income**	$595	$560	**Net income**	$374	$436	$969	$996
Income from discontinued operations (net of tax)	Income from discontinued operations (net of tax)	—	(25)	Income from discontinued operations (net of tax)	—	—	—	(25)
Income from continuing operations	**Income from continuing operations**	595	535	**Income from continuing operations**	374	436	969	971
Corporate restructurings[1]	Corporate restructurings[1]	—	1	Corporate restructurings[1]	—	6	—	7
Amortization of acquired intangibles	Amortization of acquired intangibles	33	27	Amortization of acquired intangibles	33	27	66	54
Discrete tax adjustments[2]				Discrete tax adjustments[2]	(3)	(39)	(3)	(39)
Tax impact on non-GAAP adjustments[2] [3]	Tax impact on non-GAAP adjustments[2] [3]	(8)	(6)	Tax impact on non-GAAP adjustments[2] [3]	(8)	(4)	(16)	(10)
Adjusted net income	**Adjusted net income**	$620	$557	**Adjusted net income**	$396	$426	$1,016	$983
Adjusted earnings per share:	Adjusted earnings per share:			Adjusted earnings per share:				
Basic	Basic	$2.97	$2.52	Basic	$1.91	$1.94	$4.89	$4.45
Diluted	Diluted	$2.95	$2.50	Diluted	$1.91	$1.93	$4.87	$4.43

Weighted average number of shares outstanding:	Weighted average number of shares outstanding:			Weighted average number of shares outstanding:				
Basic	Basic	208.7	221.4	Basic	207.1	220.0	207.9	220.7
Diluted	Diluted	209.8	222.7	Diluted	207.8	221.2	208.8	222.0

(1) For the three and six months ended October 31, 2021 January 31, 2022, corporate restructuring costs related to the incremental costs of the Company's listing in the United States.

(2) For the three and six months ended January 31, 2023, discrete tax items primarily related to adjustments in connection with amended returns. For the three and six months ended January 31, 2022, the discrete tax adjustments primarily related to prior year tax adjustments, including amended tax return items.

(3) Represents the tax impact of non-GAAP adjustments, primarily including the tax impact on the amortization of acquired intangibles.

Liquidity and Capital Resources

The Company believes its current cash position coupled with cash flow anticipated to be generated from operations and access to capital should be sufficient to meet its operating cash requirements for the next 12 months and will also enable the Company to invest and fund acquisitions, capital expenditures, dividend payments, share repurchases, required debt payments and other contractual obligations through the next several fiscal years. The Company also anticipates that it has the ability to obtain alternative sources of financing, if necessary.

The Company's material cash requirements include contractual and other obligations arising in the normal course of business. These obligations primarily include long-term debt service and related interest payments, operating lease obligations, share repurchase commitments and other purchase obligations. The nature and composition of such cash requirements have not materially changed from those disclosed in the Annual Report other than items updated in this Quarterly Report.

In September 2022, the Board of Directors approved, and the Company announced, a dividend of $1.91 per share (approximately $397 million in total) which was subject to shareholder approval at the Company's 2022 Annual General Meeting, held on November 30, 2022. The dividend was approved by shareholders and will be paid on December 8, 2022. Given the requirement for shareholder approval, the Company did not accrue the dividend payment as of October 31, 2022.

Cash flows

As of October 31, 2022 January 31, 2023 and 2021, 2022, the Company had cash and cash equivalents of $638 $597 million and $771 million, respectively.

As of October 31, 2022 January 31, 2023, the Company's total debt was $3.8 $4.0 billion. In addition, the Company had $3.2 $2.7 billion of available liquidity, comprising readily available cash to fund operations of $529 $499 million, excluding cash of $109 $98 million in Ferguson Insurance Limited, primarily used to collateralize letters of credit, and $2.7 $2.2 billion of undrawn facilities. The Company anticipates that it will be able to meet its debt obligations as they become due.

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Cash flows from operating activities

		Three months ended October 31,			Six months ended January 31,	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**
Net cash provided by (used in) operating activities		$498	($9)			
Net cash provided by operating activities				Net cash provided by operating activities	$1,171	$229

Net cash provided by operating activities was $498 million in $1,171 million for the first quarter year-to-date period of fiscal 2023 compared to an outflow of $9 million $229 million in the first quarter same period of fiscal 2022. The $507 million $942 million increase was primarily driven by changes improved working capital management, particularly inventory and receivables, compared to the same period in fiscal 2022 when the Company made strategic investments in working capital as well as an increase in net income compared to the first quarter better serve customers during times of fiscal 2022. The Company has reduced overall inventory levels from its fiscal 2022 year end as global significant supply chain disruption has started to normalize. The lower overall inventory levels have been disruption. These improvements were partially offset with by a decrease in accounts payable, due to the timing of vendor payments. payments, as well as higher cash paid for income taxes.

Cash flows from investing activities

		Three months ended October 31,			Six months ended January 31,	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**
Net cash used in investing activities	Net cash used in investing activities	($104)	($80)	Net cash used in investing activities	($425)	($347)

The Company has historically generated growth organically, as well as through selective acquisitions. Net cash used in investing activities was $425 million for the year-to-date period of fiscal 2023 compared to $347 million in the same period of fiscal 2022.

During the first quarters year-to-date periods of fiscal 2023 and fiscal 2022, the Company invested $5 million $179 million and $48 million $245 million, respectively, in new acquisitions.

Our strategy of investing in the development of the Company's business models is supported by capital expenditure. Capital expenditure totaled $95 million $242 million and $54 million $122 million in the first quarter year-to-date periods of fiscal 2023 and fiscal 2022, respectively. These investments were primarily for strategic projects to support future growth, such as new market distribution centers, our branch network and new technology.

Cash flows from financing activities

		Three months ended October 31,			Six months ended January 31,	
(In millions)	**(In millions)**	**2022**	**2021**	**(In millions)**	**2023**	**2022**
Net cash (used in) provided by financing activities		($519)	$926			
Net cash used in financing activities				Net cash used in financing activities	($906)	($372)

Net cash used in financing activities was $519 million $906 million in the first quarter year-to-date period of fiscal 2023 compared to $926 million provided $372 million in the year-to-date period of fiscal 2022.

Dividends paid to shareholders were $403 million and $364 million in the year-to-date periods of fiscal 2023 and fiscal 2022, respectively. Beginning with its declaration in December 2022, the Company has transitioned to and intends to maintain a quarterly dividend distribution schedule, subject to approval by financing activities the Company's Board of Director in future periods.

Share repurchases under the Company's announced share repurchase program were $564 million and $417 million in the year-to-date periods of fiscal 2023 and fiscal 2022, respectively. The Company has not made any purchases in fiscal 2023 in connection with its Employee Benefit Trusts compared with $92 million in the first quarter six months of fiscal 2022.

The decrease proceeds from debt, net of repayments, were $70 million and $500 million in cash related to financing activities in the year-to-date periods of fiscal 2023 and fiscal 2022, respectively. In the first quarter of fiscal 2023, was primarily driven the Company borrowed $500 million of term loans, partially offset by the net repayments of the Receivables Facility of $405 million, the repayment of $250 million due to the maturity of certain Private Placement Notes (as defined below) and $226 million $180 million in increased share repurchases under net repayments of the Company's announced share repurchase program. These cash outflows were partially offset by the proceeds from the $500 million term loan. The cash provided by financing activities in Receivables Facility. In the first quarter six months of fiscal 2022, primarily reflected bank overdrafts. the Company borrowed $500 million under the Receivables Facility.

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Reinvestment of unremitted earnings

As disclosed in our Annual Report, we consider foreign earnings of specific subsidiaries to be indefinitely reinvested. If at some future date, the Company ceases to be permanently reinvested in these foreign subsidiaries, the Company may be subject to foreign withholding and other taxes on these undistributed earnings and may need to record a deferred tax liability for any outside basis difference on these specific foreign subsidiaries. The potential impact in connection with these items has not materially changed since the end of fiscal 2022.

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Debt facilities

The following section summarizes certain material provisions of our debt facilities and long-term debt obligations. facilities. The following description is only a summary, does not purport to be complete and is qualified in its entirety by reference to the documents governing this indebtedness.

		As of			As of	
(In millions)	**(In millions)**	**October 31, 2022**	**July 31, 2022**	**(In millions)**	**January 31, 2023**	**July 31, 2022**
Total long-term debt		$3,759	$3,929			
Total debt				Total debt	$3,991	$3,929

Private Placement Notes

In June 2015 and November 2017, Wolseley Capital, Inc., a wholly-owned subsidiary of the Company, privately placed fixed rate notes in an aggregate principal amount of $800 million and $355 million, respectively (collectively, the “Private Placement Notes”). Interest on the Private Placement Notes is payable semi-annually. In September 2022, the Company repaid $250 million in maturing fixed rate notes.

Unsecured Senior Notes

Ferguson Finance plc, a wholly-owned subsidiary of the Company, has issued the following $2.35 billion in various issuances of unsecured senior notes (collectively, the “Unsecured Senior Notes”):

- April 2022: $300 million of 4.25% notes due April 2027 and $700 million of 4.65% notes due April 2032. The combined net proceeds were $989 million;
- June 2020: $600 million of 3.25% notes due June 2030; and
- October 2018: $750 million of 4.50% notes due October 2028..

The Unsecured Senior Notes are fully and unconditionally guaranteed on a direct, unsubordinated and unsecured senior basis by the Company and generally carry the same terms and conditions with interest paid semi-annually. The Unsecured Senior Notes may be redeemed, in whole or in part, (i) at 100% of the principal amount on the notes being redeemed plus a “make-whole” prepayment premium at any time prior to three months before the maturity date (the “Notes Par Call Date”) or (ii) after the Notes Par Call Date at 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest on the principal being redeemed. The Unsecured Senior Notes include covenants, subject to certain exceptions, which include limitations on the granting of liens and on mergers and acquisitions.

Bilateral Loan

In September 2022, the Company voluntarily reduced the Bilateral Loan Facility from $500 million to $250 million, in accordance with the terms of the Bilateral Loan Agreement, which will mature in March 2023. As of October 31, 2022, no borrowings were outstanding under the Bilateral Loan Agreement.

Term Loan

In October 2022, the Company and Ferguson UK entered into, and Ferguson UK borrowed in full, the $500 million of term loans available under the Term Loan Agreement. The proceeds of the term loans may be used for general corporate purposes. The Term Loan Agreement will mature on October 7, 2025.

Revolving Credit Facility

In October 2022, the The Company amended the terms of the Revolving Facility. The maintains a Revolving Facility was amended to, among other things: (a) increase the with aggregate total available credit commitments under the Revolving Facility Agreement from $1.1 billion to of $1.35 billion and (b) replace the London Interbank Offered Rate ("LIBOR") as the . The benchmark rate applicable to U.S. dollar denominated loans with is Term SOFR (as defined in the Revolving Facility Agreement) plus a credit spread adjustment of 10 basis points.

As of October 31, 2022 January 31, 2023, no borrowings were outstanding under the Revolving Facility.

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Receivables Securitization Facility

In October 2022, the The Company amended the maintains a Receivables Facility to, among other things: (a) extend the termination date from May 2024 until October 2025; (b) increase the with an aggregate total available amount under the Receivables Facility from $0.8 billion of $1.1 billion, including a swingline for up to $1.1 billion; (c) provide $100 million in same day funding. The Company has the ability to increase the aggregate total available amount under the Receivables Facility up to a total of $1.5 billion from time to time, subject to lender participation; (d) add (within the total available amount) a swingline from one of the lenders for up to $100 million in same day funding and (e) replace LIBOR as the participation. The benchmark rate with is Term SOFR (as defined in the Receivables Facility) plus a credit spread adjustment of 10 basis points.

As of October 31, 2022 January 31, 2023, $50 million $275 million in borrowings were outstanding under the Receivables Facility.

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Bilateral Loan

The Company previously maintained the Bilateral Loan Facility, which was an unsecured $250 million 364-day revolving facility governed by the Bilateral Loan Agreement. Effective December 29, 2022, the Company voluntarily cancelled the Bilateral Loan Facility in accordance with the terms of the Bilateral Loan Agreement. At the time of cancellation, no amounts were outstanding under the Bilateral Loan Agreement.

The Company was in compliance with all debt covenants for all of these debt obligations and facilities that were in effect as of October 31, 2022 January 31, 2023.

See note 5 to the Condensed Consolidated Financial Statements for further details regarding the Company's debt, as well as notes to the consolidated financial statements in "Item 8. Financial Statements and Supplementary Data" of the Company's Annual Report.

There have been no significant changes to the Company's policies on accounting for, valuing and managing the risk of financial instruments during the first second quarter of fiscal 2023.

Critical accounting policies and estimates

There have been no material changes to our critical accounting policies as disclosed in the Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the quantitative and qualitative disclosures about market risk disclosed in our Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has carried out an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act as of October 31, 2022 January 31, 2023. The term "disclosure controls and procedures" means controls and other procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well conceived and operated, can only provide reasonable assurance that the objectives of the disclosure controls and procedures are met.

Based on their evaluation as of the end of the period covered by this Quarterly Report, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended October 31, 2022 January 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. With respect to such lawsuits, claims and proceedings, the Company records reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not expect any of its pending legal proceedings to have a material adverse effect on its results of operations, financial position or cash flows. The Company maintains liability insurance for certain risks that are subject to certain self-insurance limits.

Item 1A. Risk Factors

As of In addition to the date of other information set forth in this Quarterly Report, you should carefully consider the factors discussed in “Risk Factors” in our Annual Report, which could materially affect our business, financial condition or future results. Except as set forth below, there have been no material changes to the in our risk factors from those disclosed in our Annual Report.

The obligations associated with being a public company in the United States require significant resources and management attention and increase our legal and financial compliance costs, and changing laws, regulations and standardsare creating uncertainty for United States public companies.

As a public company with a recent U.S. listing of our ordinary shares in the United States, we continue to incur legal, accounting and other expenses that we did not previously incur. We are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”), the listing requirements of the New York Stock Exchange (“NYSE”), and other applicable securities rules and regulations. The Exchange Act requires that we file annual and other reports with respect to our business, financial condition and results of operations. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. In addition, as of January 31, 2023, we have determined that we no longer qualify as a foreign private issuer, as defined under the Exchange Act. As a result, effective as of August 1, 2023, we will no longer be eligible to use the rules designed for foreign private issuers and we will be considered a U.S. domestic issuer. We will be required to comply with, among other things, U.S. proxy requirements and Regulation FD and our officers, directors and principal shareholders will become subject to the beneficial ownership reporting and short-swing profit recovery requirements in Section 16 of the Exchange Act. We will also no longer be eligible to rely upon exemptions from corporate governance requirements that are available to foreign private issuers or to benefit from other accommodations for foreign private issuers under the rules of the SEC or NYSE and may disclose be required to modify certain of our policies to comply with good governance practices applicable to U.S. domestic issuers.

The establishment and the maintenance of the corporate infrastructure demanded of a United States public company may, in certain circumstances, divert management’s attention from implementing our growth strategy, which could prevent us from improving our business, financial condition and results of operations. We have made, and will continue to make, changes to such factors our internal controls and procedures for financial reporting and accounting systems in order to meet our reporting obligations as a public company in the United States with U.S. domestic issuer status. However, the measures we take may not be sufficient to satisfy these obligations. In addition, compliance with these rules and regulations have increased, and following loss of foreign private issuer status will further increase, our legal and financial compliance costs and makes some activities more time-consuming and costly. These additional obligations may have a material adverse impact on our business, financial condition, results of operations and cash flow.

In addition, changing laws, regulations and standards relating to corporate governance, ESG matters, and public disclosure are creating uncertainty for public companies in the United States, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We have invested, and expect to continue to invest, resources to comply with evolving laws, regulations and standards, and this investment may result in increased operating expenses and a diversion of management's time and attention from sales-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or disclose additional factors from time governing bodies due to time in ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our future filings with the SEC. business, financial condition, results of operations and cash flow could be adversely affected.

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

Issuer purchases of equity shares

The following table presents the number and average price of shares purchased in each month of the first second quarter of fiscal 2023:

(In millions, except share count and per share amount)	(a) Total Number of Shares Purchased	(b) Average Prices Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Program(1)	(d) Maximum Value of Shares that May Yet To Be Purchased Under the Program(1)
August 1 - August 31, 2022	1,044,039	$125.29	1,044,039	$817
September 1 - September 30, 2022	1,450,883	119.27	1,450,883	644
October 1 - October 31, 2022	496,175	115.74	496,175	586
	2,991,097		2,991,097	

(In millions, except share count and per share amount)	(a) Total Number of Shares Purchased	(b) Average Prices Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Program(1)	(d) Maximum Value of Shares that May Yet To Be Purchased Under the Program(1)
November 1 - November 30, 2022	446,609	$110.87	446,609	$537
December 1 - December 31, 2022	470,898	123.69	470,898	478
January 1 - January 31, 2023	683,916	138.16	683,916	384
	1,601,423		1,601,423	

(1) In September 2021, the Company announced a program to repurchase up to $1.0 billion of shares. In March 2022 and September 2022, the Company announced an increase in its share repurchase program of $1.0 billion and $0.5 billion, respectively. As of October 31, 2022 January 31, 2023, the Company has completed $1.9 billion $2.1 billion of the total announced $2.5 billion repurchase program. The Company is currently purchasing shares under an irrevocable and non-discretionary arrangement with $77 million $139 million in accrued repurchases remaining, which is recorded as a current liability in the condensed consolidated balance sheet.

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Item 5. Other Information

As previously disclosed, on November 30, 2022, shareholders of the Company voted to adopt new Articles of Association of the Company (the “New Articles”). The New Articles provide, among other things, that following the date that the Company ceases to be a “foreign private issuer” (“FPI”) (as defined under the rules of the SEC), shareholders of the Company must comply with specified advance notice provisions set forth under Article 72 of the New Articles, including, without limitation, procedures to be followed and information, form, delivery, meeting attendance and other requirements, in order to propose any business for consideration at a general meeting, including any nominees for election to Company’s Board of Directors (the “Board”). In the case of annual general meetings, to be timely, a shareholder’s notice must be delivered to the Company’s secretary at the principal executive offices of the Company not later than the close of business on the 120th day, nor earlier than the close of business on the 150th day prior to the first anniversary of the date of the preceding year’s annual general meeting; provided that if the date of the annual general meeting is more than 30 days before or more than 70 days after such anniversary date, or if no annual general meeting was held in the preceding year, such shareholder’s notice must be delivered not earlier than the close of business on the 150th day prior to the annual general meeting and not later than the close of business on the later of the 120th day prior to such annual general meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Company.

The New Articles also change the procedures for requisitioning a general meeting other than an annual general meeting following the date that the Company ceases to be an FPI. Pursuant to the New Articles, only the Board or shareholders holding, at the date of the delivery of the required notice, not less than one-tenth of the total voting rights of the shareholders who have the right to vote at the general meeting (or such other voting rights threshold as may be prescribed by the Companies (Jersey) Law 1991 from time to time hereafter) shall have the right to requisition a general meeting. Shareholders who submit a requisition notice in compliance with the procedures set forth in the New Articles can submit nominations of persons for election to the Board and propose any other business at the requisitioned meeting.

The foregoing is only a summary of certain changes made by the New Articles and is qualified in its entirety by reference to the complete text of the New Articles, included as Exhibit 3.1 hereto and incorporated herein by reference.

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Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report.

(a) Exhibits

Exhibit	Description
3.1 10.1*	Memorandum and Articles of Association of Ferguson plc (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed with the SEC on December 1, 2022).
10.1	Amendment and Restatement Agreement, dated October 7, 2022, by and among Ferguson plc, Ferguson UK Holdings Limited, each of the lenders party thereto, and ING Bank N.V., London Branch, as agent of the lenders (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 13, 2022).
10.2	Credit Agreement, dated October 7, 2022, by and among Ferguson plc, Ferguson UK Holdings Limited, each of the lenders party thereto and PNC Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 13, 2022).
10.3†	Thirteenth Omnibus Amendment to Receivables Purchase Agreement and Purchase and Contribution Agreement, dated October 7, 2022 December 29, 2022, by and among, Ferguson plc, Ferguson Receivables, LLC, as the Seller, Ferguson Enterprises, LLC, as Servicer and an Originator, Energy & Process Corporation, HP Products Corporation, DBS Holdings, Inc. and Ferguson Fire & Fabrication, Inc., as Originators, the conduit purchasers from time to time party thereto, the committed purchasers from time to time party thereto, the letter of credit banks from time to time party thereto and Royal Bank of Canada, as administrative agent (incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K, filed with the SEC on October 13, 2022). agent.
	Omnibus Amendment to Receivables Purchase Agreement and Purchase and Contribution Agreement

10.4 10.2*	Omnibus Amendment to Receivables Purchase Agreement and Purchase and Contribution Agreement, dated February 10, 2023, by and among, Ferguson Non-Employee Director Incentive Plan 2022 (incorporated by reference plc, Ferguson Receivables, LLC, as the Seller, Ferguson Enterprises, LLC, as Servicer and an Originator, Energy & Process Corporation, HP Products Corporation, DBS Holdings, Inc. and Ferguson Fire & Fabrication, Inc., as Originators, the conduit purchasers from time to Exhibit 10.1 time party thereto, the committed purchasers from time to time party thereto, the letter of the Registrant's Current Report on Form 8-K, filed with the SEC on December 1, 2022).
10.5	Form credit banks from time to time party thereto and Royal Bank of Restricted Stock Unit Award Agreement Pursuant to the Ferguson Non-Employee Director Incentive Plan 2022 (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed with the SEC on December 1, 2022). Canada, as administrative agent.
31.1*	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document—this 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)

†Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Item 601(b)(10) of Regulation S-K.

* Filed herewith

** Furnished herewith

ferg-20230131_g1.jpg

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.

December March 8, 2022 2023

Ferguson plc

/s/ William Brundage

Name: William Brundage

Title: Chief Financial Officer

(Principal Financial Officer and Duly Authorized Officer)

ferg-20230131_g1.jpg

30 34

Exhibit 10.1

Execution Copy

OMNIBUS AMENDMENT TO RECEIVABLES PURCHASE AGREEMENT AND PURCHASE AND CONTRIBUTION AGREEMENT
(Ferguson Receivables, LLC)

This O**mnibus Amendment** (this *"Amendment"*) is entered into by the undersigned parties as of December 29, 2022, and amends the Receivables Purchase Agreement dated as of July 31, 2013, as previously amended, supplemented or modified through the date hereof (the "*Receivables Purchase Agreement*"), among FERGUSON RECEIVABLES, LLC, a Delaware limited liability company (the "*Seller*"), FERGUSON ENTERPRISES, LLC (formerly Ferguson Enterprises, Inc.), a Virginia limited liability company (the "*Servicer*"), the Originators party thereto from time to time, the Conduit Purchasers listed on Schedule I thereto from time to time, the Committed Purchasers listed on Schedule I thereto from time to time, the LC Banks listed on Schedule III thereto from time to time, the Facility Agents listed on Schedule I thereto from time to time, ROYAL BANK OF CANADA, as the administrative agent (in such capacity, the "*Administrative Agent*") and FERGUSON PLC (formerly Wolseley plc), a company incorporated in Jersey and having registration number 128484 (the *"Parent"*) and the Purchase and Contribution Agreement dated as of July 31, 2013, as previously amended, supplemented or modified through the date hereof (the **"***Purchase and Contribution Agreement*"), between the Seller, Ferguson and the other Originators.

Preliminary Statements

A. The Seller and Ferguson Fire & Fabrication, Inc. (*"FFF"*), one of the Originators, have advised the Administrative Agent and the Facility Agents that FFF intends to form a new legal entity, named Ferguson Fire Design LLC (*"FFD"*), to carry out the business of two locations (namely, 3539 and 3379) of FFF (the *"Spun-Off Locations"*). The Receivables and Related Security generated by and included within the Spun-Off Locations historically have been sold by FFF to the Seller under the Purchase and Contribution Agreement and subsequently to the Facility Agents, on behalf of their respective Purchasers, under the Receivables Purchase Agreement.

B. The Seller and FFF desire to exclude, as of 5:00 p.m. New York City time on December 31, 2022 (the *"FFD Effective Time"*), the Receivables and Related Security generated by and included within the Spun-Off Locations from the purchase and sale mechanics under the Purchase and Contribution Agreement and the Receivables Purchase Agreement.

C. The parties to the Receivables Purchase Agreement and the Purchase and Contribution Agreement desire to enter into this Amendment to (i) provide for the reconveyance to the Seller and FFF, respectively, of the Receivables of the Spun-off Locations (the *"FFD Receivables"*), which FFD Receivables have an aggregate Outstanding Balance of as of the FFD Effective Time of approximately $1,600,000, with the exact amount to be confirmed and documented by January 7, 2023, (ii) acknowledge that thereafter the receivables generated by FFD will not be sold to the Seller and then to the Facility Agents, and (iii) amend certain provisions of the Receivables Purchase Agreement and Purchase and Contribution Agreement related to collections on the FFD Receivables.

Defined Terms; References.

Unless otherwise defined in this Amendment, each capitalized term used but not otherwise defined herein has the meaning given such term in the Receivables Purchase Agreement, as amended by this Amendment. The Receivables Purchase Agreement and the Purchase and Contribution Agreement are sometimes collectively referred to herein as the *"Amendment Documents"*. Unless the context of this Amendment otherwise clearly requires, references to the plural include the singular, references to the part include the whole and the words "include", "including" and "includes" shall be deemed to be followed by "without limitation". Each reference to "hereof", "hereunder", "herein" and "hereby", and similar terms in this Amendment refer to this Amendment as a whole and not to any particular provision of this Amendment. All references to an Amendment Document in any other document or instrument shall be deemed to mean the applicable Amendment Document, as amended by this Amendment. This Amendment shall not constitute a novation of either Amendment Document, but shall constitute an amendment to each of them. The parties hereto agree to be bound by the terms and obligations of the Amendment Documents, as amended by this Amendment, as though the terms and obligations of each Amendment Document were set forth herein.

Now, Therefore, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

I. AMENDMENTS TO RECEIVABLES PURCHASE AGREEMENT

Subject to the conditions precedent set forth in **Part IV**hereof, and effective as of the FFD Effective Time:

1.1 **Addition of Definitions in Receivables Purchase Agreement.** (a) The following definitions are hereby added to Section 1.01 of the Receivables Purchase Agreement:

(i) *"FFD"* shall mean Ferguson Fire Design LLC, the company resulting from the spin-off of the businesses of the Spun-Off Locations.

(ii) *"FFD Assets"* shall have the meaning specified in Section 2.01B hereof.

(iii) *"FFD Effective Time"* shall mean 5:00 p.m. New York City time on December 31, 2022.

(iv) *"FFD Receivables"* shall mean the Receivables of the Spun-Off Locations.

(v) *"Spun-Off-Locations"* shall mean the two locations (namely, 3539 and 3379) of Ferguson Fire & Fabrication, Inc., the businesses of which are spun off to create FFD.

(b) The definition of *"Excluded Receivables"* in Section 1.01 of the Receivables Purchase Agreement is hereby deleted in its entirety and replaced with the following:

"Excluded Receivables" shall mean (i) the indebtedness and payment obligations owed by Obligors arising in connection with the sale of merchandise or rendering of

services by the divisions of Ferguson known as "Lincoln Products/Ferguson Parts and Packaging" and "Ferguson International", (ii) Designated Excluded Receivables, (iii) Acquisition Receivables and (iv) FFD Receivables.

1.2 **Reconveyance of FFD Receivables.** A new Section 2.01B is hereby added to the Receivables Purchase Agreement and reads as follows:

Section 2.01B. Reconveyance of FFD Receivables.

(a) Effective as of the FFD Effective Time, without recourse and without making any representation or warranty in connection therewith of any type or kind (except with respect to liens as set forth below), each Purchaser, each Facility Agent and the Administrative Agent, respectively, hereby sell and assign, without any further action being required on the part of any person or entity to effect such sale and assignment, to the Seller, and the Seller hereby purchases and assumes from the Purchasers, the Facility Agents and the Administrative Agent, respectively, all of the right, title and interest of each Purchaser, each Facility Agent and the Administrative Agent, respectively, in and to the FFD Receivables, all Collections with respect thereto and all Related Security with respect thereto (the *"FFD Assets"*), free and clear of any and all liens in favor of, or any other lien arising by or through, any Purchaser, any Facility Agent or the Administrative Agent; and all security interests granted to any Purchaser, any Facility Agent or the Administrative Agent under any Transaction Document, to the extent they relate to the FFD Assets, shall thereupon be released and terminate. Upon such reconveyance and release, the Facility Agents' and Purchasers' undivided percentage ownership interests in each and every remaining Receivables Interest is hereby increased to give effect to such the reconveyance and release.

(b) The Seller, the Purchasers, the Facility Agents and the Administrative Agent acknowledge and agree that on and after the FFD Effective Time, unless and until FFD is added as an "Originator" under the Transaction Documents, the receivables generated by FFD will not be sold to the Seller pursuant to the Purchase and Contribution Agreement and consequently, not sold, transferred or assigned to the Facility Agents, for the benefit of their respective Purchasers, pursuant to this Agreement.

1.3 **Amendment of Section 4.10 of Receivables Purchase Agreement.** Section 4.10(b) of the Receivables Purchase Agreement is hereby amended to allow certain commingling of the FFD Receivables and now reads as follows:

(b) The Seller and the Servicer shall have established the Lockboxes and related Lockbox Accounts and the Depositary Accounts specified on Schedule II hereto. The Seller and Servicer hereby agree as follows: (i) each Lockbox Account and Depositary Account shall be established in the name of the Seller as a segregated account and, except as provided in Section 7.02(l), the funds deposited therein from time to time shall not be commingled with any other funds of the Seller or any Affiliate thereof; (ii) each Lockbox Account and Depositary Account shall be maintained with a Depositary Bank pursuant to the terms of the related Blocked Account Agreement; (iii) except as provided in Section 7.02(l), not to direct any funds other than Collections to be mailed to Lockboxes or deposited into related Lockbox Accounts or Depositary Accounts; (iv) not to change any Depositary Bank, any Blocked Account Agreement or the location of any Lockbox, Lockbox Account or Depositary Account without the consent of the Administrative Agent; and (v) if a Control Event exists, the Administrative Agent may, or shall at the direction of the Required Facility Agents, deliver a "shifting control notice" to the Depositary Banks, upon receipt of which notice, the Depositary Banks will, upon direction of the Administrative Agent, transfer funds in their respective Lockbox Accounts and Depositary Accounts to the Collection Account within two (2) Business Days of deposit into those Lockbox Accounts or Depositary Accounts, as applicable.

1.4 **Amendment of Commingling Covenant in Section 7.02(l) of Receivables Purchase Agreement.** Section 7.02(l) of the Receivables Purchase Agreement is hereby amended to allow certain commingling of the FFD Receivables and now reads as follows:

(l) *Commingling*. It will not direct any funds to be deposited into any Lockbox Account or Depositary Account other than Collections of Receivables; *provided*, *however*, that it may direct or allow (i) collections of FFD Receivables and (ii) Collections of Acquisition Receivables being prepared for reporting on an Approved Data Reporting System in accordance with Section 11.21 hereof until the applicable Inclusion Date for such Acquisition Receivables (after which Inclusion Date, the following limit will no longer apply) to be so deposited in an aggregate amount not in excess of $15,000,000 (as determined on the last day of each Calculation Period and reported in the related Monthly Report).

The foregoing amendments to the Receivables Purchase Agreement constitute the fourteenth amendment to the Receivables Purchase Agreement.

II. AMENDMENTS TO PURCHASE AND CONTRIBUTION AGREEMENT

Subject to the conditions specified in **Part IV** hereof, effective as of the FFD Effective Time,

REFINITIV

2.1 **Addition of Definitions in Purchase and Contribution Agreement.** (a) The following definitions are hereby added to Section 1.01 of the Purchase and Contribution Agreement:

(i) *"FFD"* shall mean Ferguson Fire Design LLC, the company resulting from the spin-off of the businesses of the Spun-Off Locations.

(ii) "*FFD Assets"* shall have the meaning specified in Section 2.01B hereof.

(iii) *"FFD Effective Time"* shall mean 5:00 p.m. New York City time on December 31, 2022.

(iv) *"FFD Receivables"* shall mean the Receivables of the Spun-Off Locations.

(v) *"Spun-Off-Locations"* shall mean the two locations (namely, 3539 and 3379) of Ferguson Fire & Fabrication, Inc., the businesses of which are spun off to create FFD.

(b) The definition of *"Excluded Receivables"* in Section 1.01 of the Purchase and Contribution Agreement is hereby deleted in its entirety and replaced with the following:

"Excluded Receivables" shall mean (i) the indebtedness and payment obligations owed by Obligors arising in connection with the sale of merchandise or rendering of services by the divisions of Ferguson known as "Lincoln Products/Ferguson Parts and Packaging" and "Ferguson International", (ii) Designated Excluded Receivables, (iii) Acquisition Receivables and (iv) FFD Receivables.

2.2 **Reconveyance of FFD Receivables.** A new Section 2.01B is hereby added to the Purchase and Contribution Agreement and reads as follows:

Section 2.01B. Reconveyance of FFD Receivables. Effective as of the FFD Effective Time,

(a) Effective as of the FFD Effective Time, after giving effect to the reconveyance and release provided in Section 2.01B of the Receivables Purchase Agreement, without recourse and without making any representation or warranty in connection therewith of any type or kind (except with respect to liens as set forth below), the Seller hereby sells and assigns, without any further action being required on the part of any person or entity to effect such sale and assignment, to Ferguson Fire & Fabrication, Inc., and Ferguson Fire & Fabrication, Inc. hereby purchases and assumes from the Seller all of the right, title and interest of the Seller in and to the FFD Receivables, all Collections with respect thereto and all Related Security with respect thereto (the *"FFD Assets"*), free and clear of any and all liens in favor of the Seller or any other lien arising by or through the Seller; and all security interests granted to the Seller under any Transaction Document, to the extent they relate to FFD Assets, shall thereupon be released and terminate.

(b) As consideration for the retransfer of the FFD Receivables as of the FFD Effective Time, Ferguson Fire & Fabrication, Inc. will pay the Seller the fair market value of the FFD Receivables as of the FFD Effective Time, which amount shall be paid by reducing the principal amount of the Subordinated Note owed by the Seller to Ferguson Fire & Fabrication, Inc.

(c) The Seller acknowledges and agrees that on and after the FFD Effective Time, unless and until FFD is added as an "Originator" hereunder, the receivables generated by FFD will not be sold to the Seller pursuant to this Agreement and consequently, not sold, transferred or assigned by the Seller to the Facility Agents, for the benefit of their respective Purchasers, pursuant to the Receivables Purchase Agreement.

2.3 **Amendment of Commingling Covenant in Section 6.01(a)(v) of Purchase and Contribution Agreement.** Section 6.01(a)(v) of the Purchase and Contribution Agreement

is hereby amended to allow certain commingling of the FFD Receivables and now reads as follows:

(v) *Deposits to Lockboxes or Depositary Accounts*. It will instruct all Obligors to remit all their payments in respect of Receivables to Lockbox Accounts or Depositary Accounts (either by check mailed to a Lockbox maintained by the relevant Depositary Bank or directly by wire transfer or electronic funds transfer to a Depositary Account), except for those Obligors who pay by credit card or who, in the normal course of such Originator's business and consistent with such Originator's past practices, pay directly to such Originator. If it receives any Collections directly, it will promptly (and in any event within two Business Days) cause such Collections to be deposited into the Concentration Account. It will not direct any funds to be deposited into any Lockbox Account or Depositary Account other than Collections of Receivables; *provided*, *however*, that it may direct or allow (i) collections of FFD Receivables and (ii) Collections of Acquisition Receivables being prepared for reporting on an Approved Data Reporting System in accordance with Section 11.21 of the Receivables Purchase Agreement until the applicable Inclusion Date for such Acquisition Receivables (after which Inclusion Date, the following limit will no longer apply) to be so deposited in an aggregate amount not in excess of $15,000,000 (as determined on the last day of each Calculation Period and reported in the related Monthly Report).

The foregoing amendments to the Purchase and Contribution Agreement constitute the sixth amendment to the Purchase and Contribution Agreement.

III. REPRESENTATIONS AND WARRANTIES

3.1 In order to induce the Seller, the Facility Agents, the Purchasers and the Administrative Agent to execute, deliver and perform this Amendment, each of the Seller, the Servicer, the Originators and the Parent, as to itself (and, if so specified, its Subsidiaries) hereby represents and warrants to the other parties to this Amendment as of the Amendment Effective Date that:

(a) prior to and after giving effect to this Amendment, the representations and warranties of such Person (other than those representations and warranties that were made only on and as of a specified date and then as of such specified date) set forth in the Receivables Purchase Agreement and the Purchase and Contribution Agreement are true and correct in all material respects;

(b) this Amendment has been duly authorized, executed and delivered by such Person and constitutes a legal, valid and binding obligation of such Person enforceable in accordance with its terms (subject to usual and customary bankruptcy exceptions); and

(c) prior to and immediately after giving effect to this Amendment, no Termination Event or Potential Termination Event exists on and as of the date hereof.

IV. CONDITIONS TO EFFECTIVENESS

4.1 The effectiveness of this Amendment shall occur at or after the FFD Effective Time when the Administrative Agent and the Facility Agents shall have received on or before the FFD Effective Time (a) duly executed counterparts of this Amendment from each party, (b) an incumbency certificate of the Seller, the Servicer, each of the Originators and the Parent and (c) all necessary credit approvals of their respective Purchase Groups.

4.2 Upon the effectiveness of this Amendment, the Seller and each Originator, as applicable, authorizes the filing by the Administrative Agent of UCC-1 financing statements to be agreed between the Administrative Agent and the Ferguson Parties to reflect this Amendment. The fees and expenses incurred in connection with all such filings shall be paid by the Seller or Ferguson, as applicable.

V. AFFIRMATION OF RATIFICATION

5.1 The Parent hereby (a) agrees and acknowledges that the execution, delivery, and performance of this Amendment shall not in any way release, diminish, impair, reduce, or, except as expressly stated herein, otherwise affect its obligations under the Transaction Documents to which it is a party, which Transactions Documents shall remain in full force and effect, (b) ratifies and affirms its obligations under the Receivables Purchase Agreement as amended hereby and the other Transaction Documents to which it is a party, and (c) acknowledges, renews and extends its continued liability under the Receivables Purchase Agreement as amended hereby and the other Transaction Documents to which it is a party.

VI. MISCELLANEOUS

6.1 Article and Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment. Except as expressly amended hereby, each Amendment Document remains in full force and effect in accordance with its terms and this Amendment shall not by implication or otherwise alter, modify, amend or in any way affect any of the other terms, conditions, obligations, covenants or agreements contained in the Amendment Documents, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

6.2 This Amendment and the rights and obligations of the parties under this Amendment shall be governed by and construed in accordance with the laws of the State of New York. The provisions of Section 11.17 (Governing Law; Submission to Jurisdiction) of the Receivables Purchase Agreement are hereby incorporated by reference.

6.3.This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Amendment by emailed pdf, facsimile transmission or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart hereof. The parties acknowledge and agree that they may execute

this Amendment and any Transaction Document and any variation or amendment to the same, by electronic instrument. The parties agree that the electronic signatures appearing on the document shall have the same effect as handwritten signatures and the use of an electronic signature on this Amendment and any Transaction Document shall have the same validity and legal effect as the use of a signature affixed by hand (to the extent permitted by applicable law) and is made with the intention of authenticating this Amendment and any such Transaction Document, applicable and evidencing the parties' intention to be bound by the terms and conditions contained herein and therein. For the purposes of using an electronic signature, the parties authorize each other to the lawful processing of personal data of the signers for contract performance and their legitimate interests including contract management.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the day and year first above written.

FERGUSON RECEIVABLES, LLC, as Seller

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Treasurer

FERGUSON ENTERPRISES, LLC, as an Originator and Servicer

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

FERGUSON FIRE & FABRICATION, INC., as an Originator

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

DBS HOLDINGS, INC., as an Originator

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

HP PRODUCTS CORPORATION, as an Originator

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

ENERGY & PROCESS CORPORATION, as an Originator

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

FERGUSON PLC, as Parent

By: /s/ William S. Brundage
Name: William S. Brundage
Title: Chief Financial Officer

ROYAL BANK OF CANADA, as a Committed Purchaser, a Facility Agent and Administrative Agent

By: /s/ Veronica L. Gallagher
Name: Veronica L. Gallagher
Title: Authorized Signatory

THUNDER BAY FUNDING, LLC, as a Conduit Purchaser
By: Royal Bank of Canada, is Attorney-in-Fact

By: Veronica L. Gallagher
Name: Veronica L. Gallagher
Title: Authorized Signatory

TRUIST BANK, as a Committed Purchaser and a Facility Agent

By: /s/ Jason Meyer
Name: Jason Meyer
Title: Managing Director

GTA FUNDING LLC, as a Conduit Purchaser

By: /s/ Kevin J. Corrigan
Name: Kevin J. Corrigan
Title: Vice President

RELIANT TRUST, as a Conduit Purchaser
By: **Computershare Trust Company of Canada**, in its capacity as trustee of Reliant Trust, by its U.S. Financial Services Agent,
The Toronto-Dominion Bank

By:/s/ Brad Purkis
Name: Brad Purkis
Title: Managing Director

THE TORONTO-DOMINION BANK, as a Committed Purchaser and a Facility Agent

By: /s/ Brad Purkis
Name: Brad Purkis
Title: Managing Director

SMBC NIKKO SECURITIES AMERICA, INC., as a Facility Agent

By: /s/ Yukimi Konno
Name: Yukimi Konno
Title: Managing Director

SUMITOMO MITSUI BANKING CORPORATION, as a Committed Purchaser

By: /s/ Minxiao Tian
Name: Minxiao Tian
Title: Director

PNC BANK, NATIONAL ASSOCIATION, as a Committed Purchaser, the Swinglline Purchaser and a Facility Agent

By: /s/ Eric Bruno
Name: Eric Bruno
Title: Senior Vice President

STARBIRD FUNDING CORPORATION, as a Conduit Purchaser

By: /s/ David V. DeAngelis
Name: David V. DeAngelis
Title: Vice President

BNP PARIBAS, as a Committed Purchaser and a Facility Agent

By: /s/ Advait Joshi
Name: Advait Joshi
Title: Director

By: /s/ Chris Fukuoka
Name: Chris Fukuoka
Title: Director

Exhibit 10.2

Execution Copy

OMNIBUS AMENDMENT TO RECEIVABLES PURCHASE AGREEMENT AND PURCHASE AND CONTRIBUTION AGREEMENT (Ferguson Receivables, LLC)

This O**mnibus Amendment** (this *"Amendment"*) is entered into by the undersigned parties as of February 10, 2023, and amends the Receivables Purchase Agreement dated as of July 31, 2013, as previously amended, restated, supplemented or modified through the date hereof (the "*Receivables Purchase Agreement*"), among FERGUSON RECEIVABLES, LLC, a Delaware limited liability company (the "*Seller*"), FERGUSON ENTERPRISES, LLC (formerly Ferguson Enterprises, Inc.), a Virginia limited liability company (the "*Servicer*"), the Originators party thereto from time to time, the Conduit Purchasers listed on Schedule I thereto from time to time, the Committed Purchasers listed on Schedule I thereto from time to time, the LC Banks listed on Schedule III thereto from time to time, the Facility Agents listed on Schedule I thereto from time to time, ROYAL BANK OF CANADA, as the administrative agent (in such capacity, the "*Administrative Agent*") and FERGUSON PLC (formerly Wolseley plc), a company incorporated in Jersey and having registration number 128484 (the "*Parent*") and the Purchase and Contribution Agreement dated as of July 31, 2013, as previously amended, restated, supplemented or modified through the date hereof (the **"***Purchase and Contribution Agreement*"), between the Seller, Ferguson and the other Originators.

Preliminary Statements

A. The Seller has requested a temporary increase in the permissible 3-month rolling average Delinquency Ratio, and the Facility Agents are willing to grant such request.

B. The Seller and the Servicer have also notified the Administrative Agent and the Facility Agents of changes to the Depositary Accounts and a related Lockbox and have previously obtained, and are currently requesting, the Administrative Agent's consent to such changes, and the Administrative Agent is willing to evidence, or give, such consent, as applicable.

C. The parties to the Receivables Purchase Agreement and the Purchase and Contribution Agreement desire to enter into this Amendment to evidence their agreement and consent, as applicable, to the foregoing requests.

Defined Terms; References.

Unless otherwise defined in this Amendment, each capitalized term used but not otherwise defined herein has the meaning given such term in, or by reference in, the Receivables Purchase Agreement, as amended by this Amendment. The Receivables Purchase Agreement and the Purchase and Contribution Agreement are sometimes collectively referred to herein as the "*Amendment Documents*". Unless the context of this Amendment otherwise clearly requires, references to the plural include the singular, references to the part include the whole and the words "include", "including" and "includes" shall be deemed to be followed by "without limitation". Each reference to "hereof", "hereunder", "herein" and "hereby", and similar terms in this Amendment refer to this Amendment as a whole and not to any particular provision of this Amendment. All references to an Amendment Document in any other document or instrument shall be deemed to mean the applicable Amendment Document, as amended by this Amendment. This Amendment shall not constitute a novation of either Amendment Document, but shall constitute an amendment to each of them. The parties hereto agree to be bound by the terms and obligations of the Amendment Documents, as amended by this Amendment.

Now, Therefore, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

I. AMENDMENTS TO RECEIVABLES PURCHASE AGREEMENT

Effective as of the Amendment Effective Date (as defined in Section 4.1 below), the Receivables Purchase Agreement is amended as follows:

1.1 **Amendment of Termination Event Relating to Delinquency Ratio.** The Termination Event specified in Section 8.01(k) of the Receivables Purchase Agreement is hereby deleted in its entirety and replaced with the following:

> (k) 3-month rolling average Delinquency Ratio exceeds (i) for each Calculation Period occurring during the period beginning on January 1, 2023 and ending on June 30, 2023, 8.00% and (ii) for each Calculation Period thereafter, 6.50%;

1.2 **Changes of Depositary Accounts and Related Lockbox; Amendment of Schedule II.** In accordance with the provisions of Section 4.10(g) of the Receivables Purchase Agreement, the Seller (i) on December 16, 2022, notified the Administrative Agent and the Facility Agents of the addition of a new Depositary Account (Account # 4451748603, the "New Account") at Bank of America, N.A. ("BofA") into which Collections of Receivables are being transferred and (ii) hereby notifies the Administrative Agent and the Facility Agents of the closure of a Depositary Account (Account # 4451312424) and related Lockbox (Atlanta, GA LB#744858)) at BofA, into which Collections of Receivables have previously been transferred. The Depositary Account specified in clause (i) of the preceding have been added to the Blocked Account Agreement dated as of July 31, 2013, as amended, among the Seller, the Servicer, BofA, as Depositary Bank, and the Administrative Agent, as Secured Party (the "BofA DACA") and the Depositary Account and Lockbox specified in clause (ii) of the preceding sentence have been deleted from the BofA DACA. The Administrative Agent hereby ratifies its consent to the addition of the New Account and consents to the closure of the above-specified Depositary Account and related Lockbox and the amendments to the BofA DACA reflecting such changes. Schedule II to the Receivables Purchase Agreement (Schedule of Depositary Banks, Accounts and Lockboxes) is hereby amended by deleting it in its entirety and replacing it with Attachment I hereto.

II. AMENDMENTS TO PURCHASE AND CONTRIBUTION AGREEMENT

Effective as of the Amendment Effective Date (as defined in Section 4.1 below), the Purchase and Contribution Agreement is amended as follows:

2.1 **Changes of Depositary Accounts and Related Lockbox; Amendment of Schedule II.** Pursuant to this Amendment, the Administrative Agent has ratified its consent to the addition of the New Account held at BofA, into which Collections are being transferred and has consented to the closure of a Depositary Account and related Lockbox held at BofA, into which Collections of Receivables have previously been transferred. Such New Account has been added to the BofA DACA and such closed Depositary Account (Account # 4451312424) and related Lockbox (Atlanta, GA LB#744858) have been deleted from the BofA DACA. The Administrative Agent hereby ratifies its consent to the addition of the New Account and consents to the closure of the above-specified Depositary Account and related Lockbox and the amendments to the BofA DACA reflecting such changes. Schedule II to the Purchase and Contribution Agreement (Schedule of Depositary Banks, Accounts and Lockboxes) is hereby amended by deleting it in its entirety and replacing it with Attachment I hereto.

The foregoing amendments to the Purchase and Contribution Agreement constitute the seventh amendment to the Purchase and Contribution Agreement.

III. REPRESENTATIONS AND WARRANTIES

3.1 In order to induce the Seller, the Facility Agents, the Purchasers and the Administrative Agent to execute, deliver and perform this Amendment, each of the Seller, the Servicer, the Originators and the Parent, as to itself (and, if so specified, its Subsidiaries) hereby represents and warrants to the other parties to this Amendment as of the Amendment Effective Date that:

(a) prior to and immediately after giving effect to this Amendment, the representations and warranties of such Person (other than those representations and warranties that were made only on and as of a specified date and then as of such specified date) set forth in the Receivables Purchase Agreement and the Purchase and Contribution Agreement are true and correct in all material respects;

(b) this Amendment has been duly authorized, executed and delivered by such Person and constitutes a legal, valid and binding obligation of such Person enforceable in accordance with its terms (subject to usual and customary bankruptcy exceptions); and

(c) prior to and immediately after giving effect to this Amendment, no Termination Event or Potential Termination Event exists on and as of the date hereof.

IV. CONDITIONS TO EFFECTIVENESS

4.1 The effectiveness of this Amendment shall occur on the date (the *"Amendment Effective Date"*) when the Administrative Agent and the Facility Agents shall have received (i)

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duly executed counterparts of this Amendment from each party hereto and (ii) an executed counterpart of the amended BofA DACA referenced in Sections 1.2 and 2.1 of this Amendment.

V. AFFIRMATION OF RATIFICATION

5.1 The Parent hereby (a) agrees and acknowledges that the execution, delivery, and performance of this Amendment shall not in any way release, diminish, impair, reduce, or, except as expressly stated herein, otherwise affect its obligations under the Transaction Documents to which it is a party, which Transactions Documents shall remain in full force and effect, (b) ratifies and affirms its obligations under the Receivables Purchase Agreement as amended hereby and the other Transaction Documents to which it is a party, and (c) acknowledges, renews and extends its continued liability under the Receivables Purchase Agreement as amended hereby and the other Transaction Documents to which it is a party.

VI. MISCELLANEOUS

6.1 Article and Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment. Except as expressly amended hereby, each Amendment Document remains in full force and effect in accordance with its terms and this Amendment shall not by implication or otherwise alter, modify, amend or in any way affect any of the other terms, conditions, obligations, covenants or agreements contained in the Amendment Documents, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

6.2 This Amendment and the rights and obligations of the parties under this Amendment shall be governed by and construed in accordance with the laws of the State of New York. The provisions of Section 11.17 (Governing Law; Submission to Jurisdiction) of the Receivables Purchase Agreement are hereby incorporated by reference.

6.3.This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Pursuant to Section 11.18 of the Receivables Purchase Agreement, delivery of an Electronic Signature shall be valid and binding to the same extent as a manual, original signature and shall constitute the legal, valid and binding obligation enforceable against such party in accordance with the term herein to the same extent as if manually executed original signature. The parties acknowledge and agree that they may execute this Amendment and any Transaction Document and any variation or amendment to the same, by Electronic Signature. For the purposes of using an Electronic Signature, the parties authorize each other to the lawful processing of personal data of the signers for contract performance and their legitimate interests including contract management.

[Signatures Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the day and year first above written.

FERGUSON RECEIVABLES, LLC, as Seller

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Treasurer

FERGUSON ENTERPRISES, LLC, as an Originator and Servicer

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

FERGUSON FIRE & FABRICATION, INC., as an Originator

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

DBS HOLDINGS, INC., as an Originator

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

HP PRODUCTS CORPORATION, as an Originator

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

ENERGY & PROCESS CORPORATION, as an Originator

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

FERGUSON PLC, as Parent

By: /s/ William S. Brundage

Name: William S. Brundage
Title: Chief Financial Officer

ROYAL BANK OF CANADA, as a Committed Purchaser, a Facility Agent and Administrative Agent

By: /s/ Veronica L. Gallagher
Name: Veronica L. Gallagher
Title: Authorized Signatory

THUNDER BAY FUNDING, LLC, as a Conduit Purchaser
By: Royal Bank of Canada, is Attorney-in-Fact

By: /s/ Veronica L. Gallagher
Name: Veronica L. Gallagher
Title: Authorized Signatory

TRUIST BANK, as a Committed Purchaser and a Facility Agent

By: /s/ Jason Meyer

Name: Jason Meyer
Title: Managing Director

GTA FUNDING LLC, as a Conduit Purchaser

By: /s/ Kevin J. Corrigan
Name: Kevin J. Corrigan
Title: Vice President

RELIANT TRUST, as a Conduit Purchaser
By: **Computershare Trust Company of Canada**, in its capacity as trustee of Reliant Trust, by its U.S. Financial Services Agent,
The Toronto-Dominion Bank

By: /s/ Luna Mills
Name: Luna Mills
Title: Managing Director

THE TORONTO-DOMINION BANK, as a Committed Purchaser and a Facility Agent

By: /s/ Luna Mills
Name: Luna Mills
Title: Managing Director

SMBC NIKKO SECURITIES AMERICA, INC., as a Facility Agent

By: /s/ Yukimi Konno
Name: Yukimi Konno
Title: Managing Director

SUMITOMO MITSUI BANKING CORPORATION, as a Committed Purchaser

By: /s/ Jun Ashley
Name: Jun Ashley
Title: Director

PNC BANK, NATIONAL ASSOCIATION, as a Committed Purchaser, the Swinglline Purchaser and a Facility Agent

By: /s/ Eric Bruno
Name: Eric Bruno
Title: Senior Vice President

STARBIRD FUNDING CORPORATION, as a Conduit Purchaser

By: /s/ David V. DeAngelis
Name: David V. DeAngelis
Title: Vice President

BNP PARIBAS, as a Committed Purchaser and a Facility Agent

By: /s/ Advait Joshi
Name: Advait Joshi
Title: Director

By: /s/ Chris Fukuoka
Name: Chris Fukuoka
Title: Director

Attachment I

Schedule of
Depositary Banks,

Accounts and
Lockboxes
(As of February 10, 2023)

Concentration Account, Lockbox Accounts, Depositary Accounts and Lockboxes

S-II-1

Blocked Local Accounts

S-II-2

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a),
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin Murphy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferguson plc;

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 8, 2022 March 8, 2023

/s/ Kevin Murphy

Name: Kevin Murphy

Title: Chief Executive Officer

Certification of Principal Financial Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a),
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William Brundage, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferguson plc;

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 8, 2022 March 8, 2023

/s/ William Brundage

Name: William Brundage

Title: Chief Financial Officer

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), I, Kevin Murphy, the Chief Executive Officer of Ferguson plc (the "Company"), hereby certify, that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the period ended October 31, 2022 January 31, 2023 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); 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 8, 2022 March 8, 2023

/s/ Kevin Murphy

Name: Kevin Murphy

Title: Chief Executive Officer

This certification accompanies the Report pursuant to Section 906 of the Act and shall not, except to the extent required by the Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), I, William Brundage, the Chief Financial Officer of Ferguson plc (the "Company"), hereby certify, that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the period ended October 31, 2022 January 31, 2023 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); 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 8, 2022 March 8, 2023

/s/ William Brundage

Name: William Brundage

Title: Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Act and shall not, except to the extent required by the Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

DISCLAIMER

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