



## BEACON REPORTS FOURTH QUARTER AND FISCAL YEAR 2021 RESULTS

- Record fiscal year 2021 performance, highlighted by strong net sales, net income, and Adjusted EBITDA, as well as significant balance sheet strengthening
- Execution on strategic initiatives produced meaningful gains throughout fiscal year 2021, including increased contribution from branches in the bottom quintile of operating performance
- Record fourth quarter net sales, including year over year growth across all three lines of business
- Significant fourth quarter gross margin expansion, driven by continued price execution
- Record fourth quarter net income and Adjusted EBITDA, yielding a second consecutive quarter of mid-single digit net income margins and double digit Adjusted EBITDA margins

HERNDON, VA.—(BUSINESS WIRE)—November 18, 2021—[Beacon](#) (Nasdaq: BECN) (the “Company”) announced results today for its fourth quarter and fiscal year ended September 30, 2021.

“In fiscal 2021, we demonstrated the strength of our platform by generating record top line and bottom line results, building a solid foundation for our future ambitions,” said Julian Francis, Beacon’s President and Chief Executive Officer. “Focused market and price execution also drove the highest fourth quarter sales and Adjusted EBITDA in our history. Our team continued to deliver high-value solutions to our customers’ critical building material needs in a supply-challenged environment. Furthermore, the progress on our strategic initiatives and operational improvements has been transformational throughout fiscal 2021. We have focused our business on our core exteriors customer and strengthened our balance sheet. Today, we have ample capacity to make strategic investments and drive enhanced growth. Looking forward, we have the right leadership team to execute on a multi-year runway of market opportunities that will create value for all of our stakeholders.”

### Fourth Quarter and Fiscal Year Financial Highlights

	Q4 2021	Q4 2020	FY 2021	FY 2020
<i>(Unaudited; \$ in millions, except per share amounts)</i>				
Net sales	\$ 1,875.4	\$ 1,755.0	\$ 6,642.0	\$ 5,916.7
Gross profit	\$ 507.8	\$ 441.3	\$ 1,757.7	\$ 1,420.5
Gross margin %	27.1%	25.1%	26.5%	24.0%
Operating expense	\$ 349.7	\$ 324.9	\$ 1,300.9	\$ 1,385.5
% of net sales	18.6%	18.5%	19.6%	23.4%
Adjusted Operating Expense <sup>1</sup>	\$ 320.6	\$ 291.9	\$ 1,183.3	\$ 1,107.5
% of net sales <sup>1</sup>	17.1%	16.6%	17.8%	18.7%
Net income (loss) from continuing operations	\$ 104.5	\$ 68.2	\$ 221.2	\$ (81.3)
% of net sales	5.6%	3.9%	3.3%	(1.4%)
Adjusted Net Income (Loss) <sup>1</sup>	\$ 127.1	\$ 90.7	\$ 360.1	\$ 145.8
% of net sales <sup>1</sup>	6.8%	5.2%	5.4%	2.5%
Adjusted EBITDA <sup>1</sup>	\$ 208.1	\$ 169.0	\$ 654.7	\$ 398.6
% of net sales <sup>1</sup>	11.1%	9.6%	9.9%	6.7%
Net income (loss) from continuing operations per share — diluted (“EPS”)	\$ 1.21	\$ 0.78	\$ 2.75	\$ (1.53)

1. Please see the included financial tables for a reconciliation of “Adjusted” non-GAAP financial measures to the most directly comparable GAAP financial measure, as well as further detail on the components driving the net changes over the comparative periods.

## Fourth Quarter

Net sales increased 6.9% compared to the prior year to \$1.88 billion, a quarterly record for net sales from continuing operations. Fourth quarter sales increased across all three lines of business, largely driven by the realization of higher prices.

Residential roofing product sales increased 3.1%, complementary product sales increased 17.0%, and non-residential roofing product sales increased 7.0% compared to the prior year. The fourth quarter of fiscal 2021 and 2020 each had 64 business days.

Gross margin improved to 27.1% in 2021, from 25.1% in the prior year, primarily reflecting pricing execution that drove price-cost improvement, partially offset by an unfavorable sales mix. Operating expense increased in the fourth quarter due to higher payroll and benefits expense, which increased due to higher incentive compensation and the impact of certain temporary cost actions taken in response to the COVID-19 pandemic. Selling expenses, driven primarily by increased travel and entertainment costs, also contributed to the comparative increase. Adjusted Operating Expense was also comparatively higher in the current period due to the same factors. Both operating expense and Adjusted Operating Expense increased as a percent of sales, reflecting the higher incentive compensation and selling costs.

Net income (loss) from continuing operations was \$104.5 million, compared to \$68.2 million in 2020. Adjusted EBITDA was \$208.1 million, compared to \$169.0 million in 2020. EPS was \$1.21, compared to \$0.78 in 2020. Comparative improvements in fourth quarter results were driven by higher sales and gross margins.

## Fiscal Year

Net sales increased 12.3% compared to the prior year despite one fewer business day, an annual record for net sales from continuing operations. Residential roofing product sales increased 14.2%, complementary product sales increased 17.7%, and non-residential roofing product sales increased 4.5% compared to the prior year. Fiscal years 2021 and 2020 had 253 and 254 business days, respectively.

Gross margin improved to 26.5% in 2021, from 24.0% in the prior year. Operating expense decreased compared to the prior year, primarily due to the write-off of certain trade names in connection with the Company's rebranding efforts in the prior period, as well as productivity efforts and improvements in our cost structure. The decrease was partially offset by an increase in payroll and employee benefit costs, primarily due to the year-over-year increase in annual incentive expense in 2021, higher wages to support stronger demand, and the impact of certain temporary cost actions taken in 2020 in response to the COVID-19 pandemic. Adjusted Operating Expense was comparatively higher in 2021, primarily due to the same factors. Both operating expense and Adjusted Operating Expense decreased as a percent of sales, reflecting the positive impact of net sales growth, productivity initiatives and cost management.

Net income (loss) from continuing operations was \$221.2 million, compared to \$(81.3) million in 2020. Adjusted EBITDA was \$654.7 million, compared to \$398.6 million in 2020. EPS was \$2.75, compared to \$(1.53) in 2020.

## Recent Acquisition Activity

On November 1, 2021, we announced the acquisition of Midway Sales & Distributing, Inc., a leading Midwest distributor of residential and commercial exterior building and roofing supplies with 10 branches across Kansas, Missouri and Nebraska. With annual sales of approximately \$130 million, the acquisition deepens Beacon's already strong presence in the Midwest.

*Please see the included financial tables for a reconciliation of "Adjusted" non-GAAP financial measures to the most directly comparable GAAP financial measure, as well as further detail on the components driving the net changes over the comparative periods.*

## Earnings Call

The Company will host a conference call and webcast today at 5:00 p.m. ET to discuss these results. Details for the earnings release event are as follows:

What: Beacon Fourth Quarter and Fiscal Year 2021 Earnings Call

When: Thursday, November 18, 2021

Time: 5:00 p.m. ET

Access: Register for the conference call or webcast by visiting:

[Beacon Investor Relations – Events & Presentations](#)

Upon registration, participants will receive an email containing event details and unique access codes. To ensure timely access, participants should register for the earnings call at least 10 minutes before the 5:00 p.m. ET start time. An archived copy of the webcast will be available on the Events & Presentations page shortly after the call.

## Forward-Looking Statements

This release contains information about management's view of the Company's future expectations, plans and prospects that constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. In addition, oral statements made by our directors, officers and employees to the investor and analyst communities, media representatives and others, depending upon their nature, may also constitute forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate strictly to historic or current facts and often use words such as "anticipate," "estimate," "expect," "believe," "will likely result," "outlook," "project" and other words and expressions of similar meaning. Investors are cautioned not to place undue reliance on forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including, but not limited to, those set forth in the "Risk Factors" section of the Company's Form 10-K for the fiscal year ended September 30, 2020 and subsequent filings with the U.S. Securities and Exchange Commission. The Company may not succeed in addressing these and other risks. Consequently, all forward-looking statements in this release are qualified by the factors, risks and uncertainties contained therein. In addition, the forward-looking statements included in this press release represent the Company's views as of the date of this press release and these views could change. However, while the Company may elect to update these forward-looking statements at some point, the Company specifically disclaims any obligation to do so, other than as required by federal securities laws. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this press release.

## About Beacon

Founded in 1928, Beacon is a Fortune 500, publicly traded distributor of roofing materials and complementary building products in North America, operating over 400 branches throughout all 50 states in the U.S. and 6 provinces in Canada. Beacon serves an extensive base of over 80,000 customers, utilizing its vast branch network and diverse service offerings to provide high-quality products and support throughout the entire business lifecycle. Beacon offers its own private label brand, TRI-BUILT, and has a proprietary digital account management suite, Beacon PRO+, which allows customers to manage their business with us online. Beacon's stock is traded on the Nasdaq Global Select Market under the ticker symbol BECN. To learn more about Beacon, please visit [www.becn.com](http://www.becn.com)

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**BEACON ROOFING SUPPLY, INC.**  
**Consolidated Statements of Operations**  
(Unaudited; in millions, except per share amounts)

	Three Months Ended September 30,				Year Ended September 30,			
	2021	% of Net Sales	2020	% of Net Sales	2021	% of Net Sales	2020	% of Net Sales
Net sales	\$ 1,875.4	100.0%	\$ 1,755.0	100.0%	\$ 6,642.0	100.0%	\$ 5,916.7	100.0%
Cost of products sold	1,367.6	72.9%	1,313.7	74.9%	4,884.3	73.5%	4,496.2	76.0%
Gross profit	507.8	27.1%	441.3	25.1%	1,757.7	26.5%	1,420.5	24.0%
Operating expense:								
Selling, general and administrative	309.4	16.5%	281.0	16.0%	1,138.7	17.1%	1,065.5	18.0%
Depreciation	15.3	0.8%	13.7	0.8%	58.9	0.9%	58.1	1.0%
Amortization	25.0	1.3%	30.2	1.7%	103.3	1.6%	261.9	4.4%
Total operating expense	349.7	18.6%	324.9	18.5%	1,300.9	19.6%	1,385.5	23.4%
Income (loss) from operations	158.1	8.5%	116.4	6.6%	456.8	6.9%	35.0	0.6%
Interest expense, financing costs, and other	16.3	0.9%	31.3	1.8%	98.1	1.5%	128.6	2.2%
Loss on debt extinguishment	—	0.0%	—	0.0%	60.2	0.9%	14.7	0.2%
Income (loss) from continuing operations before income taxes	141.8	7.6%	85.1	4.8%	298.5	4.5%	(108.3)	(1.8%)
Provision for (benefit from) income taxes	37.3	2.0%	16.9	0.9%	77.3	1.2%	(27.0)	(0.4%)
Net income (loss) from continuing operations	104.5	5.6%	68.2	3.9%	221.2	3.3%	(81.3)	(1.4%)
Net income (loss) from discontinued operations <sup>1</sup>	0.3	0.0%	3.7	0.2%	(266.7)	(4.0%)	0.4	0.0%
Net income (loss)	104.8	5.6%	71.9	4.1%	(45.5)	(0.7%)	(80.9)	(1.4%)
Dividends on Preferred Stock	6.0	0.3%	6.0	0.3%	24.0	0.3%	24.0	0.4%
Net income (loss) attributable to common stockholders	\$ 98.8	5.3%	\$ 65.9	3.8%	\$ (69.5)	(1.0%)	\$ (104.9)	(1.8%)
Weighted-average common stock outstanding:								
Basic	69.9		68.9		69.7		68.8	
Diluted <sup>2</sup>	71.3		69.6		80.5		68.8	
Net income (loss) per share:								
Basic - Continuing operations	\$ 1.23		\$ 0.79		\$ 2.83		\$ (1.53)	
Basic - Discontinued operations	0.01		0.05		(3.83)		0.01	
Basic net income (loss) per share	\$ 1.24		\$ 0.84		\$ (1.00)		\$ (1.52)	
Diluted - Continuing operations	\$ 1.21		\$ 0.78		\$ 2.75		\$ (1.53)	
Diluted - Discontinued operations	0.01		0.05		(3.32)		0.01	
Diluted net income (loss) per share	\$ 1.22		\$ 0.83		\$ (0.57)		\$ (1.52)	

- On February 10, 2021, the Company completed the sale of its interior products and insulation businesses ("Interior Products") to Foundation Building Materials Holding Company LLC. Unless otherwise noted, the Company has reflected Interior Products as discontinued operations for all periods presented.
- The hypothetical conversion of the Preferred Stock became dilutive for the year ended September 30, 2021, primarily stemming from the significant income from continuing operations and offsetting loss from discontinued operations in 2021, and their combined effect on the Company's calculation of diluted net income (loss) per share.

**BEACON ROOFING SUPPLY, INC.**  
**Consolidated Balance Sheets**  
(Unaudited; in millions)

	September 30, 2021	September 30, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 260.0	\$ 624.6
Accounts receivable, net	978.3	885.2
Inventories, net	1,084.5	871.4
Prepaid expenses and other current assets	345.9	351.8
Current assets held for sale	—	243.8
Total current assets	2,668.7	2,976.8
Property and equipment, net	236.6	207.8
Goodwill	1,760.9	1,756.1
Intangibles, net	414.8	518.0
Operating lease assets	399.2	376.2
Deferred income taxes, net	64.5	—
Other assets, net	9.8	2.1
Non-current assets held for sale	—	1,120.5
Total assets	\$ 5,554.5	\$ 6,957.5
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 812.9	\$ 885.8
Accrued expenses	546.7	507.3
Current operating lease liabilities	88.5	84.0
Current finance lease liabilities	5.0	2.4
Current portions of long-term debt/obligations	10.0	12.3
Current liabilities held for sale	—	139.4
Total current liabilities	1,463.1	1,631.2
Borrowings under revolving lines of credit, net	—	251.1
Long-term debt, net	1,614.5	2,494.2
Deferred income taxes, net	0.7	71.8
Non-current operating lease liabilities	311.3	290.5
Non-current finance lease liabilities	22.9	5.2
Non-current liabilities held for sale	—	53.4
Total liabilities	3,412.5	4,797.4
Convertible Preferred Stock	399.2	399.2
Stockholders' equity:		
Common stock	0.7	0.7
Undesignated preferred stock	—	—
Additional paid-in capital	1,145.0	1,100.6
Retained earnings	620.5	694.3
Accumulated other comprehensive income (loss)	(23.4)	(34.7)
Total stockholders' equity	1,742.8	1,760.9
Total liabilities and stockholders' equity	\$ 5,554.5	\$ 6,957.5

**BEACON ROOFING SUPPLY, INC.**  
**Consolidated Statements of Cash Flows<sup>1</sup>**  
(Unaudited; in millions)

	Year Ended September 30,	
	2021	2020
<b>Operating Activities</b>		
Net income (loss)	\$ (45.5)	\$ (80.9)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	175.2	391.1
Stock-based compensation	22.6	17.2
Certain interest expense and other financing costs	8.7	11.5
Loss on debt extinguishment	60.2	14.7
Gain on sale of fixed assets and other	(3.8)	(3.5)
Deferred income taxes	(139.2)	(25.6)
Loss on sale of Interior Products	360.6	—
338(h)(10) election refund	—	(5.1)
Changes in operating assets and liabilities:		
Accounts receivable	(81.3)	78.4
Inventories	(225.0)	73.4
Prepaid expenses and other current assets	9.6	(73.6)
Accounts payable and accrued expenses	(56.0)	72.2
Other assets and liabilities	(8.1)	9.5
Net cash provided by (used in) operating activities	<u>78.0</u>	<u>479.3</u>
<b>Investing Activities</b>		
Purchases of property and equipment	(66.5)	(48.5)
Acquisition of businesses, net	—	5.1
Proceeds from sale of Interior Products	836.0	—
Proceeds from the sale of assets	4.4	4.4
Net cash provided by (used in) investing activities	<u>773.9</u>	<u>(39.0)</u>
<b>Financing Activities</b>		
Borrowings under revolving lines of credit	252.3	2,038.0
Payments under revolving lines of credit	(509.3)	(1,870.0)
Borrowings under term loan	1,000.0	—
Payments under term loan	(948.3)	(9.7)
Borrowings under senior notes	350.0	300.0
Payment under senior notes	(1,300.0)	(309.6)
Payment of debt issuance costs	(20.3)	(4.3)
Payment of call premium	(31.7)	—
Payments under equipment financing facilities and finance leases	(6.5)	(8.6)
Payment of dividends on Preferred Stock	(24.0)	(24.0)
Proceeds from issuance of common stock related to equity awards	26.3	3.3
Payment of taxes related to net share settlement of equity awards	(4.5)	(2.9)
Net cash provided by (used in) financing activities	<u>(1,216.0)</u>	<u>112.2</u>
Effect of exchange rate changes on cash and cash equivalents	(0.5)	(0.2)
Net increase (decrease) in cash and cash equivalents	(364.6)	552.3
Cash and cash equivalents, beginning of period	624.6	72.3
Cash and cash equivalents, end of period	<u>\$ 260.0</u>	<u>\$ 624.6</u>
<b>Supplemental Cash Flow Information</b>		
Operating cash flows provided by (used in) discontinued operations	\$ (28.2)	\$ 84.9
Investing cash flows provided by (used in) discontinued operations	\$ (2.5)	\$ (7.5)
Cash paid during the period for:		
Interest	\$ 120.0	\$ 130.3
Income taxes paid (received), net of refunds <sup>2</sup>	\$ 85.2	\$ (5.4)

1. Unless otherwise noted, amounts include both continuing and discontinued operations.
2. Year ended September 30, 2021 amount includes \$63.3 million related to the Interior Products divestiture.

**BEACON ROOFING SUPPLY, INC.**  
**Consolidated Sales by Line of Business**  
(Unaudited; in millions)

<b>Sales by Line of Business</b>						
<b>Three Months Ended September 30,</b>						
	<b>2021</b>		<b>2020</b>		<b>Change</b>	
	<b>Net Sales</b>	<b>Mix %</b>	<b>Net Sales</b>	<b>Mix %</b>	<b>\$</b>	<b>%</b>
Residential roofing products	\$ 994.8	53.0%	\$ 964.6	55.0%	\$ 30.2	3.1%
Non-residential roofing products	474.0	25.3%	442.8	25.2%	31.2	7.0%
Complementary building products	406.6	21.7%	347.6	19.8%	59.0	17.0%
	<u>\$ 1,875.4</u>	<u>100.0%</u>	<u>\$ 1,755.0</u>	<u>100.0%</u>	<u>\$ 120.4</u>	<u>6.9%</u>

<b>Sales by Business Day<sup>1,2</sup></b>						
<b>Three Months Ended September 30,</b>						
	<b>2021</b>		<b>2020</b>		<b>Change</b>	
	<b>Net Sales</b>	<b>Mix %</b>	<b>Net Sales</b>	<b>Mix %</b>	<b>\$</b>	<b>%</b>
Residential roofing products	\$ 15.5	53.0%	\$ 15.1	55.0%	\$ 0.4	3.1%
Non-residential roofing products	7.4	25.3%	6.9	25.2%	0.5	7.0%
Complementary building products	6.4	21.7%	5.4	19.8%	1.0	17.0%
	<u>\$ 29.3</u>	<u>100.0%</u>	<u>\$ 27.4</u>	<u>100.0%</u>	<u>\$ 1.9</u>	<u>6.9%</u>

1. The fourth quarter of fiscal years 2021 and 2020 each had 64 business days.
2. Dollar and percentage changes may not recalculate due to rounding.

<b>Sales by Line of Business</b>						
<b>Year Ended September 30,</b>						
	<b>2021</b>		<b>2020</b>		<b>Change</b>	
	<b>Net Sales</b>	<b>Mix %</b>	<b>Net Sales</b>	<b>Mix %</b>	<b>\$</b>	<b>%</b>
Residential roofing products	\$ 3,516.2	53.0%	\$ 3,079.4	52.1%	\$ 436.8	14.2%
Non-residential roofing products	1,688.8	25.4%	1,616.8	27.3%	72.0	4.5%
Complementary building products	1,437.0	21.6%	1,220.5	20.6%	216.5	17.7%
	<u>\$ 6,642.0</u>	<u>100.0%</u>	<u>\$ 5,916.7</u>	<u>100.0%</u>	<u>\$ 725.3</u>	<u>12.3%</u>

<b>Sales by Business Day<sup>1,2</sup></b>						
<b>Year Ended September 30,</b>						
	<b>2021</b>		<b>2020</b>		<b>Change</b>	
	<b>Net Sales</b>	<b>Mix %</b>	<b>Net Sales</b>	<b>Mix %</b>	<b>\$</b>	<b>%</b>
Residential roofing products	\$ 13.9	53.0%	\$ 12.1	52.1%	\$ 1.8	14.6%
Non-residential roofing products	6.7	25.4%	6.4	27.3%	0.3	4.9%
Complementary building products	5.7	21.6%	4.8	20.6%	0.9	18.2%
	<u>\$ 26.3</u>	<u>100.0%</u>	<u>\$ 23.3</u>	<u>100.0%</u>	<u>\$ 3.0</u>	<u>12.7%</u>

1. Fiscal years 2021 and 2020 had 253 and 254 business days, respectively.
2. Dollar and percentage changes may not recalculate due to rounding.

**BEACON ROOFING SUPPLY, INC.**  
**Non-GAAP Financial Measures**  
(Unaudited; in millions)

**Non-GAAP Financial Measures**

To provide investors with additional information regarding our financial results, we prepare certain financial measures that are not calculated in accordance with GAAP, specifically:

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

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

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

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

**BEACON ROOFING SUPPLY, INC.**  
**Non-GAAP Financial Measures (continued)**  
(Unaudited; in millions)

**Adjusting Items to Non-GAAP Financial Measures**

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

- *Acquisition costs.* Represent certain costs related to historical acquisitions, including: amortization of intangible assets; professional fees, branch integration expenses, travel expenses, employee severance and retention costs, and other personnel expenses classified as selling, general and administrative; and amortization of debt issuance costs.
- *Restructuring costs.* Represent costs stemming from headcount rationalization efforts; branch re-organization; certain rebranding costs; impact of the Interior Products divestiture; accrued estimated costs related to employee benefit plan withdrawals; and debt refinancing and extinguishment costs.
- *COVID-19 impacts.* Represent costs directly related to the COVID-19 pandemic; and income tax provision (benefit) stemming from the revaluation of deferred tax assets and liabilities made in conjunction with our application of the CARES Act.
- *Effects of tax reform.* Represents income tax provision (benefit) related to the Tax Cuts and Jobs Act of 2017.

The following table presents the impact and respective location of the adjusting items on our consolidated statements of operations for each of the periods indicated:

	Operating Expense		Non-Operating Expense			Total
	SG&A <sup>1</sup>	Amortization	Interest Expense	Other (Income) Expense	Income Taxes <sup>2</sup>	
<b>Three Months Ended September 30, 2021</b>						
Acquisition costs	\$ 0.9	\$ 25.0	\$ 1.0	\$ —	\$ —	\$ 26.9
Restructuring costs	2.8	—	0.3	(0.1)	—	3.0
COVID-19 impacts	0.4	—	—	—	—	0.4
Total adjusting items	<u>\$ 4.1</u>	<u>\$ 25.0</u>	<u>\$ 1.3</u>	<u>\$ (0.1)</u>	<u>\$ —</u>	<u>\$ 30.3</u>
<b>Three Months Ended September 30, 2020</b>						
Acquisition costs	\$ 1.7	\$ 30.2	\$ 2.0	\$ 0.2	\$ —	\$ 34.1
Restructuring costs	0.4	—	0.9	0.9	—	2.2
COVID-19 impacts	0.7	—	—	—	(0.1)	0.6
Total adjusting items	<u>\$ 2.8</u>	<u>\$ 30.2</u>	<u>\$ 2.9</u>	<u>\$ 1.1</u>	<u>\$ (0.1)</u>	<u>\$ 36.9</u>
<b>Year Ended September 30, 2021</b>						
Acquisition costs	\$ 3.3	\$ 101.1	\$ 6.1	\$ —	\$ —	\$ 110.5
Restructuring costs <sup>3</sup>	9.4	2.2	2.7	60.3	—	74.6
COVID-19 impacts	1.6	—	—	—	—	1.6
Total adjusting items	<u>\$ 14.3</u>	<u>\$ 103.3</u>	<u>\$ 8.8</u>	<u>\$ 60.3</u>	<u>\$ —</u>	<u>\$ 186.7</u>
<b>Year Ended September 30, 2020</b>						
Acquisition costs <sup>4</sup>	\$ 9.6	\$ 119.3	\$ 8.0	\$ (5.1)	\$ —	\$ 131.8
Restructuring costs <sup>5</sup>	2.3	142.6	3.6	21.5	—	170.0
COVID-19 impacts <sup>6</sup>	4.2	—	—	—	(0.7)	3.5
Total adjusting items	<u>\$ 16.1</u>	<u>\$ 261.9</u>	<u>\$ 11.6</u>	<u>\$ 16.4</u>	<u>\$ (0.7)</u>	<u>\$ 305.3</u>

1. Selling, general and administrative expense (“SG&A”).
2. For tax impact of adjusting items, see Adjusted Net Income (Loss) table below.
3. Other (income) expense includes a loss on debt extinguishment of \$60.2 million in connection with the write-off of debt issuance costs and payment of redemption premiums stemming from our refinancing transactions.
4. Other (income) expense includes a net \$5.1 million refund received as the final true-up of the \$164.0 million payment resulting from the 338(h)(10) election made in connection with the acquisition of Allied Building Products Corp. on January 2, 2018.
5. Amortization includes the impact of non-cash accelerated intangible asset amortization of \$142.6 million related to the write-off of certain trade names in connection with our rebranding efforts. Other (income) expense includes a loss on debt extinguishment of \$14.7 million in connection with the October 2019 debt refinancing.
6. Income taxes consist of a tax benefit of \$0.7 million stemming from the revaluation of deferred tax assets and liabilities made in conjunction with our application of the CARES Act.

## BEACON ROOFING SUPPLY, INC.

### Non-GAAP Financial Measures (continued)

(Unaudited; in millions)

#### Adjusted Operating Expense

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

	Three Months Ended September 30,		Year Ended September 30,	
	2021	2020	2021	2020
Operating expense	\$ 349.7	\$ 324.9	\$ 1,300.9	\$ 1,385.5
Acquisition costs	(25.9)	(31.9)	(104.4)	(128.9)
Restructuring costs	(2.8)	(0.4)	(11.6)	(144.9)
COVID-19 impacts	(0.4)	(0.7)	(1.6)	(4.2)
Adjusted Operating Expense	<u>\$ 320.6</u>	<u>\$ 291.9</u>	<u>\$ 1,183.3</u>	<u>\$ 1,107.5</u>
Net sales	\$ 1,875.4	\$ 1,755.0	\$ 6,642.0	\$ 5,916.7
Operating expense as % of sales	18.6%	18.5%	19.6%	23.4%
Adjusted Operating Expense as % of sales	17.1%	16.6%	17.8%	18.7%

#### Adjusted Net Income (Loss)

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

	Three Months Ended September 30,		Year Ended September 30,	
	2021	2020	2021	2020
Net income (loss) from continuing operations	\$ 104.5	\$ 68.2	\$ 221.2	\$ (81.3)
Adjusting items:				
Acquisition costs	26.9	34.1	110.5	131.8
Restructuring costs	3.0	2.2	74.6	170.0
COVID-19 impacts	0.4	0.6	1.6	3.5
Total adjusting items	30.3	36.9	186.7	305.3
Less: tax impact of adjusting items <sup>1</sup>	(7.7)	(14.4)	(47.8)	(78.2)
Total adjustments, net of tax	22.6	22.5	138.9	227.1
Adjusted Net Income (Loss)	<u>\$ 127.1</u>	<u>\$ 90.7</u>	<u>\$ 360.1</u>	<u>\$ 145.8</u>
Net sales	\$ 1,875.4	\$ 1,755.0	\$ 6,642.0	\$ 5,916.7
Net income (loss) as % of sales	5.6%	3.9%	3.3%	(1.4%)
Adjusted Net Income (Loss) as % of sales	6.8%	5.2%	5.4%	2.5%

- Amounts represent tax impact on adjusting items that are not included in our income tax provision (benefit) for the periods presented. The effective tax rate applied to these adjusting items is calculated by using forecasted adjusted pre-tax income while factoring in estimated discrete tax adjustments for the fiscal year. The tax impact of adjusting items for the three months ended September 30, 2021 and 2020 were calculated using a blended effective tax rate of 25.4% and 39.0%, respectively. The elevated rate in the three months ended September 30, 2020 was primarily due to the revaluation of deferred tax assets and liabilities made in conjunction with the Company's application of the CARES Act. The tax impact of adjusting items for the years ended September 30, 2021 and 2020 were calculated using an effective tax rate of 25.6% and 25.6%, respectively.

**BEACON ROOFING SUPPLY, INC.**  
**Non-GAAP Financial Measures (continued)**  
(Unaudited; in millions)

**Adjusted EBITDA**

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

	Three Months Ended September 30,		Year Ended September 30,	
	2021	2020	2021	2020
Net income (loss) from continuing operations	\$ 104.5	\$ 68.2	\$ 221.2	\$ (81.3)
Interest expense, net	17.1	32.5	101.0	138.4
Income taxes	37.3	16.9	77.3	(27.0)
Depreciation and amortization	40.3	43.9	162.2	320.0
Stock-based compensation	4.9	3.6	18.4	16.0
Acquisition costs <sup>1</sup>	0.9	1.9	3.3	4.5
Restructuring costs <sup>1</sup>	2.7	1.3	69.7	23.8
COVID-19 impacts <sup>1</sup>	0.4	0.7	1.6	4.2
Adjusted EBITDA	<u>\$ 208.1</u>	<u>\$ 169.0</u>	<u>\$ 654.7</u>	<u>\$ 398.6</u>
Net sales	\$ 1,875.4	\$ 1,755.0	\$ 6,642.0	\$ 5,916.7
Net income (loss) as % of sales	5.6%	3.9%	3.3%	(1.4%)
Adjusted EBITDA as % of sales	11.1%	9.6%	9.9%	6.7%

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