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GYPSUM MANAGEMENT & SUPPLY, INC.®

Q2 FY 2022 Earnings Conference Call

December 2, 2021

Safe Harbor and Basis of Presentation

Forward-Looking Statement Safe Harbor — This presentation includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify forward-looking statements by the Company’s use of forward-looking terminology such as “anticipate,” “believe,” “confident,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “seek,” or “should,” or the negative thereof or other variations thereon or comparable terminology. In particular, statements about the markets in which GMS operates and or our products, including potential growth in those markets, the economy generally, actions taken to optimize our operations and align our business consistent with demand, our ability to continue successfully navigating the evolving operating environment and executing our business, strategic initiatives and priorities and growth potential, pricing, net sales growth, gross margins, incremental EBITDA, cost discipline, operating leverage, interest expense, tax rates, capital expenditures, and free cash flow, cash flow generation and working capital management, future financial performance and liquidity, the ability of the Company to grow stronger, and the ability to deliver growth, value creation and long-term success contained in this presentation may be considered forward-looking statements. Statements about our expectations, beliefs, plans, strategies, objectives, prospects, assumptions or future events or performance may be considered forward-looking statements. The Company has based forward-looking statements on its current expectations, assumptions, estimates and projections. While the Company believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond its control, including current and future public health issues that may affect the Company’s business. Forward-looking statements involve risks and uncertainties, including, but not limited to, those described in the “Risk Factors” section in the Company’s most recent Annual Report on Form 10-K, and in its other periodic reports filed with the SEC. In addition, the statements in this release are made as of December 2, 2021. The Company undertakes no obligation to update any of the forward-looking statements made herein, whether as a result of new information, future events, changes in expectation or otherwise. These forward-looking statements should not be relied upon as representing the Company’s views as of any date subsequent to December 2, 2021.

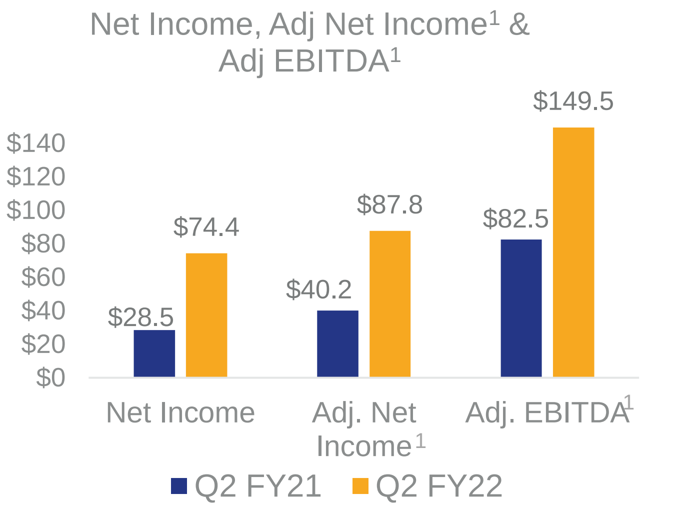
Use of Non-GAAP and Adjusted Financial Information — To supplement GAAP financial information, we use adjusted measures of operating results which are non-GAAP measures. This non-GAAP adjusted financial information is provided as additional information for investors. These adjusted results exclude certain costs, expenses, gains and losses, and we believe their exclusion can enhance an overall understanding of our past financial performance and also our prospects for the future. These adjustments to our GAAP results are made with the intent of providing both management and investors a more complete understanding of our operating performance by excluding non-recurring, infrequent or other non-cash charges that are not believed to be material to the ongoing performance of our business. The presentation of this additional information is not meant to be considered in isolation or as a substitute for GAAP measures of net income, diluted earnings per share or net cash provided by (used in) operating activities prepared in accordance with generally accepted accounting principles in the United States. Please see the Appendix to this presentation for a further discussion on these non-GAAP measures and a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures.

Q2 Fiscal 2022 Highlights

Net Sales:* *$1.15 billion
⬆ *41.5%*

Gross Profit:* *$371.9 million
⬆ *40.3%*

Net Income:* *$74.4 million
⬆ *161.2%*



Record Levels of Net Sales, Net Income and Adjusted EBITDA[1]

- Quarterly net sales in excess of **$1 billion**
- Inflation driven sales growth of at least 25% in all 4 major product categories, including Wallboard, Steel Framing, Ceilings and Complementary Products; Steel remains a standout with over 140% sales growth

Higher Than Expected Gross Margin

- Gross margin of 32.3% for the quarter

Favorable Expense Leverage

- Continued cost discipline and the outpacing of product inflation relative to operating expenses enabled us to improve SG&A and Adjusted SG&A[1] as a percentage of sales for the sixth quarter in a row

Adjusted EBITDA[1] up 81.2%; Adjusted EBITDA margin[1] up 280 basis points

Achieved Further Platform Expansion

- Enhanced our complementary product offerings in Nebraska with the purchase of the EIFS division of DK&B Construction Specialties
- Expanded our presence in Tennessee with the addition of a new facility to serve our Rocky Mountain Materials customers

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1. For a reconciliation of Adjusted SG&A, Adjusted Net Income, Adjusted EBITDA, and Adjusted EBITDA Margin to the most directly comparable GAAP metrics, see Appendix.

Strategic Growth Priorities – Q2 FY22 Update

Expand Share in Core Products

Capitalize on existing fixed investments in locations and equipment where we are underpenetrated or below expected share

- Net sales for Wallboard, Ceilings and Steel Framing up double digits
- Particular success with Steel Framing and architectural specialty ceilings

Grow Complementary Products

Grow Complementary Product opportunities outside of core products to diversify and profitably expand our product offering

- 24.8% growth in net sales of Complementary products
- 12.6% organic sales growth
- 6th straight quarter of growth
- Announced most significant acquisition in this space to date: AMES Tools closed on December 1, 2021.

Platform Expansion

Expand the platform through accretive acquisition and greenfield opportunities, balanced with debt reduction priorities

- Completed the acquisition of DK&B EIFS/Stucco division, expanding our presence and complementary product offerings in Nebraska
- Opened a new greenfield location in Johnson City, Tennessee
- Robust pipeline of M&A opportunities

Drive Improved Productivity & Profitability

Leverage our scale and employ technology and best practices to deliver a best-in-class customer experience and further profit improvement

- YOY Net Income up 161.2%
- Recorded a 280 basis point improvement in Adjusted EBITDA margin[1] for Q2 FY22
- Driving purchasing efficiencies, enhancing our pricing practices and providing improved transactional efficiency and effectiveness for customers
- Supplying our team with tools and enhanced data to make more informed business decisions

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1. For a reconciliation of Adjusted SG&A, Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable GAAP metrics, see Appendix.

GMS Completes Acquisition of AMES Taping Tools

Company & Acquisition Overview

Acquisition: On 12/1/21, GMS acquired AMES Taping Tools Holding LLC (“AMES”) for a preliminary purchase price of $212.5 million in cash.

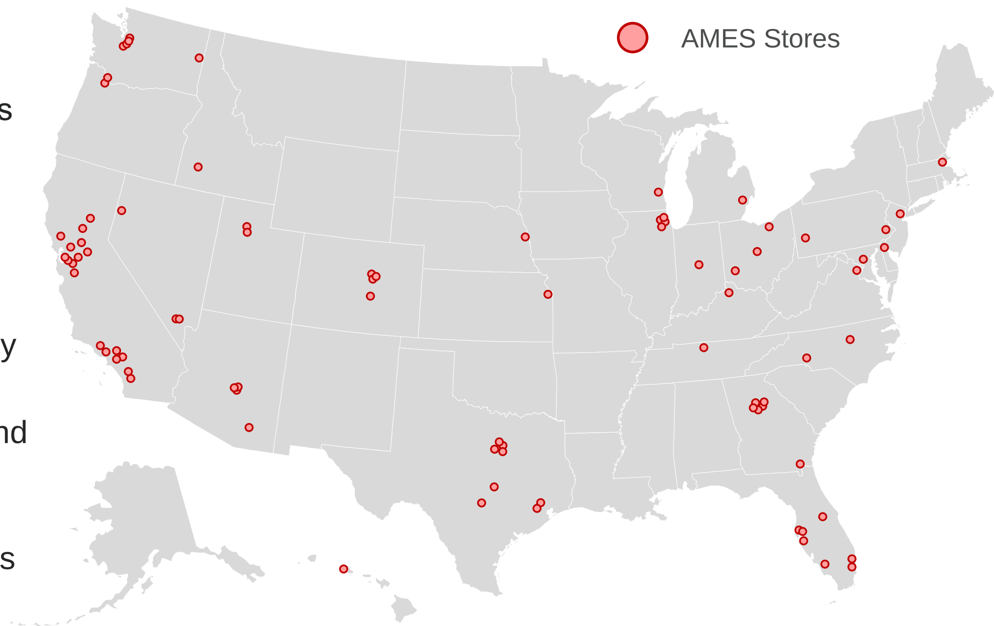
Business Profile: AMES is the nation’s foremost provider of automatic taping and finishing (“ATF”) tools and related products to the professional drywall finishing industry. AMES services customers through its multichannel distribution model including:

1. **AMES Stores** – supplies and services residential and commercial interior finishing applications through a network of more than 85 store locations that sell drywall finishing products and provide drywall contractors with the option to purchase or rent ATF tools from a 100,000-tool fleet shared by AMES stores platform-wide.
2. **Dealer Distribution** – sales of market-leading TapeTech® Automatic Taping and Finishing Tools and related TapeTech® branded products through dealers and distributors, including an existing relationship with GMS.
3. **All-Wall® E-Commerce Platform** – leading E-Commerce retailer of specialty interior finishing tools and related products.

Strategic Rationale: AMES provides a distinctive complement to GMS’s current offerings, significantly expanding the Company’s presence in the attractive tools and fasteners market. AMES’s portfolio includes the industry-leading finishing tool brand, TapeTech®, and the top specialty interior finishing e-commerce platform, All-Wall®.

Operating Model: AMES’s current management team, including President & CEO Jay Davisson, will continue to lead the business, which will continue to operate under the “AMES” brand – as it has for over 80 years

Geographic Footprint



AMES Drywall Finishing Tools & Services

TapeTech® PROFESSIONAL DRYWALL FINISHING TOOLS

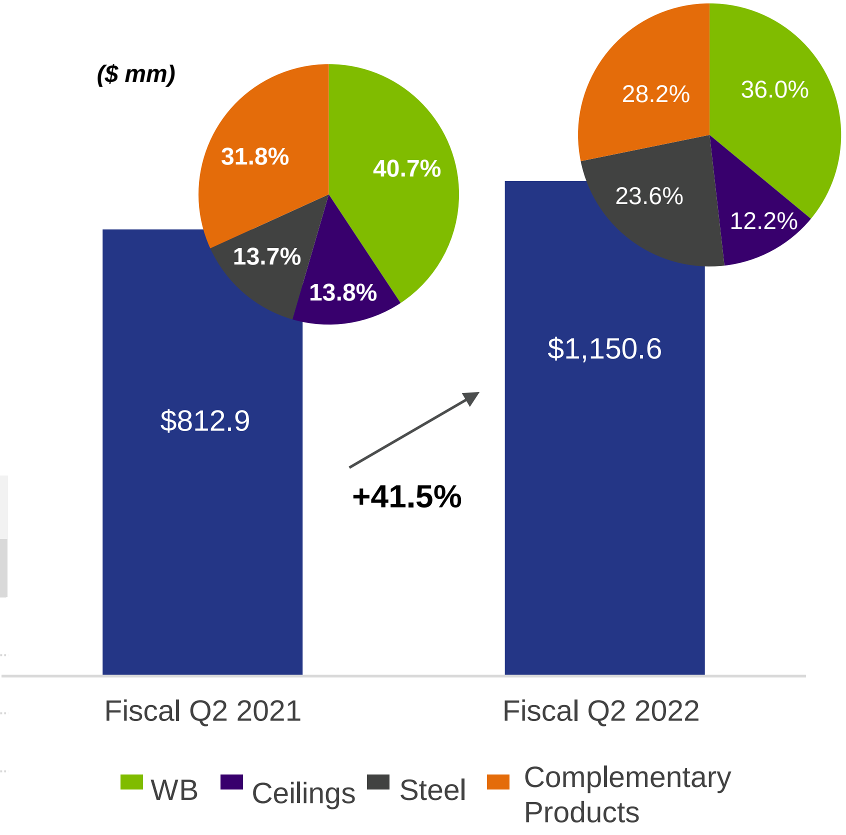
ALL-WALL

Q2 Fiscal 2022 Performance – Net Sales Over $1 Billion

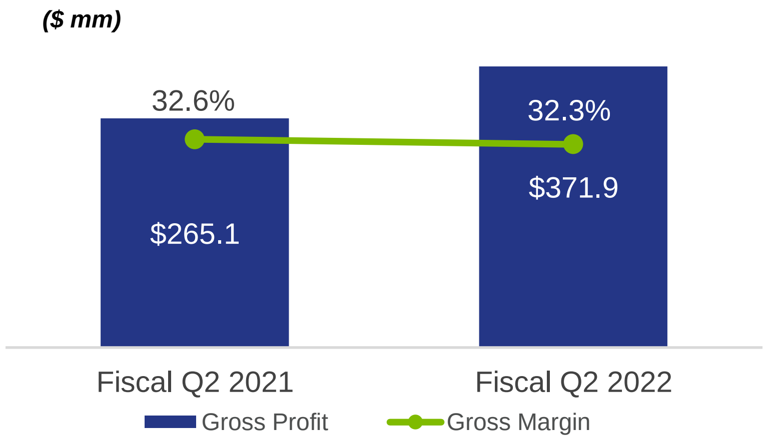
Net Sales & Mix

- Net sales up 41.5% due primarily to inflationary pricing, strong residential end markets, solid demand for complementary products and acquisition revenues.
- Equal number of selling days YOY
- Organic net sales up 31.2%

	Organic Growth		
	Total	Volume	Price/Mix[1]
Wallboard	+19.7%	-1.1%	+20.8%
Ceilings	+17.4%	-3.0%	+20.4%
Steel	+122.2%	+2.1%	+120.1%
Complementary	+12.6%		



Gross Profit & Margin



- Gross Profit increased 40.3%
- Gross margin was slightly better than expected, but still declined 30 bps from Q2 FY2021 due to pressured price-cost dynamics in wallboard.

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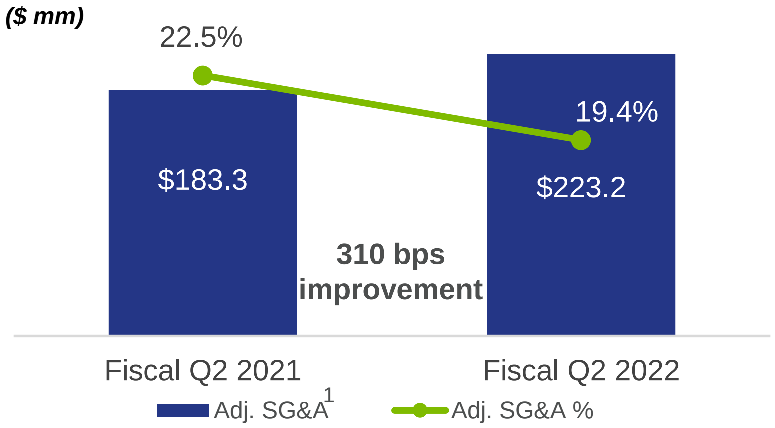
1. Price/Mix excludes the impact of foreign currency translation.

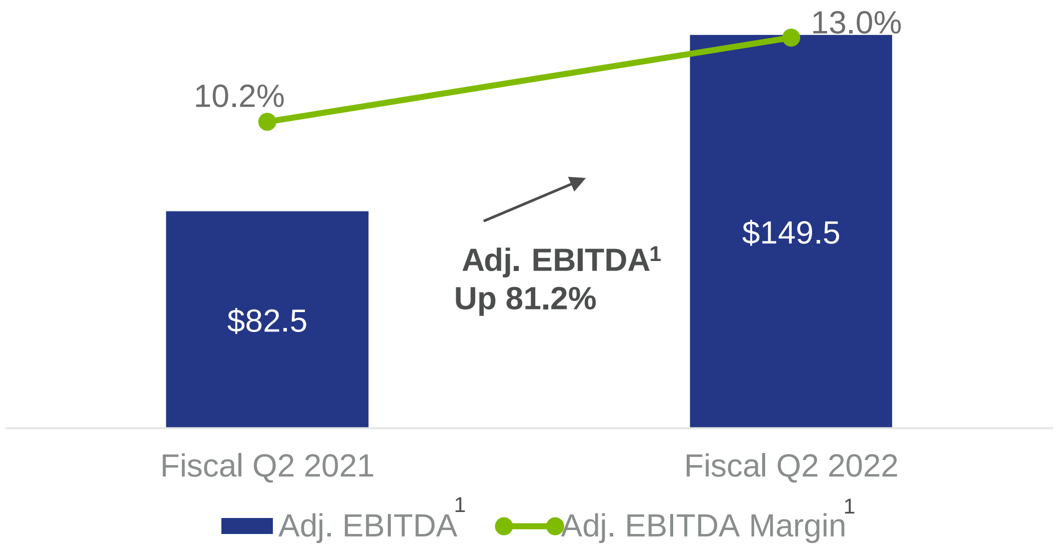
Q2 Fiscal 2022 – Improved Profitability

SG&A and Adjusted SG&A[1]

- Reported SG&A was 20.0% of sales compared to 23.2% of sales a year ago, representing a 320 basis point improvement.
- Adjusted SG&A[1] improved 310 basis points as product inflation outpaced increases in operating costs.



Net Income, Adjusted Net Income[1] & Adjusted EBITDA[1]



- Reported net income and Adjusted net income[1] totaled $74.4 million and $87.8 million, respectively.
- Adjusted EBITDA[1] increased 81.2% and Adjusted EBITDA margin[1] improved 280 basis points year-over-year.

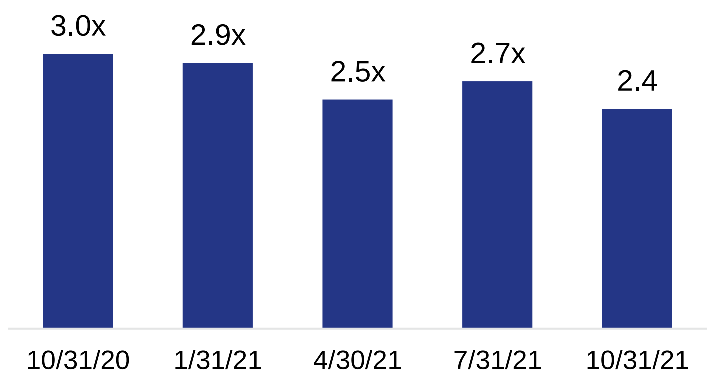
1. For a reconciliation of Adjusted SG&A, Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable GAAP metrics, see Appendix.

Attractive Capital Structure Supports Strategic Initiatives

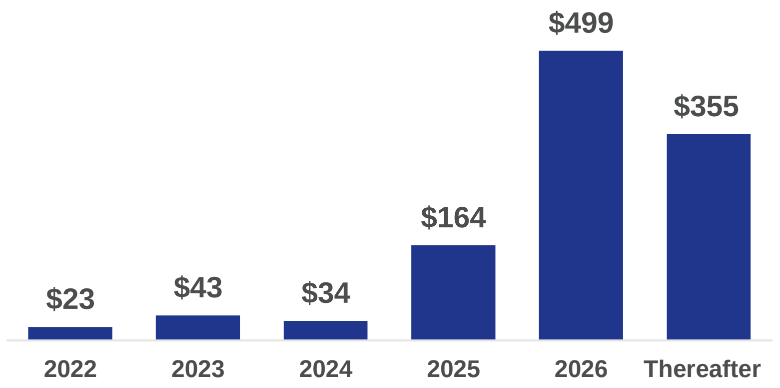
Cash From Operations and Free Cash Flow[1]

- Cash used in Operations was $2.0 million, compared to Cash provided by Operations of $39.8 million in Q2 FY21
- Free Cash Flow[1] use was $11.3 million, compared to Free Cash Flow of $32.7 million in Q2 FY21
- Greater use of cash year-over-year primarily due to the Company's discipline in ensuring product availability and managing price inflation amid an environment of tight and less reliable supply, coupled with the impact of increasing sales on accounts receivable.
- Substantial liquidity, with $59.3 million of cash on hand and an additional $302.2 million available under our revolving credit facilities as of 10/31/2021.
- Attractive capital structure
- "Through the Cycle" objective of Free Cash Flow[1]: 40% - 50% of Adjusted EBITDA[1]

LTM Net Debt / PF Adjusted EBITDA[2]



Debt[3] Maturity Schedule as of 10/31/2021



1. For a reconciliation of free cash flow to cash provided by (used in) operating activities, the most directly comparable GAAP metric, see Appendix.
2. For detail, including a reconciliation of Pro Forma Adjusted EBITDA to net income, the most directly comparable GAAP metric, see Appendix.
3. As of the quarter ended October 31, 2021; Debt includes First Lien Term Loan, ABL Facility, Senior Notes, Finance Leases & Installment Notes.

Expectations

Expectations for Q3 Fiscal 2022

Favorable pricing and continued strength in residential should result in:

- Q3 FY22 Expected Year-Over-Year Net Sales Growth: ~50%
- Q3 FY22 Expected Year-Over-Year Organic Sales Growth: ~40%

Gross Margin will continue to be impacted by the timing of the pass through of our suppliers’ pricing actions

- Q3 FY22 Expected Gross Margin: ~Consistent with Q3 FY21 at 32.4%

Incremental Adjusted EBITDA[1]:

- Assumed continued inflationary pricing and strength in residential
- Continued cost discipline and favorable operating leverage expected
- Q3 FY22 Expected Incremental Adjusted EBITDA[1]: 15% - 20%

Expectations for Full Year Fiscal 2022

- Full year interest expense: $55 million
- Cash tax rate for Adjusted Net Income[1]: 24% – 25%
- Full year capital expenditures: $40 million - $45 million
- Free Cash Flow[1]: Longer-term objective is to generate 40% - 50% of Adjusted EBITDA

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1. For a reconciliation of Adjusted SG&A, Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow to the most directly comparable GAAP metrics, see Appendix.

GMS is Well-Positioned Now and for the Long-Term

- A North American market leader in specialty distribution of interior construction products.
  - **Significant scale combined with local expertise**
  - **Differentiated best-in-class customer service model**
  - **Entrepreneurial culture**
- We are successfully executing our business as our team seizes opportunities and addresses challenges in dynamic market conditions.
- Strong cash flow generation expected from nature of business model and tight management of working capital.
- Healthy balance sheet and strong liquidity position.
- Executing on strategic priorities to capitalize on long-term growth opportunities.

Significant. Differentiated. Entrepreneurial.

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Appendix

Summary Quarterly Financials

(In millions, except per share data) *(Unaudited)*	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22
Wallboard Volume (MSF)	1,054	1,073	997	1,147	4,270	1,095	1,104
Wallboard Price ($ / '000 Sq. Ft.)	$ 311	$ 308	$ 312	$ 329	$ 311	$ 356	$ 376
Wallboard	$ 328	$ 331	$ 311	$ 377	$ 1,330	$ 390	$ 415
Ceilings	114	112	102	121	476	138	141
Steel framing	110	111	104	143	502	196	272
Other products	250	259	234	291	934	318	323
Net sales	803	813	751	932	3,299	1,042	1,151
Cost of sales	542	548	508	638	2,236	706	779
Gross profit	260	265	243	294	1,063	336	372
Gross margin	*32.5%*	*32.6%*	*32.4%*	*31.5%*	*32.2%*	*32.2%*	*32.3%*
Operating expenses:							
Selling, general and administrative expenses	183	188	185	207	764	214	231
Depreciation and amortization	27	27	26	28	108	28	29
Total operating expenses	210	216	210	236	872	242	260
Operating income (loss)	50	49	33	58	191	94	112
Other (expense) income:							
Interest expense	(14)	(14)	(13)	(13)	(54)	(14)	(15)
Gain on legal settlement	-	-	1	-	1	-	-
Write-off of discount and deferred financing costs	-	-	-	(5)	(5)	-	-
Other income, net	1	1	1	1	3	1	1
Total other expense, net	(13)	(13)	(11)	(17)	(54)	(13)	(14)
Income (loss) from continuing operations, before tax	37	37	22	42	137	81	98
Income tax expense	10	8	6	8	32	20	24
Net income (loss)	$ 27	$ 28	$ 16	$ 34	$ 106	$ 61	$ 74
Business Days	**64**	**64**	**61**	**65**	**254**	**63**	**64**
Net Sales by Business Day	$ 12.5	$ 12.7	$ 12.3	$ 14.3	$ 13.0	$ 16.5	$ 18.0
Beginning Branch Count	263	260	261	262	263	268	283
Added Branches	(3)	1	1	6	5	15	2
Ending Branch Count	**260**	**261**	**262**	**268**	**268**	**283**	**285**

Quarterly Cash Flows

($ in millions) *(Unaudited)*	1Q21	2Q21	3Q21	3Q21	FY21	1Q22	2Q22
Net income	$ 27.2	$ 28.5	$ 16.1	$ 33.7	$ 105.5	$ 61.2	$ 74.4
Non-cash changes & other changes	(0.1)	46.4	31.5	52.8	130.6	28.8	57.8
Changes in primary working capital components:							
Trade accounts and notes receivable	(41.5)	(15.6)	41.7	(86.2)	(101.6)	(73.5)	(73.9)
Inventories	14.0	(15.0)	(23.4)	(22.3)	(46.7)	(87.3)	(81.2)
Accounts payable	(15.4)	(4.5)	(21.5)	106.8	65.4	(4.3)	20.9
Cash provided by (used in) operating activities	**(15.7)**	**39.8**	**44.4**	**84.8**	**153.3**	**(75.1)**	**(2.0)**
Purchases of property and equipment	(4.7)	(7.1)	(6.0)	(12.0)	(29.9)	(6.8)	(9.3)
Proceeds from sale of assets	0.3	0.4	0.5	1.0	2.3	0.3	0.2
Acquisitions of businesses, net of cash acquired	(0.2)	0.2	-	(35.9)	(36.0)	(123.0)	(1.9)
Cash (used in) investing activities	**(4.6)**	**(6.6)**	**(5.5)**	**(46.9)**	**(63.6)**	**(129.6)**	**(11.1)**
Cash provided by (used in) financing activities	**(51.8)**	**(55.1)**	**(7.8)**	**(22.0)**	**(136.6)**	**81.4**	**28.7**
Effect of exchange rates	0.9	0.3	1.2	0.5	3.0	(0.2)	0.1
Increase (decrease) in cash and cash equivalents	(71.2)	(21.5)	32.4	16.4	(43.9)	(123.4)	15.7
Balance, beginning of period	210.9	139.7	118.2	150.6	210.9	167.0	43.6
Balance, end of period	**$ 139.7**	**$ 118.2**	**$ 150.6**	**$ 167.0**	**$ 167.0**	**$ 43.6**	**$ 59.3**
Supplemental cash flow disclosures:							
Cash paid for income taxes	$ 3.5	$ 16.7	$ 11.7	$ 14.5	$ 46.4	$ 1.0	$ 36.8
Cash paid for interest	$ 13.1	$ 12.6	$ 12.4	$ 11.5	$ 49.7	$ 8.6	$ 9.0

	1Q21	2Q21	3Q21	3Q21	FY21	1Q22	2Q22
Cash provided by (used in) operating activities	$ (15.7)	$ 39.8	$ 44.4	$ 84.8	$ 153.3	$ (75.1)	$ (2.0)
Purchases of property and equipment	(4.7)	(7.1)	(6.0)	(12.0)	(29.9)	(6.8)	(9.3)
Free cash flow [1]	**(20.5)**	**32.7**	**38.4**	**72.8**	**123.4**	**(81.9)**	**(11.3)**

(1) Free cash flow is a non-GAAP financial measure defined as net cash provided by (used in) operations less capital expenditures. Differences may occur due to rounding.

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Q2 2022 Net Sales

($ in millions)	Fiscal Q2		Variance	
(Unaudited)	FY22	FY21	Reported	Organic (1)
Organic (1)	$ 1,066.1	$ 812.9		
Acquisitions	76.0	-		
Fx Impact	8.5	-		
Total Net Sales	**$ 1,150.6**	**$ 812.9**	**41.5%**	**31.2%**
Wallboard	$ 414.5	$ 330.5	25.4%	19.7%
Ceilings	140.9	112.1	25.6%	17.4%
Steel Framing	272.0	111.3	144.4%	122.2%
Other Products	323.2	258.9	24.8%	12.6%
Total Net Sales	**$ 1,150.6**	**$ 812.9**	**41.5%**	**31.2%**

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1. Organic net sales growth calculation excludes net sales of acquired businesses until first anniversary of acquisition date and impact of foreign currency translation.

Quarterly Net Income to Adjusted EBITDA

Reconciliation

($ in 000s) (Unaudited)		1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22
Net Income		**$ 27,219**	**$ 28,469**	**$ 16,126**	**$ 33,746**	**$ 105,560**	**$ 61,202**	**$ 74,361**
Add: Interest Expense		14,081	13,525	13,454	12,726	53,786	13,657	14,744
Add: Write off of debt discount and deferred financing fees		-	-	-	4,606	4,606	-	-
Less: Interest Income		(37)	(14)	(6)	(29)	(86)	-	(27)
Add: Income Tax Expense		9,604	8,277	5,709	7,944	31,534	19,971	23,769
Add: Depreciation Expense		12,827	12,710	11,371	13,572	50,480	12,925	13,703
Add: Amortization Expense		14,270	14,535	14,191	14,649	57,645	14,789	15,700
EBITDA		**$ 77,964**	**$ 77,502**	**$ 60,845**	**$ 87,214**	**$ 303,525**	**$ 122,544**	**$ 142,250**
Adjustments								
Stock appreciation rights	(A)	792	314	1,446	621	3,173	892	983
Redeemable noncontrolling interests	(B)	252	186	624	226	1,288	310	593
Equity-based compensation	(C)	1,605	3,252	1,877	1,708	8,442	1,958	3,215
Severance and other permitted costs	(D)	1,947	762	(83)	322	2,948	147	249
Transaction costs (acquisition and other)	(E)	100	25	664	279	1,068	575	2,393
(Gain) loss on disposal of assets	(F)	394	481	(1,404)	(482)	(1,011)	(78)	(144)
Effects of fair value adjustments to inventory	(G)	-	-	-	788	788	1,731	-
Gain on legal settlement		-	-	(1,382)	-	(1,382)	-	-
Debt transaction costs	(H)	-	-	-	532	532	-	-
Total Add-Backs		**$ 5,090**	**$ 5,020**	**$ 1,742**	**$ 3,994**	**$ 15,846**	**$ 5,535**	**$ 7,289**
Adjusted EBITDA (as reported)		**$ 83,054**	**$ 82,522**	**$ 62,587**	**$ 91,208**	**$ 319,371**	**$ 128,079**	**$ 149,539**
Net Sales		**$802,573**	**$812,856**	**$751,191**	**$932,203**	**$3,298,823**	**$1,042,076**	**$1,150,551**
Adjusted EBITDA Margin		10.3%	10.2%	8.3%	9.8%	9.7%	12.3%	13.0%

Commentary

A. Represents changes in the fair value of stock appreciation rights

B. Represents changes in the fair value of noncontrolling interests

C. Represents non-cash equity-based compensation expense related to the issuance of share-based awards

D. Represents severance expenses and other costs permitted in calculations under the ABL Facility and the Term Loan Facility, including certain unusual, nonrecurring costs and credits received due to the COVID-19 pandemic.

E. Represents one-time costs related to acquisitions paid to third parties

F. Includes impairment of assets resulting from restructuring plans to close certain facilities and gains from the sale of assets.

G. Represents the non-cash cost of sales impact of purchase accounting adjustments to increase inventory to its estimated fair value

H. Represents expenses paid to third party advisors related to debt refinancing activities

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Net Income to Pro Forma Adjusted EBITDA

Reconciliation

($ in 000s) *(Unaudited)*		LTM Q2 FY22	2021	2020	2019	2018	2017
Net Income		**$ 185,435**	**$ 105,560**	**$ 23,381**	**$ 56,002**	**$ 62,971**	**$ 48,886**
Add: Interest Expense		54,581	53,786	67,718	73,677	31,395	29,360
Add: Write off of debt discount and deferred financing fees		4,606	4,606	1,331	-	74	7,103
Less: Interest Income		(62)	(86)	(88)	(66)	(177)	(152)
Add: Income Tax Expense		57,393	31,534	22,944	14,039	20,883	22,654
Add: Depreciation Expense		51,571	50,480	51,332	46,456	24,075	25,565
Add: Amortization Expense		59,329	57,645	65,201	71,003	41,455	43,675
EBITDA		**$ 412,853**	**$ 303,525**	**$ 231,819**	**$ 261,111**	**$ 180,676**	**$ 177,091**
Adjustments							
Impairment of goodwill		-	-	63,074	-	-	-
Stock appreciation rights	(A)	3,942	3,173	1,572	2,730	2,318	148
Redeemable noncontrolling interests	(B)	1,753	1,288	520	1,188	1,868	3,536
Equity-based compensation	(C)	8,758	8,442	7,060	3,906	1,695	2,534
Severance and other permitted costs	(D)	635	2,948	5,733	8,152	581	(157)
Transaction costs (acquisition and other)	(E)	3,911	1,068	2,414	7,858	3,370	2,249
(Gain) loss on disposal of assets		(2,108)	(1,011)	658	(525)	(509)	(338)
AEA management fee	(F)	-	-	-	-	-	188
Effects of fair value adjustments to inventory	(G)	2,519	788	575	4,176	324	946
Gain on legal settlement		(1,382)	(1,382)	(14,029)	-	-	-
Change in fair value of financial instruments	(H)	-	-	-	6,395	6,125	382
Secondary public offerings	(I)	-	-	363	-	1,525	1,385
Debt transaction costs	(J)	532	532	-	678	1,285	265
Total Add-Backs		**$ 18,560**	**$ 15,846**	**$ 67,940**	**$ 34,558**	**$ 18,582**	**$ 11,138**
Adjusted EBITDA (as reported)		**$ 431,413**	**$ 319,371**	**$ 299,759**	**$ 295,669**	**$ 199,258**	**$ 188,229**
Contributions from acquisitions	(K)	10,585	4,948	1,480	6,717	1,280	9,500
Pro Forma Adjusted EBITDA		**$ 441,998**	**$ 324,319**	**$ 301,239**	**$ 302,386**	**$ 200,538**	**$ 197,729**

Commentary

A. Represents changes in the fair value of stock appreciation rights

B. Represents changes in the fair value of noncontrolling interests

C. Represents non-cash equity-based compensation expense related to the issuance of share-based awards

D. Represents severance expenses and other costs permitted in calculations under the ABL Facility and the Term Loan Facility, including certain unusual, nonrecurring costs and credits received due to the COVID-19 pandemic.

E. Represents one-time costs related to our initial public offering and acquisitions paid to third party advisors as well as costs related to the retirement of corporate stock appreciation rights

F. Represents management fees paid to AEA, which were discontinued after the IPO

G. Represents the non-cash cost of sales impact of purchase accounting adjustments to increase inventory to its estimated fair value

H. Represents mark-to-market adjustments for derivative financial instruments

I. Represents one-time costs related to our secondary offerings paid to third party advisors

J. Represents expenses paid to third party advisors related to debt refinancing activities

K. Pro forma impact of earnings from acquisitions from the beginning of the LTM period to the date of acquisition, including synergies

Income Before Taxes to Adjusted Net Income

Reconciliation

($ in 000s) (Unaudited)	2Q22	2Q21
Income before taxes	$ 98,130	$ 36,746
EBITDA add-backs	7,289	5,020
Purchase accounting depreciation and amortization (A)	10,811	10,121
Adjusted pre-tax income	116,230	51,887
Adjusted income tax expense	28,476	11,674
Adjusted net income	$ 87,754	$ 40,213
Effective tax rate (B)	*24.5%*	*22.5%*
Weighted average shares outstanding:		
Basic	43,135	42,723
Diluted	43,894	43,174
Adjusted net income per share:		
Basic	$ 2.03	$ 0.94
Diluted	$ 2.00	$ 0.93

Commentary

A. Depreciation and amortization from the increase in value of certain long-term assets associated with the April 1, 2014 acquisition of the predecessor company, the acquisition of Titan and the acquisition of Westside Building Material.

B. Normalized cash tax rate determined based on our estimated taxes excluding the impact of purchase accounting and certain other deferred tax amounts.

Reported SG&A to Adjusted SG&A

Reconciliation

(Unaudited) ($ in millions)		1Q21	2Q21	3Q21	4Q21	FY2021	1Q22	1Q22
SG&A - Reported		**$ 183.1**	**$ 188.4**	**$ 184.8**	**$ 207.3**	**$ 763.6**	**$ 214.1**	**$ 230.5**
Adjustments								
Stock appreciation rights	(A)	(0.8)	(0.3)	(1.4)	(0.6)	(3.2)	(0.9)	(1.0)
Redeemable noncontrolling interests	(B)	(0.3)	(0.2)	(0.6)	(0.2)	(1.3)	(0.3)	(0.6)
Equity-based compensation	(C)	(1.6)	(3.3)	(1.9)	(1.7)	(8.4)	(2.0)	(3.2)
Severance and other permitted costs	(D)	(1.9)	(0.8)	0.1	(0.3)	(2.9)	(0.2)	(0.3)
Transaction costs (acquisition and other)	(E)	(0.1)	(0.0)	(0.7)	(0.3)	(1.1)	(0.6)	(2.4)
Gain on disposal of assets		(0.4)	(0.5)	1.4	0.5	1.0	0.1	0.1
Secondary public offerings	(F)	-	-	-	-	-	-	-
Debt transaction costs		-	-	-	(0.5)	(0.5)	-	-
SG&A - Adjusted		**$ 178.1**	**$ 183.3**	**$ 181.7**	**$ 204.2**	**$ 747.3**	**$ 210.3**	**$ 223.2**
% of net sales		*22.2%*	*22.5%*	*24.2%*	*21.9%*	*22.7%*	*20.2%*	*19.4%*

Commentary

A. Represents changes in the fair value of stock appreciation rights

B. Represents changes in the fair value of noncontrolling interests

C. Represents non-cash equity-based compensation expense related to the issuance of share-based awards

D. Represents severance expenses and other costs permitted in calculations under the ABL Facility and the Term Loan Facility, including certain unusual, nonrecurring costs and credits received due to the COVID-19 pandemic.

E. Represents one-time costs related to acquisitions paid to third parties.

F. Represents expenses paid to third party advisors related to debt refinancing activities

Leverage Summary

($ mm)	10/31/20 LTM	1/31/21 LTM	4/30/21 LTM	7/31/21 LTM	10/31/21 LTM
Cash and cash equivalents	$118	$151	$167	$44	$59
Revolving Credit Facilities	$0	$0	$0	$92	$141
First Lien Term Loan (1)(2)	862	860	505	504	503
Senior Notes (3)	-	-	345	345	345
Capital Lease Obligations	122	122	118	113	112
Installment Notes & Other (4)	12	12	10	9	8
Total Debt	**$996**	**$994**	**$978**	**$1,063**	**$1,108**
Total Net Debt	**$878**	**$844**	**$811**	**$1,019**	**$1,049**
PF Adj. EBITDA (5)	**$292**	**$292**	**$324**	**$380**	**$442**
Total Debt / PF Adj. EBITDA	**3.4x**	**3.4x**	**3.0x**	**2.8x**	**2.5x**
Net Debt / PF Adj. EBITDA	**3.0x**	**2.9x**	**2.5x**	**2.7x**	**2.4x**

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(1) Net of unamortized discount of $1.4 mm, $1.4 mm, $0.6 mm, $0.6 mm and $0.5 mm as of October 31, 2020, January 31,2021, April 30,2021, July 31, 2021, and October 31, 2021, respectively.
(2) Net of deferred financing costs of $8.1 mm, $7.6 mm, $4.1 mm, $3.9 mm and $3.6 mm as of October 31, 2020, January 31,2021, April 30,2021, July 31, 2021, and October 31, 2021, respectively.
(3) Net of deferred financing costs of $5.5 mm, $5.3 mm and $5.2 mm as of April 30, 2021, July 31, 2021, and October 31, 2021, respectively
(4) Net of unamortized discount of $0.9 mm, $0.8 mm, $0.7 mm, $0.7 mm, and $0.6 mm as of October 31, 2020, January 31,2021, April 30,2021, July 31, 2021, and October 31, 2021, respectively.
(5) For a reconciliation Pro Forma Adjusted EBITDA to net income, the most directly comparable GAAP metric, see Appendix.