

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **November 1, 2022**

**TopBuild Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other Jurisdiction of  
Incorporation)

**001-36870**  
(Commission  
File Number)

**47-3096382**  
(IRS Employer  
Identification No.)

**475 North Williamson Boulevard**  
**Daytona Beach, Florida**  
(Address of Principal Executive Offices)

**32114**  
(Zip Code)

Registrant's telephone number, including area code: (386) 304-2200

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common stock, par value \$0.01 per share | BLD               | New York Stock Exchange                   |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

**Item 2.02. Results of Operations and Financial Condition.**

On November 1, 2022, TopBuild Corp., a Delaware corporation (the “Company”), issued a press release announcing its financial results for the quarter ended September 30, 2022 (the “Press Release”). The Press Release, which is furnished as Exhibit 99.1, and the information included in Item 7.01 of this Current Report on Form 8-K (this “Report”) are incorporated by reference in this Item 2.02.

The information in the Press Release and in this Item 2.02 is “furnished” and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended (the “Securities Act”), except to the extent such other filing specifically incorporates such information by reference.

**Item 7.01. Regulation FD Disclosure.**

On November 1, 2022, the Company issued the Press Release. The Press Release, which is furnished as Exhibit 99.1, and the information included in Item 2.02 of this Report are incorporated by reference in this Item 7.01.

The information in the Press Release and in this Item 7.01 is “furnished” and not “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference in another filing under the Exchange Act or the Securities Act except to the extent such other filing specifically incorporates such information by reference.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

| <u>Exhibit Number</u> | <u>Description</u>  |
|-----------------------|---|
| 99.1                  | <a href="#"><u>Press release issued by TopBuild Corp., dated November 1, 2022, announcing its financial results for the quarter ended September 30, 2022.</u></a> |
| 104                   | Cover Page Interactive Data File (formatted as Inline XBRL)   |

**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 hereunto duly authorized.

TOPBUILD CORP.

By: /s/ Robert Kuhns  
Name: Robert Kuhns  
Title: Vice President and Chief Financial Officer  
(Principal Financial Officer)

Dated: November 1, 2022



A leading installer and specialty distributor of insulation and related building material products to the construction industry in the United States and Canada

## TopBuild Reports Third Quarter 2022 Results

- 53.8% increase in net sales, 22.6% on a same branch basis
- 130 basis point operating margin expansion to 17.1%
- 190 basis point same branch adjusted EBITDA margin expansion to 20.6%
- Net Debt Leverage improves to 1.49x, from 1.68x at June 30, 2022

### Third Quarter Financial Highlights

(unless otherwise indicated, comparisons are to the quarter ended September 30, 2021)

| 3 Months Ended 9/30/22       | Reported    | Change   |
|------------------------------|-------------|----------|
| Sales                        | \$1,300,998 | 53.8%    |
| Gross Margin                 | 30.4%       | 80 bps   |
| SG&A as % of revenue         | 13.3%       | (50 bps) |
| Operating Profit             | \$222,874   | 66.6%    |
| Operating Margin             | 17.1%       | 130 bps  |
| Net Income                   | \$153,746   | 61.1%    |
| Net Income per diluted share | \$4.76      | 65.3%    |

| 3 Months Ended 9/30/22       | Adjusted    | Change   |
|------------------------------|-------------|----------|
| Sales                        | \$1,300,998 | 53.8%    |
| Gross Margin                 | 30.4%       | 80 bps   |
| SG&A as % of revenue         | 13.2%       | (10 bps) |
| Operating Profit             | \$224,174   | 63.1%    |
| Operating Margin             | 17.2%       | 90 bps   |
| Net Income                   | \$154,889   | 58.6%    |
| Net Income per diluted share | \$4.80      | 62.7%    |
| EBITDA                       | \$259,215   | 63.8%    |
| EBITDA Margin                | 19.9%       | 120 bps  |

| 3 Months Ended 9/30/22    | Adj. Same Branch | Change  |
|---------------------------|------------------|---------|
| Sales                     | \$1,037,278      | 22.6%   |
| Gross Margin              | 31.3%            | 170 bps |
| Operating Margin          | 18.5%            | 220 bps |
| EBITDA Margin             | 20.6%            | 190 bps |
| Incremental EBITDA Margin | 28.8%            |         |

*“We had another outstanding quarter with revenue growth in all three end-markets we serve: residential, commercial, and industrial. In addition, EBITDA margins at both business segments expanded, driven by operational efficiencies.*

*“As we look to the rest of this year and next, our focus remains on driving profitable growth and identifying and implementing initiatives that will enhance our Company’s operations. Our entire team remains focused on continuing to deliver strong results and creating shareholder value in every operating environment.”*

**ROBERT BUCK, PRESIDENT & CEO**

## Nine Month Financial Highlights

(unless otherwise indicated, comparisons are to nine months ended September 30, 2021)

| 9 Months Ended 9/30/22       | Reported    | Change  |
|------------------------------|-------------|---------|
| Sales                        | \$3,744,201 | 54.5%   |
| Gross Margin                 | 29.7%       | 120 bps |
| SG&A as % of revenue         | 13.8%       | 0 bps   |
| Operating Profit             | \$594,049   | 65.9%   |
| Operating Margin             | 15.9%       | 110 bps |
| Net Income                   | \$412,156   | 67.8%   |
| Net Income per diluted share | \$12.63     | 70.4%   |

| 9 Months Ended 9/30/22       | Adjusted    | Change  |
|------------------------------|-------------|---------|
| Sales                        | \$3,744,201 | 54.5%   |
| Gross Margin                 | 29.7%       | 110 bps |
| SG&A as % of revenue         | 13.6%       | 10 bps  |
| Operating Profit             | \$600,474   | 64.7%   |
| Operating Margin             | 16.0%       | 100 bps |
| Net Income                   | \$414,874   | 61.8%   |
| Net Income per diluted share | \$12.71     | 64.4%   |
| EBITDA                       | \$703,198   | 65.9%   |
| EBITDA Margin                | 18.8%       | 130 bps |

| 9 Months Ended 9/30/22 | Adj. Same Branch | Change  |
|------------------------|------------------|---------|
| Sales                  | \$2,926,330      | 20.8%   |
| Gross Margin           | 30.8%            | 220 bps |
| Operating Margin       | 17.6%            | 260 bps |
| EBITDA Margin          | 19.8%            | 230 bps |
| Incremental EBITDA     | 30.8%            |         |

**Operating Segment Highlights (\$ in 000s)**

(comparisons are to the period ended September 30, 2021)

| Installation          | 3 Months Ended<br>9/30/22 | 9 Months Ended<br>9/30/22 | Specialty Distribution | 3 Months Ended<br>9/30/22 | 9 Months Ended<br>9/30/22 |
|-----------------------|---------------------------|---------------------------|------------------------|---------------------------|---------------------------|
| Sales                 | \$783,056                 | \$2,208,717               | Sales                  | \$583,543                 | \$1,715,196               |
| <b>Change</b>         |                           |                           | <b>Change</b>          |                           |                           |
| Volume                | 12.3%                     | 8.1%                      | Volume                 | 5.7%                      | 2.1%                      |
| Price                 | 13.8%                     | 13.7%                     | Price                  | 13.0%                     | 18.5%                     |
| M&A                   | 1.7%                      | 4.3%                      | M&A                    | 92.4%                     | 93.5%                     |
| <b>Total Change</b>   | <b>27.8%</b>              | <b>26.1%</b>              | <b>Total Change</b>    | <b>111.1%</b>             | <b>114.0%</b>             |
| Operating Margin      | 19.7%                     | 18.4%                     | Operating Margin       | 15.1%                     | 14.3%                     |
| Change                | 260 bps                   | 250 bps                   | Change                 | (200 bps)                 | (130 bps)                 |
| Adj. Operating Margin | 19.6%                     | 18.4%                     | Adj. Operating Margin  | 15.3%                     | 14.4%                     |
| Change                | 240 bps                   | 240 bps                   | Change                 | (180 bps)                 | (130 bps)                 |
| Adj. EBITDA Margin    | 21.6%                     | 20.6%                     | Adj. EBITDA Margin     | 18.0%                     | 17.0%                     |
| Change                | 200 bps                   | 220 bps                   | Change                 | 10 bps                    | 50 bps                    |

**Capital Allocation****Acquisitions**

Through September 30, the Company has completed five acquisitions which are expected to contribute approximately \$17.3 million in annual revenue.

**Share repurchases**

In the third quarter of 2022, the Company repurchased 269,544 shares at an average price of \$185.50 per share. Year-to-date the Company has repurchased 1,059,361 shares as an average price of \$188.79 per share.

*"Our proven track record of selecting, acquiring, and integrating companies has produced strong returns for our shareholders and we believe acquisitions will continue to be the best use of our capital. With the successful integration of DI mostly behind us, we continue to build and pursue a robust pipeline of prospects in all three end markets we serve."*

**ROBERT BUCK, PRESIDENT & CEO**

**2022 Outlook****Sales and Adjusted EBITDA Guidance <sup>(1)</sup>**

(\$ in millions)

| 2022             | Low      | High     |
|------------------|----------|----------|
| Sales            | \$ 4,950 | \$ 5,000 |
| Adjusted EBITDA* | \$ 915   | \$ 935   |

\*See table for adjusted EBITDA reconciliation.

(1) This outlook reflects management's current view of present and future market conditions and are based on assumptions such as housing starts and completions, general and administrative expenses, weighted average diluted shares outstanding and interest rates. These targets do not include any effects related to potential acquisitions or divestitures that may occur after the date of this press release.

## Conference Call

A conference call to discuss third quarter 2022 financial results is scheduled for today, Tuesday, November 1, at 9:00 a.m. Eastern Time. The call may be accessed by dialing (877) 407-9037. The conference call will be webcast simultaneously on the Company's website at [www.topbuild.com](http://www.topbuild.com). In addition, a copy of management's formal remarks and a presentation that summarizes management's formal remarks will be available immediately prior to the conference call on [www.topbuild.com](http://www.topbuild.com).

## About TopBuild

TopBuild Corp., headquartered in Daytona Beach, Florida, is a leading installer and specialty distributor of insulation and related building material products to the construction industry in the United States and Canada. We provide insulation installation services nationwide through our contractor services business which has approximately 230 branches located across the United States. We distribute building and mechanical insulation, insulation accessories and other building product materials for the residential, commercial, and industrial end markets through our Specialty Distribution business. Our specialty distribution network encompasses approximately 180 branches. To learn more about TopBuild please visit our website at [www.topbuild.com](http://www.topbuild.com).

## Use of Non-GAAP Financial Measures

Adjusted EBITDA, incremental EBITDA margin, adjusted EBITDA margin, the "adjusted" financial measures presented above, and figures presented on a "same branch basis" are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company believes that these non-GAAP financial measures, which are used in managing the business, may provide users of this financial information with additional meaningful comparisons between current results and results in prior periods. We define same branch sales as sales from branches in operation for at least 12 full calendar months. Such non-GAAP financial measures are reconciled to their closest GAAP financial measures in tables contained in this press release. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results under GAAP. Additional information may be found in the Company's filings with the Securities and Exchange Commission which are available on TopBuild's website under "SEC Filings" at [www.topbuild.com](http://www.topbuild.com).

## Safe Harbor Statement

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements may address, among other things, our expected financial and operational results, the related assumptions underlying our expected results, and our plan to repurchase our common stock under stock repurchase transactions. These forward-looking statements are distinguished by use of words such as "will," "would," "anticipate," "expect," "believe," "designed," "plan," or "intend," the negative of these terms, and similar references to future periods. These views involve risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in our forward-looking statements. Our forward-looking statements contained herein speak only as of the date of this press release. Factors or events that we cannot predict, including those described in the risk factors contained in our filings with the Securities and Exchange Commission, may cause our actual results to differ from those expressed in forward-looking statements. Although TopBuild believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be achieved and it undertakes no obligation to update any forward-looking statements as a result of new information, future events, or otherwise, except as required by applicable law.

## Investor Relations and Media Contact

Tabitha Zane  
[tabitha.zane@topbuild.com](mailto:tabitha.zane@topbuild.com)  
386-763-8801

(tables follow)

**TopBuild Corp.**  
**Condensed Consolidated Statements of Operations (Unaudited)**  
(in thousands, except share and per common share amounts)

|  | Three Months Ended September 30, |            | Nine Months Ended September 30, |              |
|--|----------------------------------|------------|---------------------------------|--------------|
|  | 2022                             | 2021       | 2022                            | 2021         |
| Net sales                                    | \$ 1,300,998                     | \$ 845,757 | \$ 3,744,201                    | \$ 2,422,810 |
| Cost of sales                                | 905,250                          | 595,466    | 2,633,155                       | 1,731,581    |
| Gross profit                                 | 395,748                          | 250,291    | 1,111,046                       | 691,229      |
| Selling, general, and administrative expense | 172,874                          | 116,485    | 516,997                         | 333,252      |
| Operating profit                             | 222,874                          | 133,806    | 594,049                         | 357,977      |
| Other income (expense), net:                 |                                  |            |                                 |              |
| Interest expense                             | (14,561)                         | (5,503)    | (39,936)                        | (18,210)     |
| Loss on extinguishment of debt               | —                                | —          | —                               | (13,862)     |
| Other, net                                   | (303)                            | 66         | 103                             | 210          |
| Other expense, net                           | (14,864)                         | (5,437)    | (39,833)                        | (31,862)     |
| Income before income taxes                   | 208,010                          | 128,369    | 554,216                         | 326,115      |
| Income tax expense                           | (54,264)                         | (32,934)   | (142,060)                       | (80,457)     |
| Net income                                   | \$ 153,746                       | \$ 95,435  | \$ 412,156                      | \$ 245,658   |
| <b>Net income per common share:</b>          |                                  |            |                                 |              |
| Basic  | \$ 4.79                          | \$ 2.91    | \$ 12.72                        | \$ 7.49      |
| Diluted                                      | \$ 4.76                          | \$ 2.88    | \$ 12.63                        | \$ 7.41      |
| <b>Weighted average shares outstanding:</b>  |                                  |            |                                 |              |
| Basic  | 32,076,285                       | 32,763,311 | 32,404,275                      | 32,818,145   |
| Diluted                                      | 32,279,820                       | 33,088,680 | 32,643,161                      | 33,155,995   |

NYSE:BLD

November 1, 2022

[topbuild.com](http://topbuild.com)



**TopBuild Corp.**  
**Condensed Consolidated Statements of Comprehensive Income (Unaudited)**  
**(in thousands)**

|   | <u>Three Months Ended September 30,</u> |                  | <u>Nine Months Ended September 30,</u> |                   |
|---|---|------------------|--|-------------------|
|   | <u>2022</u>                             | <u>2021</u>      | <u>2022</u>                            | <u>2021</u>       |
| Net income                              | \$ 153,746                              | \$ 95,435        | \$ 412,156                             | \$ 245,658        |
| Other comprehensive loss:               |   |                  |  |                   |
| Foreign currency translation adjustment | (15,158)                                | -                | (14,133)                               | -                 |
| Comprehensive income                    | <u>\$ 138,588</u>                       | <u>\$ 95,435</u> | <u>\$ 398,023</u>                      | <u>\$ 245,658</u> |

NYSE:BLD

November 1, 2022

[topbuild.com](http://topbuild.com)

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**TopBuild Corp.**  
**Condensed Consolidated Balance Sheets and Other Financial Data (Unaudited)**  
**(dollars in thousands)**

|  | As of               |                     |
|--|---------------------|---------------------|
|  | September 30, 2022  | December 31, 2021   |
| <b>ASSETS</b>  |                     |                     |
| Current assets:  |                     |                     |
| Cash and cash equivalents  | \$ 159,384          | \$ 139,779          |
| Receivables, net of an allowance for credit losses of \$14,105 at September 30, 2022, and \$8,798 at December 31, 2021 | 815,633             | 668,419             |
| Inventories, net   | 447,100             | 352,801             |
| Prepaid expenses and other current assets  | 27,416              | 26,692              |
| Total current assets   | <u>1,449,533</u>    | <u>1,187,691</u>    |
| Right of use assets  | 191,731             | 177,177             |
| Property and equipment, net  | 248,623             | 244,574             |
| Goodwill   | 1,966,234           | 1,949,763           |
| Other intangible assets, net   | 631,005             | 684,209             |
| Other assets   | 18,991              | 15,116              |
| Total assets   | <u>\$ 4,506,117</u> | <u>\$ 4,258,530</u> |
| <b>LIABILITIES</b>   |                     |                     |
| Current liabilities:   |                     |                     |
| Accounts payable   | \$ 510,163          | \$ 461,917          |
| Current portion of long-term debt  | 37,367              | 38,640              |
| Accrued liabilities  | 181,455             | 175,891             |
| Short-term operating lease liabilities   | 57,268              | 54,591              |
| Short-term finance lease liabilities   | 2,328               | 2,387               |
| Total current liabilities  | <u>788,581</u>      | <u>733,426</u>      |
| Long-term debt   | 1,428,935           | 1,454,483           |
| Deferred tax liabilities, net  | 244,608             | 248,243             |
| Long-term portion of insurance reserves  | 61,243              | 51,875              |
| Long-term operating lease liabilities  | 138,923             | 125,339             |
| Long-term finance lease liabilities  | 6,170               | 7,770               |
| Other liabilities  | 3,218               | 960                 |
| Total liabilities  | <u>2,671,678</u>    | <u>2,622,096</u>    |
| <b>EQUITY</b>  | <u>1,834,439</u>    | <u>1,636,434</u>    |
| Total liabilities and equity   | <u>\$ 4,506,117</u> | <u>\$ 4,258,530</u> |

|  | As of September 30, |            |
|--|---------------------|------------|
|  | 2022                | 2021       |
| <b>Other Financial Data</b>  |                     |            |
| Receivable days  | 48                  | 45         |
| Inventory days   | 48                  | 33         |
| Accounts payable days  | 63                  | 75         |
| Receivables, net plus inventories, net less accounts payable                               | \$ 752,570          | \$ 336,027 |
| Receivables, net plus inventories, net less accounts payable as a percent of sales (TTM) † | 15.5 %              | 10.3 %     |

† Trailing 12 months sales have been adjusted for the pro forma effect of acquired branches

**TopBuild Corp.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
(in thousands)

|   | <b>Nine Months Ended September 30,</b> |                   |
|---|--|-------------------|
|   | <b>2022</b>                            | <b>2021</b>       |
| <b>Cash Flows Provided by (Used in) Operating Activities:</b>                     |  |                   |
| Net income  | \$ 412,156                             | \$ 245,658        |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |                   |
| Depreciation and amortization   | 93,051                                 | 51,005            |
| Share-based compensation  | 9,673                                  | 8,375             |
| Loss on extinguishment of debt  | —                                      | 13,862            |
| Loss on sale of property and equipment  | 76                                     | 1,410             |
| Amortization of debt issuance costs   | 2,147                                  | 1,352             |
| Provision for bad debt expense  | 8,837                                  | 5,215             |
| Loss from inventory obsolescence  | 5,127                                  | 1,667             |
| Change in certain assets and liabilities:   |  |                   |
| Receivables, net  | (152,578)                              | (62,257)          |
| Inventories, net  | (101,148)                              | (30,115)          |
| Prepaid expenses and other current assets   | (807)                                  | (2,984)           |
| Accounts payable  | 49,079                                 | 47,907            |
| Accrued liabilities   | 3,469                                  | 30,397            |
| Other, net  | 6,548                                  | (1,987)           |
| Net cash provided by operating activities   | <u>335,630</u>                         | <u>309,505</u>    |
| <b>Cash Flows Provided by (Used in) Investing Activities:</b>                     |  |                   |
| Purchases of property and equipment   | (56,044)                               | (42,320)          |
| Acquisition of businesses, net of cash acquired                                   | (20,500)                               | (205,028)         |
| Proceeds from sale of property and equipment                                      | 2,877                                  | 298               |
| Net cash used in investing activities   | <u>(73,667)</u>                        | <u>(247,050)</u>  |
| <b>Cash Flows Provided by (Used in) Financing Activities:</b>                     |  |                   |
| Proceeds from issuance of long-term debt  | —                                      | 411,250           |
| Repayment of long-term debt   | (28,968)                               | (427,563)         |
| Payment of debt issuance costs  | —                                      | (6,500)           |
| Proceeds from revolving credit facility   | 70,000                                 | —                 |
| Repayment of revolving credit facility  | (70,000)                               | —                 |
| Taxes withheld and paid on employees' equity awards                               | (11,719)                               | (11,511)          |
| Exercise of stock options   | 2,028                                  | 5,952             |
| Repurchase of shares of common stock  | (200,050)                              | (35,556)          |
| Payment of contingent consideration   | (1,674)                                | (628)             |
| Net cash used in financing activities   | <u>(240,383)</u>                       | <u>(64,556)</u>   |
| Impact of exchange rate changes on cash   | <u>(1,975)</u>                         | <u>—</u>          |
| Net increase (decrease) in cash and cash equivalents                              | 19,605                                 | (2,101)           |
| Cash and cash equivalents- Beginning of period                                    | 139,779                                | 330,007           |
| Cash and cash equivalents- End of period  | <u>\$ 159,384</u>                      | <u>\$ 327,906</u> |
| <b>Supplemental disclosure of noncash activities:</b>                             |  |                   |
| Leased assets obtained in exchange for new operating lease liabilities            | \$ 80,186                              | \$ 51,190         |
| Accruals for property and equipment   | 395                                    | 580               |

**TopBuild Corp.**  
**Segment Data (Unaudited)**  
(dollars in thousands)

|                                      | Three Months Ended September 30, |            |         | Nine Months Ended September 30, |              |         |
|--------------------------------------|----------------------------------|------------|---------|---------------------------------|--------------|---------|
|                                      | 2022                             | 2021       | Change  | 2022                            | 2021         | Change  |
| <b>Installation</b>                  |                                  |            |         |                                 |              |         |
| Sales                                | \$ 783,056                       | \$ 612,900 | 27.8 %  | \$ 2,208,717                    | \$ 1,751,278 | 26.1 %  |
| Operating profit, as reported        | \$ 154,236                       | \$ 105,046 |         | \$ 406,835                      | \$ 277,748   |         |
| <i>Operating margin, as reported</i> | 19.7 %                           | 17.1 %     |         | 18.4 %                          | 15.9 %       |         |
| Rationalization charges              | (807)                            | –          |         | (334)                           | –            |         |
| Acquisition related costs            | 15                               | 171        |         | 112                             | 1,283        |         |
| COVID-19 pay                         | –                                | –          |         | –                               | 605          |         |
| Operating profit, as adjusted        | \$ 153,444                       | \$ 105,217 |         | \$ 406,613                      | \$ 279,636   |         |
| <i>Operating margin, as adjusted</i> | 19.6 %                           | 17.2 %     |         | 18.4 %                          | 16.0 %       |         |
| Share-based compensation             | 268                              | 272        |         | 956                             | 886          |         |
| Depreciation and amortization        | 15,610                           | 14,906     |         | 46,615                          | 42,588       |         |
| EBITDA, as adjusted                  | \$ 169,322                       | \$ 120,395 | 40.6 %  | \$ 454,184                      | \$ 323,110   | 40.6 %  |
| <i>EBITDA margin, as adjusted</i>    | 21.6 %                           | 19.6 %     |         | 20.6 %                          | 18.4 %       |         |
| <b>Specialty Distribution</b>        |                                  |            |         |                                 |              |         |
| Sales                                | \$ 583,543                       | \$ 276,398 | 111.1 % | \$ 1,715,196                    | \$ 801,363   | 114.0 % |
| Operating profit, as reported        | \$ 88,364                        | \$ 47,162  |         | \$ 245,534                      | \$ 125,403   |         |
| <i>Operating margin, as reported</i> | 15.1 %                           | 17.1 %     |         | 14.3 %                          | 15.6 %       |         |
| Acquisition related costs            | 660                              | –          |         | 1,235                           | –            |         |
| COVID-19 pay                         | –                                | –          |         | –                               | 54           |         |
| Operating profit, as adjusted        | \$ 89,024                        | \$ 47,162  |         | \$ 246,769                      | \$ 125,457   |         |
| <i>Operating margin, as adjusted</i> | 15.3 %                           | 17.1 %     |         | 14.4 %                          | 15.7 %       |         |
| Share-based compensation             | 296                              | 241        |         | 938                             | 729          |         |
| Depreciation and amortization        | 15,662                           | 2,138      |         | 43,697                          | 6,338        |         |
| EBITDA, as adjusted                  | \$ 104,982                       | \$ 49,541  | 111.9 % | \$ 291,404                      | \$ 132,524   | 119.9 % |
| <i>EBITDA margin, as adjusted</i>    | 18.0 %                           | 17.9 %     |         | 17.0 %                          | 16.5 %       |         |

**TopBuild Corp.**  
**Adjusted EBITDA (Unaudited)**  
(dollars in thousands)

|   | Three Months Ended September 30, |                   | Change | Nine Months Ended September 30, |                     | Change |
|---|----------------------------------|-------------------|--------|---------------------------------|---------------------|--------|
|   | 2022                             | 2021              |        | 2022                            | 2021                |        |
| <b>Total net sales</b>  |                                  |                   |        |                                 |                     |        |
| Sales before eliminations   | \$ 1,366,599                     | \$ 889,298        |        | \$ 3,923,913                    | \$ 2,552,641        |        |
| Intercompany eliminations   | (65,601)                         | (43,541)          |        | (179,712)                       | (129,831)           |        |
| Net sales after eliminations  | <u>\$ 1,300,998</u>              | <u>\$ 845,757</u> | 53.8 % | <u>\$ 3,744,201</u>             | <u>\$ 2,422,810</u> | 54.5 % |
| Operating profit, as reported - segments                            | \$ 242,600                       | \$ 152,208        |        | \$ 652,369                      | \$ 403,151          |        |
| General corporate expense, net                                      | (8,920)                          | (10,812)          |        | (28,371)                        | (24,124)            |        |
| Intercompany eliminations   | (10,806)                         | (7,590)           |        | (29,949)                        | (21,050)            |        |
| Operating profit, as reported                                       | \$ 222,874                       | \$ 133,806        |        | \$ 594,049                      | \$ 357,977          |        |
| <i>Operating margin, as reported</i>                                | 17.1 %                           | 15.8 %            |        | 15.9 %                          | 14.8 %              |        |
| Rationalization charges   | (807)                            | -                 |        | (334)                           | 16                  |        |
| Acquisition related costs †   | 2,107                            | 3,634             |        | 6,759                           | 5,844               |        |
| COVID-19 pay  | -                                | -                 |        | -                               | 659                 |        |
| Operating profit, as adjusted                                       | \$ 224,174                       | \$ 137,440        |        | \$ 600,474                      | \$ 364,496          |        |
| <i>Operating margin, as adjusted</i>                                | 17.2 %                           | 16.3 %            |        | 16.0 %                          | 15.0 %              |        |
| Share-based compensation  | 2,611                            | 2,998             |        | 9,673                           | 8,375               |        |
| Depreciation and amortization                                       | 32,430                           | 17,784            |        | 93,051                          | 51,005              |        |
| EBITDA, as adjusted   | <u>\$ 259,215</u>                | <u>\$ 158,222</u> | 63.8 % | <u>\$ 703,198</u>               | <u>\$ 423,876</u>   | 65.9 % |
| <i>EBITDA margin, as adjusted</i>                                   | 19.9 %                           | 18.7 %            |        | 18.8 %                          | 17.5 %              |        |
| Sales change period over period                                     | 455,241                          |                   |        | 1,321,391                       |                     |        |
| EBITDA, as adjusted, change period over period                      | 100,993                          |                   |        | 279,322                         |                     |        |
| Incremental EBITDA, as adjusted, as a percentage of change in sales | 22.2 %                           |                   |        | 21.1 %                          |                     |        |

† Acquisition related costs include corporate level adjustments as well as segment operating adjustments.

**TopBuild Corp.**  
**Non-GAAP Reconciliations (Unaudited)**  
(in thousands, except share and per common share amounts)

|   | Three Months Ended September 30, |            | Nine Months Ended September 30, |              |
|---|----------------------------------|------------|---------------------------------|--------------|
|   | 2022                             | 2021       | 2022                            | 2021         |
| <b>Gross Profit Reconciliation</b>                                |                                  |            |                                 |              |
| Net sales   | \$ 1,300,998                     | \$ 845,757 | \$ 3,744,201                    | \$ 2,422,810 |
| Gross profit, as reported   | \$ 395,748                       | \$ 250,291 | \$ 1,111,046                    | \$ 691,229   |
| Acquisition related costs   | -                                | -          | 121                             | -            |
| COVID-19 pay  | -                                | -          | -                               | 592          |
| Gross profit, as adjusted   | \$ 395,748                       | \$ 250,291 | \$ 1,111,167                    | \$ 691,821   |
| Gross margin, as reported   | 30.4 %                           | 29.6 %     | 29.7 %                          | 28.5 %       |
| Gross margin, as adjusted   | 30.4 %                           | 29.6 %     | 29.7 %                          | 28.6 %       |
| <b>Selling, General and Administrative Expense Reconciliation</b> |                                  |            |                                 |              |
| Selling, general, and administrative expense, as reported         | \$ 172,874                       | \$ 116,485 | \$ 516,997                      | \$ 333,252   |
| Rationalization charges   | (807)                            | -          | (334)                           | 16           |
| Acquisition related costs   | 2,107                            | 3,634      | 6,638                           | 5,844        |
| COVID-19 pay  | -                                | -          | -                               | 67           |
| Selling, general, and administrative expense, as adjusted         | \$ 171,574                       | \$ 112,851 | \$ 510,693                      | \$ 327,325   |
| <b>Operating Profit Reconciliation</b>                            |                                  |            |                                 |              |
| Operating profit, as reported                                     | \$ 222,874                       | \$ 133,806 | \$ 594,049                      | \$ 357,977   |
| Rationalization charges   | (807)                            | -          | (334)                           | 16           |
| Acquisition related costs   | 2,107                            | 3,634      | 6,759                           | 5,844        |
| COVID-19 pay  | -                                | -          | -                               | 659          |
| Operating profit, as adjusted                                     | \$ 224,174                       | \$ 137,440 | \$ 600,474                      | \$ 364,496   |
| Operating margin, as reported                                     | 17.1 %                           | 15.8 %     | 15.9 %                          | 14.8 %       |
| Operating margin, as adjusted                                     | 17.2 %                           | 16.3 %     | 16.0 %                          | 15.0 %       |
| <b>Income Per Common Share Reconciliation</b>                     |                                  |            |                                 |              |
| Income before income taxes, as reported                           | \$ 208,010                       | \$ 128,369 | \$ 554,216                      | \$ 326,115   |
| Rationalization charges   | (807)                            | -          | (334)                           | 16           |
| Acquisition related costs   | 2,107                            | 3,634      | 6,759                           | 5,844        |
| Refinancing costs and loss on extinguishment of debt              | -                                | -          | -                               | 13,862       |
| COVID-19 pay  | -                                | -          | -                               | 659          |
| Income before income taxes, as adjusted                           | \$ 209,310                       | \$ 132,003 | \$ 560,641                      | \$ 346,496   |
| Tax rate at 26.0%   | (54,421)                         | (34,321)   | (145,767)                       | (90,089)     |
| Income, as adjusted   | \$ 154,889                       | \$ 97,682  | \$ 414,874                      | \$ 256,407   |
| Income per common share, as adjusted                              | \$ 4.80                          | \$ 2.95    | \$ 12.71                        | \$ 7.73      |
| Weighted average diluted common shares outstanding                | 32,279,820                       | 33,088,680 | 32,643,161                      | 33,155,995   |

**TopBuild Corp.****Same Branch and Acquisition Metrics (Unaudited)**

(dollars in thousands)

|   | Three Months Ended September 30, |            | Nine Months Ended September 30, |              |
|---|----------------------------------|------------|---------------------------------|--------------|
|   | 2022                             | 2021       | 2022                            | 2021         |
| <b>Net sales</b>  |                                  |            |                                 |              |
| Same branch:  |                                  |            |                                 |              |
| Installation  | \$ 772,589                       | \$ 612,900 | \$ 2,132,833                    | \$ 1,751,278 |
| Specialty Distribution  | 328,127                          | 276,398    | 966,145                         | 801,363      |
| Eliminations  | (63,438)                         | (43,541)   | (172,648)                       | (129,831)    |
| Total same branch   | 1,037,278                        | 845,757    | 2,926,330                       | 2,422,810    |
| Acquisitions (a):   |                                  |            |                                 |              |
| Installation  | \$ 10,467                        | \$ -       | \$ 75,884                       | \$ -         |
| Specialty Distribution  | 255,416                          | -          | 749,051                         | -            |
| Eliminations  | (2,163)                          | -          | (7,064)                         | -            |
| Total acquisitions  | 263,720                          | -          | 817,871                         | -            |
| Total   | \$ 1,300,998                     | \$ 845,757 | \$ 3,744,201                    | \$ 2,422,810 |
| <b>Gross profit, as adjusted</b>  |                                  |            |                                 |              |
| Same branch   | \$ 324,832                       | \$ 250,291 | \$ 899,959                      | \$ 691,821   |
| Acquisitions (a)  | 70,916                           | -          | 211,208                         | -            |
| Total   | \$ 395,748                       | \$ 250,291 | \$ 1,111,167                    | \$ 691,821   |
| <b>Gross margin, as adjusted</b>  |                                  |            |                                 |              |
| Same branch (b)   | 31.3 %                           | 29.6 %     | 30.8 %                          | 28.6 %       |
| Acquisitions (c)  | 26.9 %                           | -          | 25.8 %                          | -            |
| <b>Operating profit, as adjusted</b>                                      |                                  |            |                                 |              |
| Same branch   | \$ 192,249                       | \$ 137,440 | \$ 516,374                      | \$ 364,496   |
| Acquisitions (a)  | 31,925                           | -          | 84,100                          | -            |
| Total   | \$ 224,174                       | \$ 137,440 | \$ 600,474                      | \$ 364,496   |
| <b>Operating margin, as adjusted</b>                                      |                                  |            |                                 |              |
| Same branch (b)   | 18.5 %                           | 16.3 %     | 17.6 %                          | 15.0 %       |
| Acquisitions (c)  | 12.1 %                           | -          | 10.3 %                          | -            |
| <b>EBITDA, as adjusted</b>  |                                  |            |                                 |              |
| Same branch   | \$ 213,412                       | \$ 158,222 | \$ 578,847                      | \$ 423,876   |
| Acquisitions (a)  | 45,803                           | -          | 124,351                         | -            |
| Total   | \$ 259,215                       | \$ 158,222 | \$ 703,198                      | \$ 423,876   |
| <b>EBITDA, as adjusted, as a percentage of sales</b>                      |                                  |            |                                 |              |
| Same branch (b)   | 20.6 %                           | -          | 19.8 %                          | -            |
| Acquisitions (c)  | 17.4 %                           | -          | 15.2 %                          | -            |
| Total (d)   | 19.9 %                           | 18.7 %     | 18.8 %                          | 17.5 %       |
| <b>As Adjusted Incremental EBITDA, as a percentage of change in sales</b> |                                  |            |                                 |              |
| Same branch (e)   | 28.8 %                           | -          | 30.8 %                          | -            |
| Acquisitions (c)  | 17.4 %                           | -          | 15.2 %                          | -            |
| Total (f)   | 22.2 %                           | -          | 21.1 %                          | -            |

(a) Represents current year impact of acquisitions in their first twelve months

(b) Same branch metric, as adjusted, as a percentage of same branch sales

(c) Acquired metric, as adjusted, as a percentage of acquired sales

(d) Total EBITDA, as adjusted, as a percentage of total sales

(e) Change in same branch EBITDA, as adjusted, as a percentage of change in same branch sales

(f) Change in total EBITDA, as adjusted, as a percentage of change in total sales

**TopBuild Corp.****Reconciliation of Adjusted EBITDA to Net Income (Unaudited)**

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(in thousands)

|  | Three Months Ended September 30, |                   | Nine Months Ended September 30, |                   |
|--|----------------------------------|-------------------|---------------------------------|-------------------|
|  | 2022                             | 2021              | 2022                            | 2021              |
| <b>Net income, as reported</b>                       | <b>\$ 153,746</b>                | <b>\$ 95,435</b>  | <b>\$ 412,156</b>               | <b>\$ 245,658</b> |
| Adjustments to arrive at EBITDA, as adjusted:        |                                  |                   |                                 |                   |
| Interest expense and other, net                      | 14,864                           | 5,437             | 39,833                          | 18,000            |
| Income tax expense                                   | 54,264                           | 32,934            | 142,060                         | 80,457            |
| Depreciation and amortization                        | 32,430                           | 17,784            | 93,051                          | 51,005            |
| Share-based compensation                             | 2,611                            | 2,998             | 9,673                           | 8,375             |
| Rationalization charges                              | (807)                            | -                 | (334)                           | 16                |
| Acquisition related costs                            | 2,107                            | 3,634             | 6,759                           | 5,844             |
| Refinancing costs and loss on extinguishment of debt | -                                | -                 | -                               | 13,862            |
| COVID-19 pay   | -                                | -                 | -                               | 659               |
| <b>EBITDA, as adjusted</b>                           | <b>\$ 259,215</b>                | <b>\$ 158,222</b> | <b>\$ 703,198</b>               | <b>\$ 423,876</b> |

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**TopBuild Corp.**  
**Acquisition Adjusted Net Sales (Unaudited)**  
**(in thousands)**

|                                    | 2021         |              | 2022         |              | Trailing Twelve Months Ended |
|------------------------------------|--------------|--------------|--------------|--------------|------------------------------|
|                                    | Q4           | Q1           | Q2           | Q3           | September 30, 2022           |
| Net Sales                          | \$ 1,063,398 | \$ 1,168,918 | \$ 1,274,285 | \$ 1,300,998 | \$ 4,807,599                 |
| Acquisitions proforma adjustment † | 49,639       | 2,934        | 438          | -            | 53,011                       |
| Net sales, acquisition adjusted    | \$ 1,113,037 | \$ 1,171,852 | \$ 1,274,723 | \$ 1,300,998 | \$ 4,860,610                 |

† Trailing 12 months sales have been adjusted for the pro forma effect of acquired branches

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**TopBuild Corp.**  
**2022 Estimated Adjusted EBITDA Range (Unaudited)**  
**(in millions)**

|   | Twelve Months Ending December 31, 2022 |                 |
|---|--|-----------------|
|   | Low                                    | High            |
| <b>Estimated net income</b>                             | <b>\$ 525.0</b>                        | <b>545.7</b>    |
| Adjustments to arrive at estimated EBITDA, as adjusted: |  |                 |
| Interest expense and other, net                         | 56.5                                   | 54.5            |
| Income tax expense                                      | 184.5                                  | 191.8           |
| Depreciation and amortization                           | 125.0                                  | 123.0           |
| Share-based compensation                                | 13.0                                   | 12.0            |
| Rationalization charges                                 | 1.0                                    | -               |
| Acquisition related costs                               | 10.0                                   | 8.0             |
| <b>Estimated EBITDA, as adjusted</b>                    | <b>\$ 915.0</b>                        | <b>\$ 935.0</b> |

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