



OUTPERFORM TODAY. TRANSFORM TOMORROW.

FY & Q4 2022 Earnings Presentation

DAVE RUSH, CEO
PETER JACKSON, CFO

FEBRUARY 28, 2023

Safe Harbor & Non-GAAP Financial Measures

Cautionary Notice

Statements in this presentation and the schedules hereto that are not purely historical facts or that necessarily depend upon future events, including statements about expected market share gains, forecasted financial performance or other statements about anticipations, beliefs, expectations, hopes, synergies, intentions or strategies for the future, may be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. 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. All forward-looking statements are based upon currently available information and the Company's current assumptions, expectations and projections about future events. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements are by nature inherently uncertain, and actual results or events may differ materially from the results or events described in the forward-looking statements as a result of many factors. Builders FirstSource, Inc. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements involve risks and uncertainties, many of which are beyond the Company's control or may be currently unknown to the Company, that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, including risks or uncertainties related to the continuing COVID-19 pandemic and its contributory effects on the economy, the Company's acquisitions and continued ability to identify and consummate attractive acquisitions, the Company's growth strategies, including gaining market share and its digital strategies, or the Company's revenues and operating results being highly dependent on, among other things, the homebuilding industry which in turn is dependent on economic conditions, lumber prices and the economy, including interest rates, inflation and labor and supply shortages. Builders FirstSource, Inc. may not succeed in addressing these and other risks. Further information regarding factors that could affect our financial and other results can be found in the risk factors section of Builders FirstSource, Inc.'s most recent annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") and may also be described from time to time in the other reports the Company files with the SEC. Consequently, all forward-looking statements in this release are qualified by the factors, risks and uncertainties contained therein.

Use of Non-GAAP Financial Measures

This presentation includes financial measures and terms not calculated in accordance with accounting principles generally accepted in the United States ("GAAP") in order to provide investors with an alternative method for assessing our operating results in a manner that enables investors to more thoroughly evaluate our current performance as compared to past performance. We believe these non-GAAP measures provide investors with a better baseline for modeling our future earnings expectations. Our management uses these non-GAAP measures for the same purpose. We believe that our investors should have access to the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. Our calculations of adjusted net income, adjusted net income per share, adjusted EBITDA, free cash flow and net leverage are not necessarily comparable to similarly titled measures reported by other companies. The company provided detailed explanations and reconciliations of these non-GAAP financial measures in the earnings release included in its Form 8-K filed with the Securities and Exchange Commission on February 28, 2023.

Dave Rush Appointed as CEO



DAVE RUSH

Assumed role of CEO
on January 10, 2023



I'm honored and humbled to lead the Company's outstanding and experienced team and execute our strategy to fuel long-term profitable growth while managing through a challenging and dynamic macro environment.

DAVE RUSH, CEO

23+ Years of Experience at Builders FirstSource

- Previously served as Executive Vice President, Strategic Management Office, since 2020
- Oversaw the execution of enterprise-wide initiatives to advance the Company's long-term strategy and provide enhanced value to stakeholders
- Successfully led the integration and synergy efforts for the BMC merger and ProBuild acquisition
- Substantial finance and operational experience, including serving as VP of Finance and COO East for BFS, as well as CFO of Bojangles

Leadership Continuity Enables Ongoing Execution Against Stated Strategy to Drive Shareholder Value

Our Strategic Priorities Fuel Long-term Profitable Growth



Organic Growth
of Value-added
Products and
Services



Drive
Operational
Excellence



Continue to
Build Our
High-Performing
Culture



Pursue
Strategic
Tuck-in
Acquisitions

Record FY 2022 Performance

\$22.7B

Net Sales
14.2% Increase¹

\$4.4B

Adj. EBITDA²
43.0% Increase¹

19.3%

Adj. EBITDA Margin²
390 bps Increase¹

\$18.71

Adj. EPS²
81.3% Increase¹

2022 Total Capital Deployed: ~\$3.5B (M&A of \$0.6B, Share Repurchases of \$2.6B, Net CapEx of \$0.3B)

Executing Against Our Strategy in 2022



Organic Growth of Value-Added Products and Services

- 6.6% core organic sales growth in 2022
- 20.9% core organic growth in Net Sales of value-added products and services across the portfolio



Drive Operational Excellence

- Delivered \$123M in productivity savings in 2022
- Completed ~9,500 automated take-off estimates from customer plans on our Paradigm technology in 2022, up from ~4,000 estimates in 2021



Continue to Build Our High-Performing Culture

- Improved recordable incident rate (RIR) safety performance by ~22% YoY; increased training and development, including enhanced DEI awareness; and improved benefits to better attract and retain high-performing talent
- Experienced, cycle-tested management team (30+ years average industry experience) with a strong execution track record



Pursue Strategic Tuck-In Acquisitions

- Completed 6 acquisitions in 2022 with aggregate 2021 sales of ~\$650 million
- On October 3, acquired Pima Door & Supply and Sunrise Carpentry with annual sales of ~\$10 million
- On February 1, acquired Noltex Truss with annual sales of ~\$92 million

Disciplined M&A Approach Continues

- Successfully completed a substantial number of value-enhancing acquisitions
- Deployed ~\$2.1bn in capital on 14 acquisitions since 2021
- Expanded footprint into high growth geographies and enhanced our value-added offerings
- Consistently target value-added products, services, geographies and technologies
- Demonstrated ability to successfully integrate, cross-sell and create operating synergies
- Acquisition pipeline remains active
- Strong balance sheet and ample liquidity to execute M&A strategy

Acquisition	FY21 Sales ¹	Date	Rationale
	\$92M	Q1 2023	▪ Provides building components to the single and multi-family markets throughout Texas
	\$10M	Q4 2022	▪ Provides dedicated millwork capability in the high-growth Phoenix, AZ metro area
	\$291M	Q3 2022	▪ Leading provider of roof and floor trusses as well as value added components and services ▪ Diversifies mix and expands presence in high-growth geographies
	\$140M	Q3 2022	▪ Provides additional resources and capacity in the high-growth markets of the Gulf Coast
	\$44M	Q3 2022	▪ Highly-profitable distributor in attractive Flagstaff, AZ market ▪ Low customer concentration and diverse product mix
VALLEY TRUSS	\$26M	Q2 2022	▪ Provides additional component capacity and expands upon value-added offerings to single- and multi-family markets in ID
	\$138M	Q2 2022	▪ Offers additional component capacity in high-growth southern markets and expands upon value-added solutions

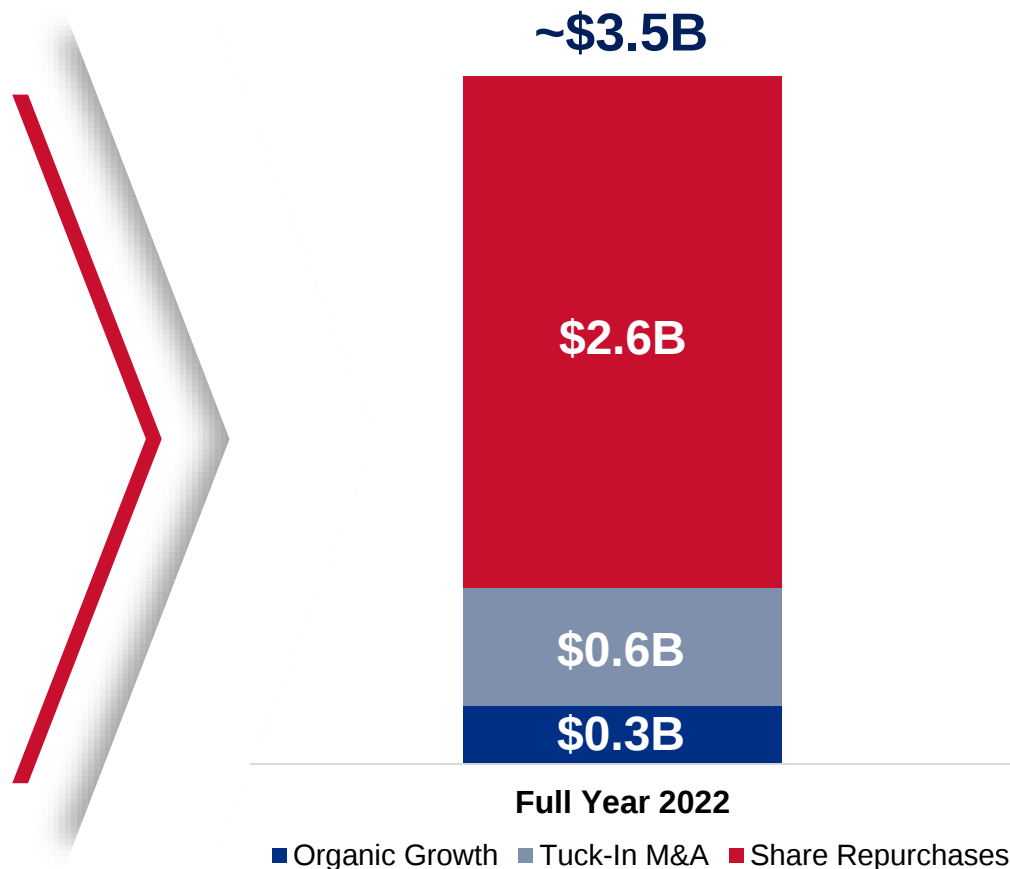
Progress Against Deployable Capital Goal

**2021 Investor
Day Goal**

\$7B - \$10B

DEPLOYABLE CAPITAL

(2022 – 2025)



Deployed ~\$3.5B in 2022

- ✓ **\$2.6B** deployed to repurchase 41.9M shares at an average price of \$61.79 per share
- ✓ **\$0.6B** deployed on 6 acquisitions to expand our footprint into high-growth geographies and enhance our value-added offerings
- ✓ **\$0.3B** allocated to ROI-generating growth investments focused on digital and automation

On Track to Deliver on Deployable Capital Goal by 2025

Flexible Business Model and Downturn Playbook

Ongoing Actions	Downside Actions	Value Creation Opportunities
✓ ~70% of SG&A expense is variable ✓ Self-adjusting variable compensation – which is ~20% of the ~70% total – naturally flexes with market conditions ✓ Efficient capacity utilization and ongoing optimization of footprint ✓ Balance the need for variable cost reductions and future capacity ✓ Strong free cash flow and focused capital expenditures ✓ Working capital closely aligned to demand signals	↑ ● Discretionary spending reductions ↑ ● Freeze/reduce headcount ↔ ○ Moderate capex where appropriate ↑ ● Right size the network and optimize capacity across plants and yards ↑ ● Accelerate productivity projects ↑ ● Manage variable expenses to market levels ● Fully Executed ↑ Q3 to Q4 Change	↔ ● Highly accretive share repurchases ↔ ● Tuck-in acquisitions to drive long-term value creation ↔ ● Accelerate digital and technology transformation ↔ ● Utilize product portfolio and competitive advantages in marketplace to gain share ↔ ● Identify and accelerate strong ROI projects

Prepared to Win in Any Environment

Continuing to Build Out Digital Solutions Platform

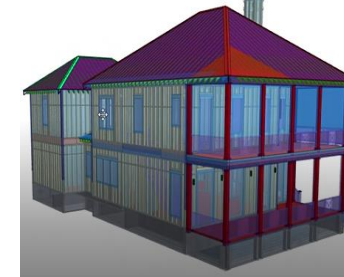
- Launched the Minimum Viable Product (MVP) of our builder portal – myBLDR.com; accelerates the ability to sell digital services to more customers
- Expansion on track with increased market acceptance and an increasing digital sales pipeline
- Completed ~9,500 automated take-off estimates from customer plans on our Paradigm technology in 2022, up from ~4,000 estimates in 2021
- Leveraging our digital technologies to pilot building information modeling (BIM) pilots with three homebuilding industry leaders

3-Dimensional Digital Twin

Take-Off Model



Structural Model



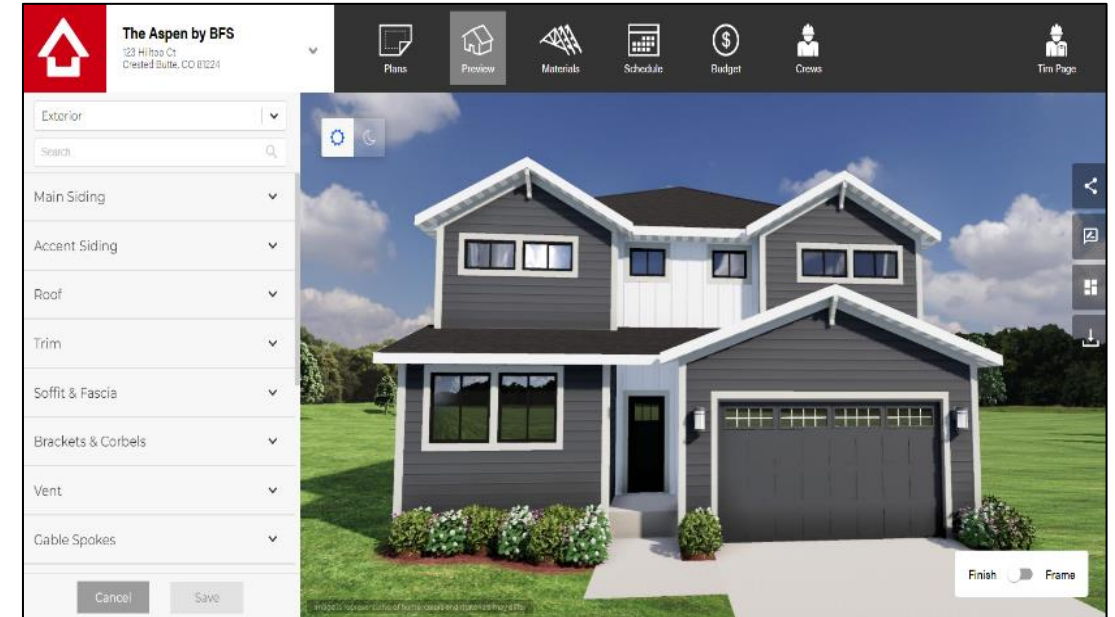
Visualization Model



Digital Transformation of Homebuilding Industry is a ~\$1B Opportunity to BFS

Our Next Generation Customer Portal

- ✓ Launched myBLDR.com MVP, our next generation customer portal. We are currently working with 40 pilot customers in our 4 launch markets
- ✓ Access point for delivering our Digital Tools and a more collaborative customer experience
- ✓ Seamlessly connects a homebuilder's processes within one easy-to-use platform
 - ✓ Preliminary plan intake and mark-up
 - ✓ Ability to order, use, and share our Exterior Home Configure product
 - ✓ Toggle to frame walk for trade partner review and collaboration
 - ✓ Receive quotes, review online, purchase materials, and track orders
 - ✓ Set the job site schedule to align material receipt with trades
 - ✓ View BFS invoices with ability to manually add other project costs

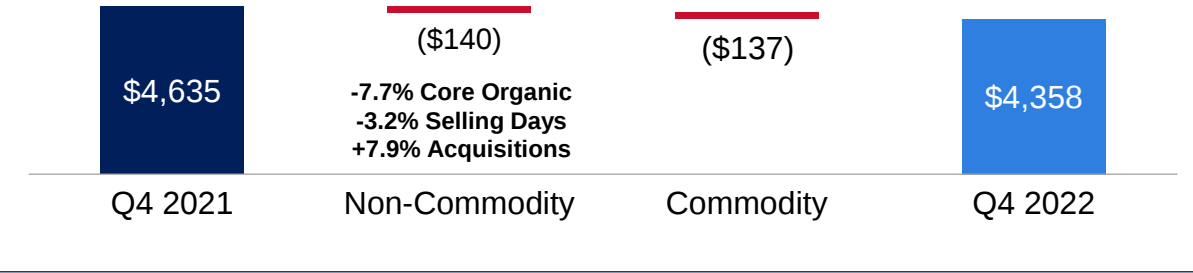


Q4 2022 Financial Update

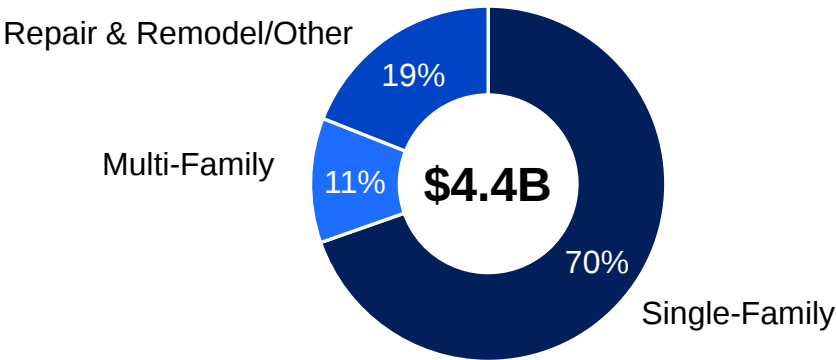
Core Organic Sales Highlights

- Single-Family: -13.9% with growth slowing during the quarter and a tough comparison against a strong prior year
- Multi-Family: +15.1% driven by a strong rental market and resulting backlog
- R&R/Other: +14.9% through increased sales focus and capacity versus prior year

Net Sales (\$M) Bridge (Q4 2021 vs. Q4 2022)

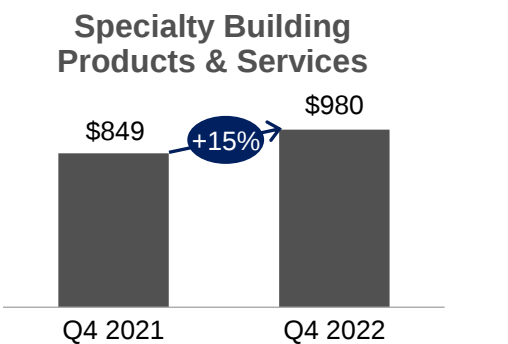
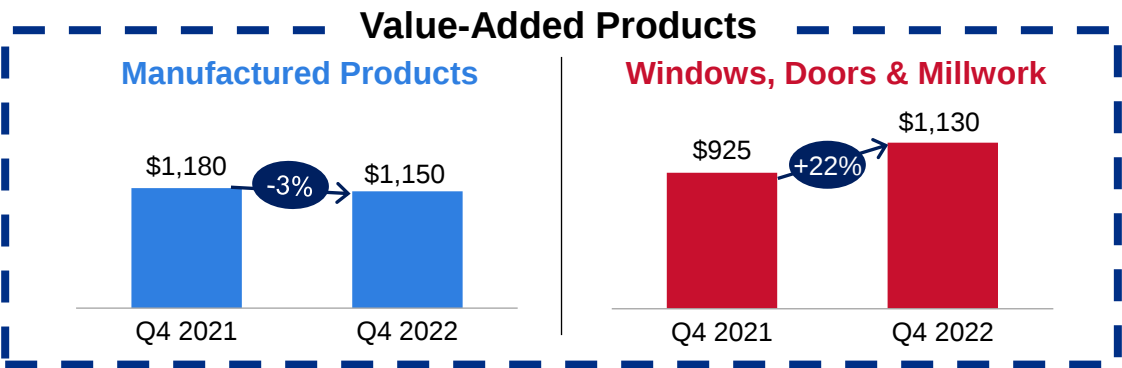


Q4 2022 Net Sales Mix by End Market

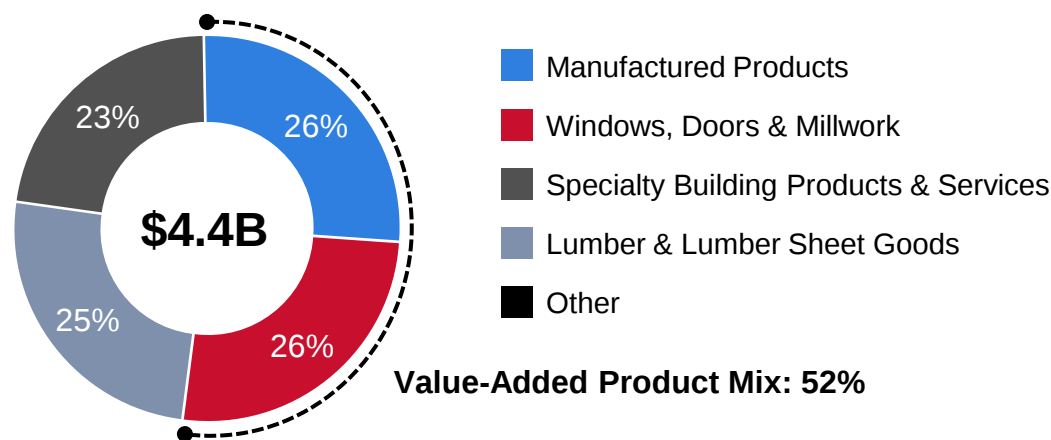


Broad Strength Across Product Portfolio

Net Sales (\$M) by Product Category (Q4 2021 vs. Q4 2022)



Q4 2022 Net Sales Mix by Product Category



Core Organic Sales Highlights

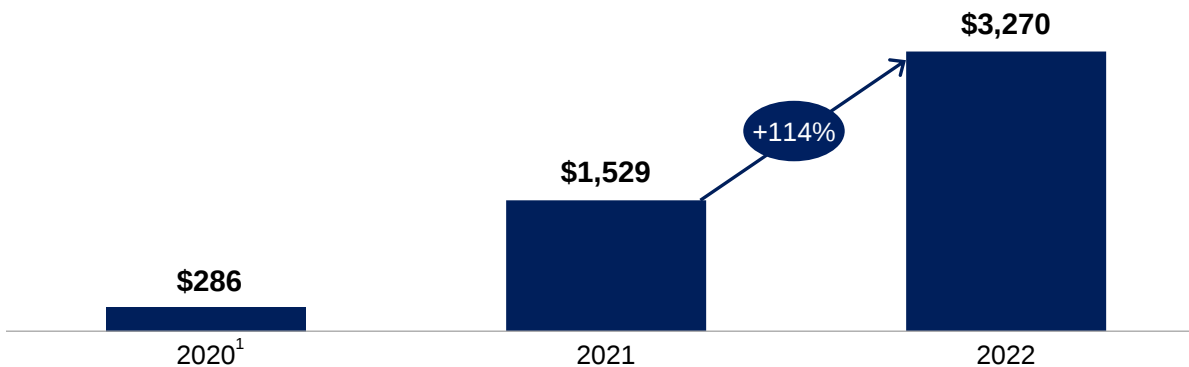
- Value-Added Core Organic Sales Grew ~1%
- Manufactured Products declined 16%
- Windows, Doors & Millwork grew 22% as Single-Family completions become the focus of our customers
- Value-Added Products were 52% of our overall product mix

Strong Balance Sheet and Ample Liquidity Provide Financial Flexibility

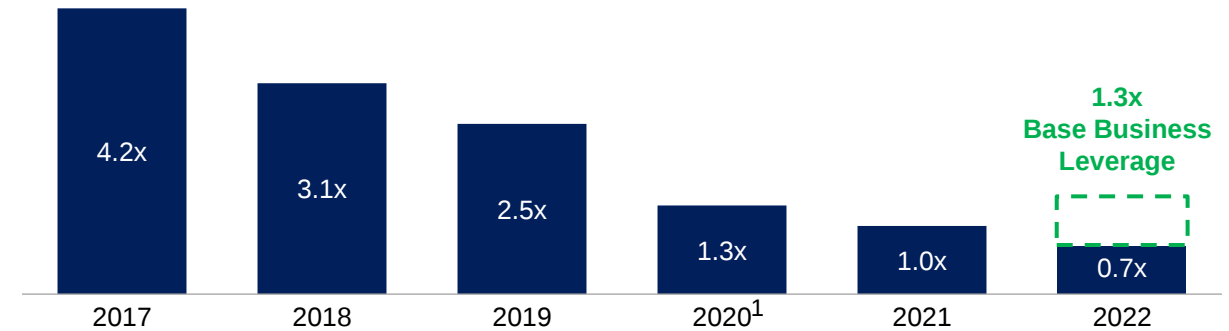
Balanced Capital Allocation Priorities

- 1 Maintain a strong balance sheet
- 2 Reinvest in business to drive growth and productivity
- 3 Continue tuck-in M&A strategy
- 4 Return capital to shareholders

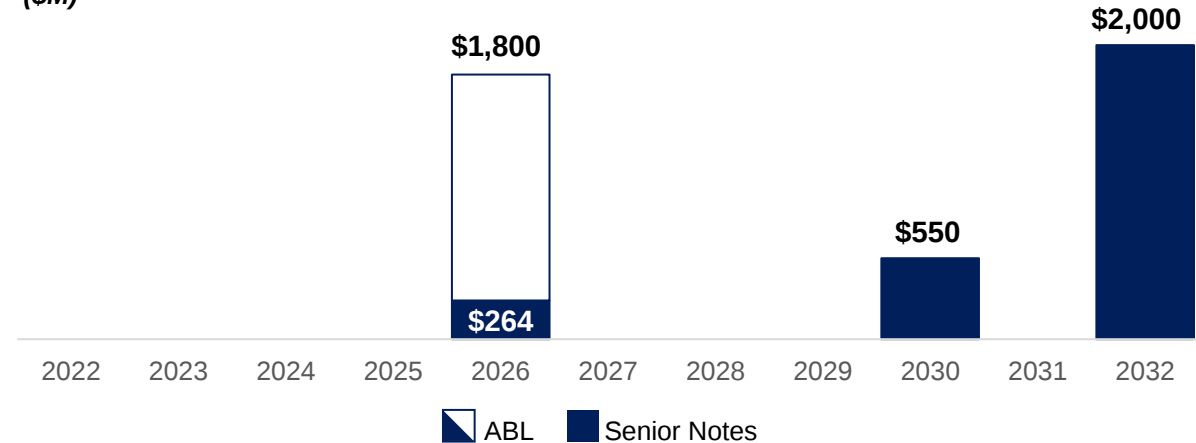
Strong Free Cash Flow (\$M)



Net Leverage Improvement

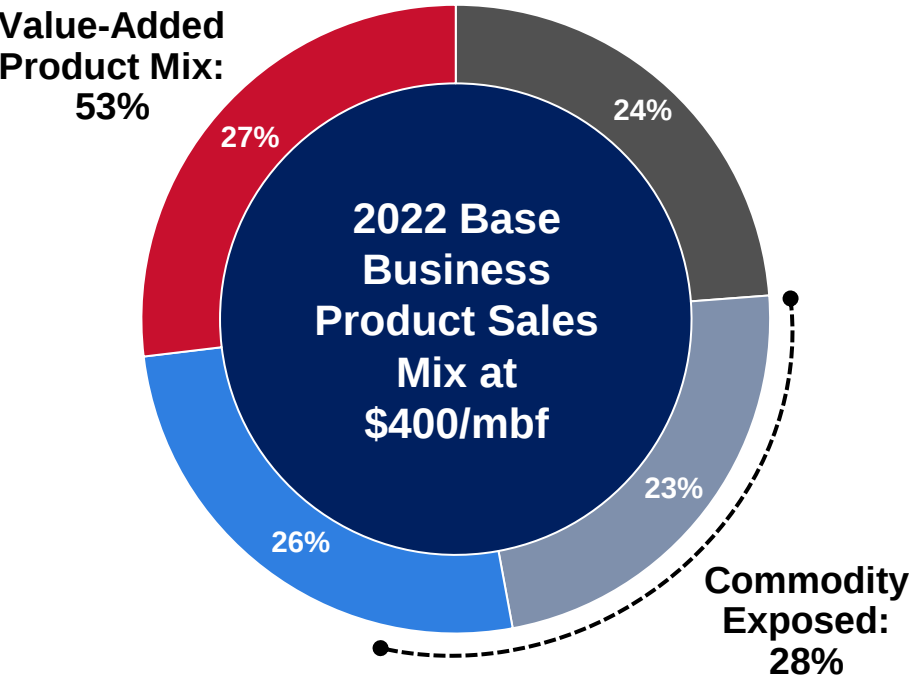


Weighted Average Debt Maturity of ~8 Years² (\$M)

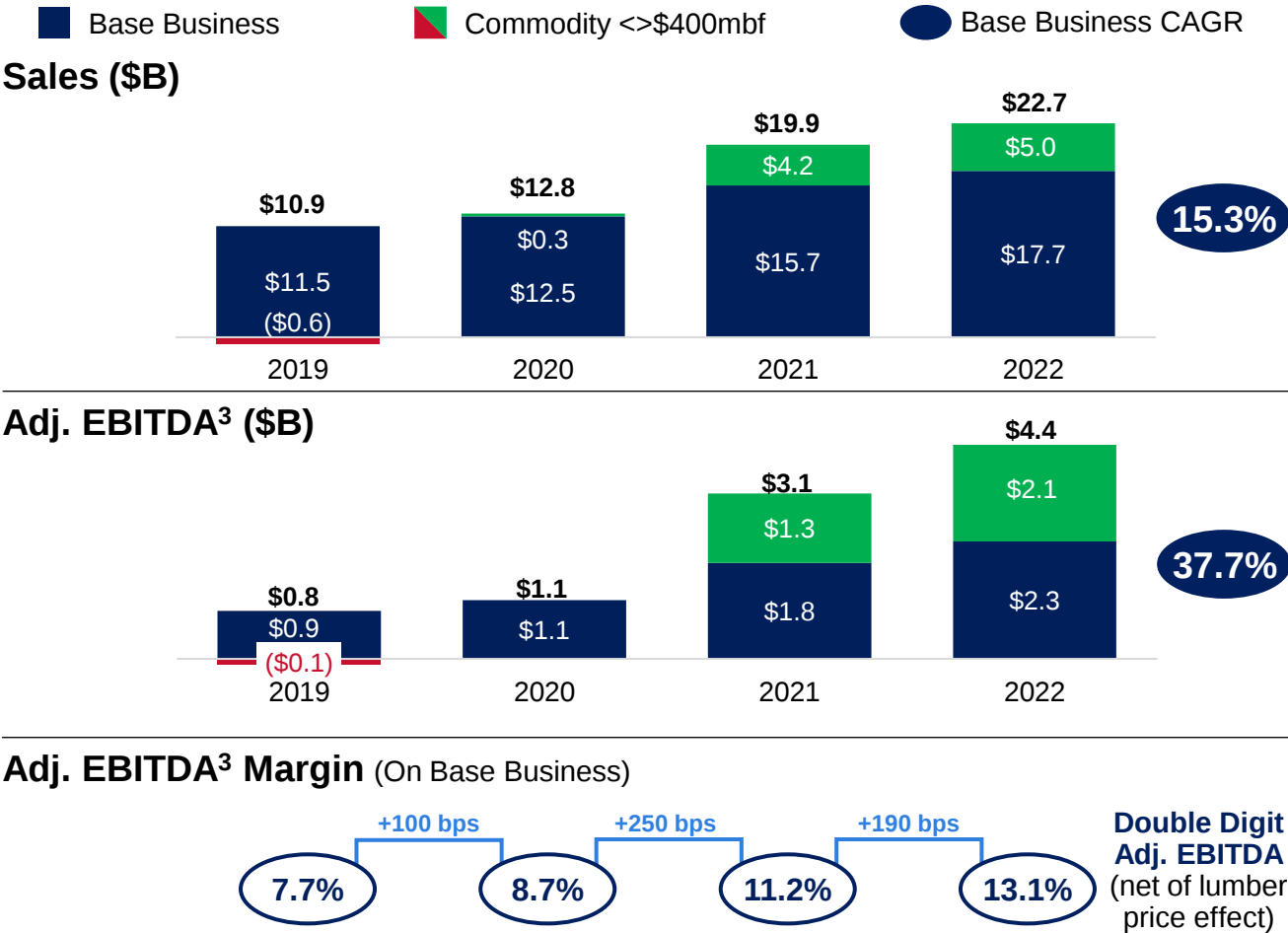


Base Business¹ Performance Aligned with Long Term Plan

Over 70% of BFS's Base Business¹ is Non-Commodity



Majority of EBITDA Growth is Driven by Value-Added Products and Sustainable Operations Improvement / Synergy



1) This estimate assumes \$400/mbf lumber & sheet good pricing at normalized gross margins.
2) Commodity exposure in manufactured products represents an estimated 5% of 2022E net sales mix at \$400/mbf.
3) Adjusted EBITDA and adjusted EBITDA margin are Non-GAAP financial measures. See the non-GAAP Financial Measures slide in this presentation for a definition thereof and a discussion of certain matters regarding non-GAAP guidance.

Q1 2023 Projected Net Sales and Adj. EBITDA¹

- Adjusted EBITDA margin for Q1 2023 expected to be in the range of 11.7% to 11.9%
- The first quarter guide assumes gross margin to be in the 30% to 32% range.
- Projected Net Sales and Adjusted EBITDA include the expected benefit of price, commodity and margin impacts for Q1 2023

\$3.4B to \$3.7B
Net Sales

**\$400M to
\$440M**
Adj. EBITDA¹

2023 Full Year Assumptions

2023 Full Year Assumptions		
Metrics	Assumptions	2022 Actual
Capital Expenditures ¹	\$300 to \$350 million	\$330 million
Interest Expense	\$150 to \$170 million	\$198 million
Effective Tax Rate	23% to 25%	23.0%
Depreciation & Amortization Expense ²	\$525 to \$550 million	\$497 million
Selling Days	No change (Q1: +1, Q2: 0, Q3: -1, Q4: 0)	N/A
Productivity Savings	\$90 to \$110 million	\$123 million

Positioned to Generate Resilient Financial Performance in a Range of 2023 Downside Scenarios

Estimated Performance Scenario Analysis Based on SF Housing Starts and Commodity Cost Assumptions

	2022A	Fiscal 2023 Scenarios		
SF Housing Starts	(11%)	(5%) to (15%)	(15%) to (25%)	(25%) to (35%)
Commodity Price (\$/mbf)	\$760	~\$400 to ~\$500	~\$350 to ~\$450	~\$300 to ~\$400
Total Sales ¹	\$22.7B	\$17.0B to \$19.0B	\$15.0B to \$17.0B	\$13.0B to \$15.0B
Adj. EBITDA ^{1,2} % of Sales	\$4.4B 19.3%	\$1.9B to \$2.4B 11% to 13%	\$1.5B to \$1.9B 10% to 11%	\$1.0B to \$1.5B 8% to 10%

Assumptions

- Price fluctuations can result in materially different results than in a static commodity environment
- Adj. EBITDA and margin reflects estimated gross profit and SG&A expense for various end market, commodity cost, sales volume and sales mix assumptions
- Expenses associated with commodity price changes are included

Differentiated Market Leader Positioned for Above Market Growth & Expanding Profitability



Market leader in a highly fragmented industry

Growing portfolio of value-added products and solutions

Strategic investment in value-added capacity, driving share gains and margin expansion

Exceptional geographic, customer and end market diversity

Focus on maintaining strong balance sheet and liquidity

Solid cash flow generation and maintaining leverage

Operational excellence and cost management initiatives driving gains in efficiency, productivity, and customer value

Experienced and cycle-tested management team



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Appendix

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (unaudited)

(in thousands, except per share amounts)	Years Ended December 31,		
	2022	2021	2020
Net sales	\$ 22,726,418	\$ 19,893,856	\$ 8,558,874
Cost of sales	14,982,039	14,042,900	6,336,290
Gross margin	7,744,379	5,850,956	2,222,584
Selling, general and administrative expenses	3,974,173	3,463,532	1,678,730
Income from operations	3,770,206	2,387,424	543,854
Interest expense, net	198,373	135,877	135,688
Income before income taxes	3,571,833	2,251,547	408,166
Income tax expense	822,464	526,131	94,629
Net income	<u>\$ 2,749,369</u>	<u>\$ 1,725,416</u>	<u>\$ 313,537</u>
<i>Net income per share:</i>			
Basic	<u>\$ 16.98</u>	<u>\$ 8.55</u>	<u>\$ 2.69</u>
Diluted	<u>\$ 16.82</u>	<u>\$ 8.48</u>	<u>\$ 2.66</u>
<i>Weighted average common shares:</i>			
Basic	<u>161,960</u>	<u>201,839</u>	<u>116,611</u>
Diluted	<u>163,481</u>	<u>203,470</u>	<u>117,917</u>

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

(in thousands)	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net income	\$ 2,749,369	\$ 1,725,416	\$ 313,537
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	497,140	547,352	116,566
Amortization of debt discount, premium and issuance costs	4,837	3,869	3,508
Loss on extinguishment of debt	27,387	3,027	6,700
Deferred income taxes	(92,461)	(34,573)	16,614
Stock-based compensation expense	31,337	31,486	17,022
Bad debt expense	38,921	20,451	4,720
Net gain on sales of assets and asset impairments	(1,965)	(32,421)	(1,067)
Changes in assets and liabilities, net of assets acquired and liabilities assumed:			
Receivables	381,223	(474,362)	(251,632)
Inventories	271,889	(282,165)	(220,101)
Contract assets	24,051	(103,326)	(12,631)
Other current assets	15,173	(33,489)	(19,743)
Other assets and liabilities	15,189	(1,155)	50,370
Accounts payable	(314,004)	191,885	160,947
Accrued liabilities	(15,766)	91,419	55,361
Contract liabilities	(33,089)	90,135	19,896
Net cash provided by operating activities	3,599,231	1,743,549	260,067
Cash flows from investing activities:			
Cash used for acquisitions, net of cash acquired	(628,014)	(1,206,471)	(32,643)
Proceeds from divestiture of business	—	76,162	—
Purchases of property, plant and equipment	(340,152)	(227,891)	(112,082)
Proceeds from sale of property, plant and equipment	10,687	13,560	8,500
Net cash used in investing activities	(957,479)	(1,344,640)	(136,225)
Cash flows from financing activities:			
Borrowings under revolving credit facility	5,881,000	3,125,000	891,000
Repayments under revolving credit facility	(6,205,000)	(2,612,000)	(843,000)
Proceeds from long-term debt and other loans	1,001,500	1,000,000	895,625
Repayments of long-term debt and other loans	(616,222)	(554,677)	(618,542)
Payments of debt extinguishment costs	(20,672)	(4,950)	(22,686)
Payments of loan costs	(16,797)	(19,450)	(13,800)
Exercise of stock options	589	726	1,424
Repurchase of common stock	(2,628,308)	(1,714,761)	(4,153)
Net cash (used in) provided by financing activities	(2,603,910)	(780,112)	285,868
Net change in cash and cash equivalents	37,842	(381,203)	409,710
Cash and cash equivalents at beginning of period	42,603	423,806	14,096
Cash and cash equivalents at end of period	\$ 80,445	\$ 42,603	\$ 423,806
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 169,390	\$ 105,570	\$ 110,600
Cash paid for income taxes	936,424	633,060	43,400
Supplemental disclosures of non-cash activities:			
Non-cash consideration for the BMC Merger	\$ —	\$ 3,658,362	\$ —
Accrued purchases of property, plant and equipment	10,797	8,052	1,962
Right-of-use assets obtained in exchange for operating lease obligations	100,843	64,939	42,606
Assets acquired under finance lease obligations	—	1,644	16,964
Amounts accrued for repurchases of common stock	44,447	51,545	—

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

(in thousands, except per share amounts)	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 80,445	\$ 42,603
Accounts receivable, less allowances of \$67,980 and \$39,510 at December 31, 2022 and December 31, 2021, respectively	1,448,139	1,708,796
Other receivables	234,966	255,075
Inventories, net	1,426,196	1,626,244
Contract assets	183,700	207,587
Other current assets	124,201	127,964
Total current assets	3,497,647	3,968,269
Property, plant and equipment, net	1,567,631	1,385,441
Operating lease right-of-use assets, net	485,704	457,833
Goodwill	3,456,854	3,270,192
Intangible assets, net	1,550,944	1,603,409
Other assets, net	36,380	29,199
Total assets	<u>\$ 10,595,160</u>	<u>\$ 10,714,343</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 803,479	\$ 1,093,370
Accrued liabilities	739,009	718,904
Contract liabilities	193,178	216,097
Current portion of operating lease liabilities	100,758	96,680
Current maturities of long-term debt	6,355	3,660
Total current liabilities	1,842,779	2,128,711
Noncurrent portion of operating lease liabilities	404,463	375,289
Long-term debt, net of current maturities, discounts and issuance costs	2,977,842	2,926,122
Deferred income taxes	269,660	362,121
Other long-term liabilities	137,850	119,619
Total liabilities	<u>5,632,594</u>	<u>5,911,862</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, \$0.01 par value, 300,000 shares authorized; 138,864 and 179,820 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively	1,389	1,798
Additional paid-in capital	4,257,667	4,260,670
Retained earnings	703,510	540,013
Total stockholders' equity	<u>4,962,566</u>	<u>4,802,481</u>
Total liabilities and stockholders' equity	<u>\$ 10,595,160</u>	<u>\$ 10,714,343</u>

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES Reconciliation of Adjusted Non-GAAP Financial Measures to their GAAP Equivalents

(in millions)	(unaudited)			
	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Reconciliation to Adjusted EBITDA:				
GAAP net income	\$ 384.5	\$ 442.5	\$ 2,749.4	\$ 1,725.4
Acquisition and integration expense	23.4	18.3	76.8	125.9
Debt issuance and refinancing cost ⁽¹⁾	-	3.5	27.4	8.1
Amortization expense	90.1	96.5	302.6	358.1
Tax-effect of adjustments to net income	(27.2)	(28.4)	(97.6)	(118.1)
Adjusted net income	\$ 470.8	\$ 532.4	\$ 3,058.6	\$ 2,099.4
Weighted average diluted common shares	146.8	191.5	163.5	203.5
Diluted adjusted net income per share:	\$ 3.21	\$ 2.78	\$ 18.71	\$ 10.32
Reconciling items:				
Depreciation expense	\$ 51.6	\$ 49.4	\$ 194.6	\$ 189.3
Interest expense, net	42.2	36.8	171.0	127.8
Income tax expense	126.5	167.4	920.1	644.2
Stock compensation expense	4.7	6.2	31.3	25.0
Gain on sale and asset impairments	(0.2)	0.9	(2.1)	(26.5)
Other management-identified adjustments ⁽²⁾	1.3	0.3	3.1	1.1
Adjusted EBITDA	\$ 696.9	\$ 793.4	\$ 4,376.6	\$ 3,060.3
Adjusted EBITDA margin	16.0%	17.1%	19.3%	15.4%

(1) Costs associated with issuing and extinguishing long term debt in 2021 and 2022.

(2) Primarily relates to severance and other one-time costs.

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES Financial Data (unaudited)

(in millions, except per share amounts)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
Net sales	\$ 4,357.6	\$ 4,634.8	\$ 22,726.4	\$ 19,893.9
Cost of sales	2,872.5	3,149.0	14,982.0	14,042.9
Gross margin	1,485.1	1,485.8	7,744.4	5,851.0
Gross margin %	34.1%	32.1%	34.1%	29.4%
Adjusted SG&A/Other (excluding depreciation and amortization) as a % of sales ⁽¹⁾	18.1%	15.0%	14.8%	14.0%
Adjusted EBITDA	696.9	793.4	4,376.6	3,060.3
Adjusted EBITDA margin %	16.0%	17.1%	19.3%	15.4%
Depreciation expense	(51.6)	(49.4)	(194.6)	(189.3)
Interest expense, net of debt issuance cost and refinancing	(42.2)	(36.8)	(171.0)	(127.8)
Income tax expense	(126.5)	(167.4)	(920.1)	(644.2)
Other adjustments	(5.8)	(7.4)	(32.3)	0.4
Adjusted net income	\$ 470.8	\$ 532.4	\$ 3,058.6	\$ 2,099.4
Basic adjusted net income per share:	\$ 3.24	\$ 2.81	\$ 18.88	\$ 10.40
Diluted adjusted net income per share:	\$ 3.21	\$ 2.78	\$ 18.71	\$ 10.32
Weighted average common shares				
Basic	145.5	189.6	162.0	201.8
Diluted	146.8	191.5	163.5	203.5

(1) Adjusted SG&A and other as a percentage of sales is defined as GAAP SG&A less depreciation and amortization, stock compensation, acquisition, integration and other expenses.

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES Interest Reconciliation (unaudited)

(in millions)	Three Months Ended December 31, 2022		Twelve Months Ended December 31, 2022	
	Interest Expense	Net Debt Outstanding	Interest Expense	Net Debt Outstanding
2032 Unsecured notes @ 4.25%	\$ 13.8	\$ 1,300.0	\$ 54.5	\$ 1,300.0
2032 Unsecured notes @ 6.375%	11.2	700.0	24.3	700.0
2030 Unsecured notes @ 5.00%	6.9	550.0	27.5	550.0
2027 Secured notes @ 6.75%	-	-	18.9	-
Revolving credit facility @ 3.70% weighted average interest rate	4.0	264.0	20.4	264.0
Amortization of debt issuance costs, discount and premium	1.2	-	4.9	-
Finance leases and other finance obligations	5.2	201.4	20.5	201.4
Debt issuance and refinancing cost	-	-	27.4	-
Cash	-	(80.4)	-	(80.4)
Total	<u>\$ 42.3</u>	<u>\$ 2,935.0</u>	<u>\$ 198.4</u>	<u>\$ 2,935.0</u>

(in millions)	Three Months Ended December 31, 2022		Twelve Months Ended December 31, 2022	
Free Cash Flow				
Operating activities	\$	971.4	\$	3,599.2
Less: Capital expenditures, net of proceeds		(131.7)		(329.5)
Free cash flow	<u>\$</u>	<u>839.7</u>	<u>\$</u>	<u>3,269.7</u>

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES Sales by Product Category (unaudited)

(in millions)	Three Months Ended December 31,				
	2022		2021		% Change
	Net Sales	% of Net Sales	Net Sales	% of Net Sales	
Manufactured products	\$ 1,149.9	26.4%	\$ 1,179.6	25.5%	-2.5%
Windows, doors & millwork	1,130.0	25.9%	924.9	20.0%	22.2%
Value-added products	2,279.9	52.3%	2,104.5	45.4%	8.3%
Specialty building products & services	980.5	22.5%	849.1	18.3%	15.5%
Lumber & lumber sheet goods	1,097.2	25.2%	1,681.2	36.3%	-34.7%
Total net sales	<u>\$ 4,357.6</u>	<u>100.0%</u>	<u>\$ 4,634.8</u>	<u>100.0%</u>	<u>-6.0%</u>

(in millions)	Twelve Months Ended December 31,				
	2022		2021		% Change
	Net Sales	% of Net Sales	Net Sales	% of Net Sales	
Manufactured products	\$ 5,692.4	25.0%	\$ 4,404.1	22.1%	29.3%
Windows, doors & millwork	4,790.8	21.1%	3,400.9	17.1%	40.9%
Value-added products	10,483.2	46.1%	7,805.0	39.2%	34.3%
Specialty building products & services	4,155.1	18.3%	3,633.9	18.3%	14.3%
Lumber & lumber sheet goods	8,088.1	35.6%	8,455.0	42.5%	-4.3%
Total net sales	<u>\$ 22,726.4</u>	<u>100.0%</u>	<u>\$ 19,893.9</u>	<u>100.0%</u>	<u>14.2%</u>