

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

FORM 10-Q

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

For the quarterly period ended: **September 30, 2025**

or

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

For the transition period from _____ to _____

Commission File Number: **001-38063**



QXO, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

16-1633636

(IRS Employer Identification No.)

Five American Lane

Greenwich, CT 06831

(Address of principal executive offices)

(888) 998-6000

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.00001 per share	QXO	New York Stock Exchange
Depository Shares, each representing a 1/20th interest in a share of 5.50% Series B Mandatory Convertible Preferred Stock, par value \$0.001 per share	QXO.PRB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller Reporting Company ☒

Emerging Growth Company ☐

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

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

As of October 30, 2025, there were 674,392,035 shares outstanding of the registrant's common stock.

QXO, INC. AND SUBSIDIARIES
FORM 10-Q
For the Quarter Ended September 30, 2025

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PART I. FINANCIAL INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains forward-looking statements. Statements that are not historical facts, including statements about beliefs, expectations, targets or goals are forward-looking statements. These statements are based on plans, estimates, expectations and/or goals at the time the statements are made, and readers should not place undue reliance on them. In some cases, readers can identify forward-looking statements by the use of forward-looking terms such as “may,” “will,” “should,” “expect,” “opportunity,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “target,” “goal,” or “continue,” or the negative of these terms or other comparable terms. Forward-looking statements involve inherent risks and uncertainties and readers are cautioned that a number of important factors could cause actual results to differ materially from those contained in any such forward-looking statements. Factors that could cause actual results to differ materially from those described herein include, among others:

- an inability to obtain the products we distribute resulting in lost revenues and reduced margins and damaging relationships with customers;*
- a change in supplier pricing and demand adversely affecting our income and gross margins;*
- a change in vendor rebates adversely affecting our income and gross margins;*
- our inability to identify potential acquisition targets or successfully complete acquisitions on acceptable terms;*
- risks related to maintaining our safety record;*
- the possibility that building products distribution industry demand may soften or shift substantially due to cyclicalities or dependence on general economic and political conditions, including inflation or deflation, interest rates, governmental subsidies or incentives, consumer confidence, labor and supply shortages, weather and commodity prices;*
- the possibility that regional or global barriers to trade or a global trade war could increase the cost of products in the building products distribution industry, which could adversely impact the competitiveness of such products and the financial results of businesses in the industry;*
- seasonality, weather-related conditions and natural disasters;*
- risks related to the proper functioning of our information technology systems, including from cybersecurity threats and artificial intelligence use;*
- loss of key talent or our inability to attract and retain new qualified talent;*
- risks related to work stoppages, union negotiations, labor disputes and other matters associated with our labor force or the labor force of our suppliers or customers;*
- the risk that the anticipated benefits of our acquisition of Beacon Roofing Supply, Inc. (the “Beacon Acquisition”) or any future acquisition may not be fully realized or may take longer to realize than expected;*
- the effect of the Beacon Acquisition or any future acquisition on our business relationships with employees, customers or suppliers, operating results and business generally;*
- unexpected liabilities, costs, charges, expenses or accounting adjustments resulting from the Beacon Acquisition or any future acquisition or difficulties in integrating and operating acquired companies;*
- risks related to our obligations under the indebtedness we incurred in connection with the Beacon Acquisition;*
- the risk that the Company is or becomes highly dependent on the continued leadership of Brad Jacobs as chairman and chief executive officer and the possibility that the loss of Mr. Jacobs in these roles could have a material adverse effect on the Company’s business, financial condition and results of operations;*
- the possible economic impact of the Company’s outstanding warrants and preferred stock on the Company and the holders of its common stock, including market price volatility, dilution from the exercise or conversion of the warrants or preferred stock, or the impact of dividend payments from preferred stock that remains outstanding;*
- challenges raising additional equity or debt capital from public or private markets to pursue the Company’s business plan and the effects that raising such capital may have on the Company and its business;*
- the possibility that new investors in any future financing transactions could gain rights, preferences and privileges senior to those of the Company’s existing stockholders;*
- risks associated with periodic litigation, regulatory proceedings and enforcement actions, which may adversely affect the Company’s business and financial performance;*
- the impact of legislative, regulatory, economic, competitive and technological changes;*
- unknown liabilities and uncertainties regarding general economic, business, competitive, legal, regulatory, tax and geopolitical conditions; and*
- other factors, including those set forth in the Company’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and subsequent Quarterly Reports.*

Forward-looking statements should not be relied on as predictions of future events, and these statements are not guarantees of performance or results. Forward-looking statements herein speak only as of the date each statement is made. The Company does not undertake any obligation to update any of these statements in light of new information or future events, except to the extent required by applicable law.

Item 1. Condensed Consolidated Financial Statements

QXO, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in millions, except per share amounts)
(Unaudited)

	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,306.9	\$ 5,068.5
Accounts receivable, net	1,562.4	2.7
Inventories, net	1,663.8	—
Vendor rebates receivable	496.8	—
Income tax receivable	98.6	—
Prepaid expenses and other current assets	86.8	18.4
Total current assets	6,215.3	5,089.6
Property and equipment, net	691.0	0.4
Goodwill	5,070.8	1.2
Intangibles, net	3,938.1	4.0
Operating lease right-of-use assets, net	696.9	0.3
Deferred income tax assets, net	—	2.6
Other assets, net	30.8	0.2
Total assets	<u>\$ 16,642.9</u>	<u>\$ 5,098.3</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,277.7	\$ 6.2
Accrued expenses	601.2	38.6
Current portion of operating lease liabilities	108.5	0.2
Current portion of finance lease liabilities	46.8	0.1
Total current liabilities	2,034.2	45.1
Borrowings under revolving lines of credit	43.0	—
Long-term debt, net	3,052.9	—
Deferred income tax liabilities, net	962.3	—
Operating lease liabilities	564.9	0.1
Finance lease liabilities	138.3	0.2
Other long-term liabilities	25.4	—
Total liabilities	6,821.0	45.4
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Mandatory Convertible Preferred Stock, \$0.001 par value; 0.6 shares and 0.0 shares issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	558.1	—
Convertible Preferred Stock, \$0.001 par value; authorized 10.0 shares, 1.0 shares issued and outstanding as of September 30, 2025 and December 31, 2024	498.6	498.6
Common stock, \$0.00001 par value; authorized 2,000.0 shares; 674.3 and 409.4 shares issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	—	—
Additional paid-in capital	9,039.2	4,560.5
Retained earnings (accumulated deficit)	(273.9)	(6.2)
Accumulated other comprehensive loss	(0.1)	—
Total stockholders' equity	9,821.9	5,052.9
Total liabilities and stockholders' equity	<u>\$ 16,642.9</u>	<u>\$ 5,098.3</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

QXO, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(in millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net sales	\$ 2,728.3	\$ 13.1	\$ 4,648.1	\$ 42.1
Cost of products sold	2,092.5	7.6	3,605.3	25.1
Gross profit	635.8	5.5	1,042.8	17.0
Operating expense:				
Selling, general and administrative	452.5	39.0	953.7	54.0
Depreciation	39.7	—	67.0	0.2
Amortization	117.8	0.2	197.8	0.6
Total operating expense	610.0	39.2	1,218.5	54.8
Income (loss) from operations	25.8	(33.7)	(175.7)	(37.8)
Interest (expense) income, net	(37.7)	57.0	(11.3)	60.4
Loss on debt extinguishment	—	—	(45.7)	—
Other income, net	1.4	—	3.1	—
(Loss) income before provision for income taxes	(10.5)	23.3	(229.6)	22.6
Provision for (benefit from) income taxes	128.9	6.1	(40.4)	5.9
Net (loss) income	<u>\$ (139.4)</u>	<u>\$ 17.2</u>	<u>\$ (189.2)</u>	<u>\$ 16.7</u>
Loss per common share - basic and diluted (Note 7)	\$ (0.24)	\$ (0.01)	\$ (0.46)	\$ (0.10)
Total weighted-average common shares outstanding:				
Basic	715.3	358.8	578.1	120.9
Diluted	715.3	358.8	578.1	120.9

See accompanying notes to the unaudited condensed consolidated financial statements.

QXO, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive (Loss) Income
(in millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net (loss) income	\$ (139.4)	\$ 17.2	\$ (189.2)	\$ 16.7
Other comprehensive income (loss):				
Foreign currency translation adjustment	3.0	—	(0.1)	—
Total other comprehensive income (loss)	3.0	—	(0.1)	—
Comprehensive (loss) income	<u>\$ (136.4)</u>	<u>\$ 17.2</u>	<u>\$ (189.3)</u>	<u>\$ 16.7</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

QXO, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
(in millions)
(Unaudited)

	Mandatory Convertible Preferred Stock		Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Three Months Ended September 30, 2025										
Balance as of June 30, 2025	0.6	\$ 558.1	1.0	\$ 498.6	671.6	\$ —	\$ 8,965.8	\$ (104.1)	\$ (3.1)	\$9,915.3
Mandatory Convertible Preferred Stock dividend	—	—	—	—	—	—	—	(7.9)	—	(7.9)
Convertible Preferred Stock dividend	—	—	—	—	—	—	—	(22.5)	—	(22.5)
Issuance of common stock, net of issuance costs	—	—	—	—	1.7	—	38.1	—	—	38.1
Proceeds from stock option exercises	—	—	—	—	0.8	—	4.2	—	—	4.2
Vesting of stock-based compensation awards	—	—	—	—	0.2	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	31.1	—	—	31.1
Other comprehensive income	—	—	—	—	—	—	—	—	3.0	3.0
Net loss	—	—	—	—	—	—	—	(139.4)	—	(139.4)
Balance as of September 30, 2025	<u>0.6</u>	<u>\$ 558.1</u>	<u>1.0</u>	<u>\$ 498.6</u>	<u>674.3</u>	<u>\$ —</u>	<u>\$ 9,039.2</u>	<u>\$ (273.9)</u>	<u>\$ (0.1)</u>	<u>\$9,821.9</u>
Three Months Ended September 30, 2024										
Balance as of June 30, 2024	—	\$ —	1.0	\$ 498.6	0.7	\$ —	\$ 475.0	\$ (2.4)	\$ —	\$ 971.2
Issuance of common stock and pre-funded warrants, net of issuance costs	—	—	—	—	408.8	—	4,051.1	—	—	4,051.1
Convertible Preferred Stock dividend	—	—	—	—	—	—	—	(9.8)	—	(9.8)
Stock-based compensation	—	—	—	—	—	—	14.0	—	—	14.0
Net income	—	—	—	—	—	—	—	17.2	—	17.2
Balance as of September 30, 2024	<u>—</u>	<u>\$ —</u>	<u>1.0</u>	<u>\$ 498.6</u>	<u>409.5</u>	<u>\$ —</u>	<u>\$ 4,540.1</u>	<u>\$ 5.0</u>	<u>\$ —</u>	<u>\$5,043.7</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

QXO, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
(in millions)
(Unaudited)

	Mandatory Convertible Preferred Stock		Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Nine Months Ended September 30, 2025										
Balance as of December 31, 2024	—	\$ —	1.0	\$ 498.6	409.4	\$ —	\$ 4,560.5	\$ (6.2)	\$ —	\$5,052.9
Issuance of Mandatory Convertible Preferred Stock, net of issuance costs	0.6	558.1	—	—	—	—	—	—	—	558.1
Mandatory Convertible Preferred Stock dividend	—	—	—	—	—	—	—	(11.0)	—	(11.0)
Convertible Preferred Stock dividend	—	—	—	—	—	—	—	(67.5)	—	(67.5)
Issuance of common stock, net of issuance costs	—	—	—	—	256.6	—	4,256.5	—	—	4,256.5
Proceeds from stock option exercises	—	—	—	—	3.7	—	18.5	—	—	18.5
Awards assumed in acquisition	—	—	—	—	—	—	87.5	—	—	87.5
Vesting of stock-based compensation awards	—	—	—	—	4.6	—	(0.1)	—	—	(0.1)
Stock-based compensation	—	—	—	—	—	—	116.3	—	—	116.3
Other comprehensive loss	—	—	—	—	—	—	—	—	(0.1)	(0.1)
Net loss	—	—	—	—	—	—	—	(189.2)	—	(189.2)
Balance as of September 30, 2025	0.6	\$ 558.1	1.0	\$ 498.6	674.3	\$ —	\$ 9,039.2	\$ (273.9)	\$ (0.1)	\$9,821.9
Nine Months Ended September 30, 2024										
Balance as of December 31, 2023	—	\$ —	—	\$ —	0.7	\$ —	\$ 9.4	\$ (1.9)	\$ —	\$ 7.5
Issuance of Convertible Preferred Stock and Warrants, net of issuance costs	—	—	1.0	498.6	—	—	483.0	—	—	981.6
Issuance of common stock and pre-funded warrants, net of issuance costs	—	—	—	—	408.8	—	4,051.1	—	—	4,051.1
Common stock dividend	—	—	—	—	—	—	(17.4)	—	—	(17.4)
Convertible Preferred Stock dividend	—	—	—	—	—	—	—	(9.8)	—	(9.8)
Stock-based compensation	—	—	—	—	—	—	14.0	—	—	14.0
Net income	—	—	—	—	—	—	—	16.7	—	16.7
Balance as of September 30, 2024	—	\$ —	1.0	\$ 498.6	409.5	\$ —	\$ 4,540.1	\$ 5.0	\$ —	\$5,043.7

See accompanying notes to the unaudited condensed consolidated financial statements.

QXO, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in millions)
(Unaudited)

	Nine Months Ended September 30,	
	2025	2024
Operating Activities		
Net (loss) income	\$ (189.2)	\$ 16.7
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	67.0	0.2
Amortization	197.8	0.6
Stock-based compensation	116.3	14.0
Amortization of debt issuance costs	4.4	—
Loss on debt extinguishment	45.7	—
Provision for credit losses	7.0	—
Non-cash lease expense	70.1	0.2
Deferred income taxes	24.7	—
Changes in operating assets and liabilities:		
Accounts receivable	(229.4)	0.7
Inventories	161.9	—
Vendor rebates receivable	(256.7)	—
Income tax receivable	(77.9)	—
Prepaid expenses and other current assets	12.9	(10.1)
Accounts payable and accrued expenses	176.7	8.8
Other assets and liabilities	(56.5)	(0.2)
Net cash provided by operating activities	<u>74.8</u>	<u>30.9</u>
Investing Activities		
Capital expenditures	(49.8)	(0.1)
Acquisition of business, net of cash acquired	(10,556.5)	—
Other	1.9	—
Net cash used in investing activities	<u>(10,604.4)</u>	<u>(0.1)</u>
Financing Activities		
Borrowings under revolving lines of credit	719.7	—
Payments under revolving lines of credit	(676.8)	—
Borrowings under term loan	2,250.0	—
Payments under term loan	(1,400.0)	—
Borrowings under senior notes	2,250.0	—
Payment of debt issuance costs	(114.4)	—
Payment of other debt	—	(1.7)
Payments under equipment financing facilities and finance leases	(18.5)	(0.2)
Proceeds from issuance of common stock related to equity awards	18.5	—
Proceeds from issuance of common stock, net of issuance costs	4,256.5	—
Proceeds from issuance of Mandatory Convertible Preferred Stock, net of issuance costs	558.1	—
Proceeds from issuance of Convertible Preferred Stock and warrants, net of issuance costs	—	981.6
Proceeds from the issuance of common stock and pre-funded warrants, net of issuance costs	—	4,051.1
Payment of taxes related to net share settlement of equity awards	(0.1)	—
Payment of common-stock dividend	—	(17.4)
Payment of dividends on Convertible Preferred Stock	(67.5)	(9.8)
Payment of dividends on Mandatory Convertible Preferred Stock	(6.9)	—
Net cash provided by financing activities	<u>7,768.6</u>	<u>5,003.6</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(0.3)</u>	<u>—</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(2,761.3)	5,034.4
Cash, cash equivalents and restricted cash, beginning of period	<u>5,072.0</u>	<u>6.2</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 2,310.7</u>	<u>\$ 5,040.6</u>
Supplemental Cash Flow Information		
Cash paid during the period for:		
Interest	\$ 42.4	\$ 0.1
Income taxes, net of refunds	\$ 37.2	\$ —

See accompanying notes to the unaudited condensed consolidated financial statements.

QXO, INC. AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. Description of Business

Prior to the Beacon Acquisition (as defined below), QXO, Inc. (“QXO” or the “Company”) was primarily a technology solutions and professional services company, providing critical software applications, consulting and other professional services, including specialized programming, training and technical support to small and mid-size companies in the manufacturing, distribution and services industries. On January 17, 2025, the Company transferred the listing of its common stock, par value \$0.00001 per share (the “common stock”), from Nasdaq to the New York Stock Exchange (the “NYSE”). The Company’s listing and trading of the common stock on Nasdaq ended at market close on January 16, 2025. The Company’s common stock began trading on the NYSE on January 17, 2025.

Beacon Acquisition

On March 20, 2025, QXO entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Beacon Roofing Supply, Inc., a Delaware corporation (“Beacon”), and Queen MergerCo, Inc., a Delaware corporation and wholly owned subsidiary of QXO (“Merger Sub”), pursuant to which QXO agreed to acquire Beacon for a purchase price of \$124.35 per share of common stock (the “Merger Consideration”) of Beacon (the “Beacon Acquisition”). On April 29, 2025 (the “Closing Date”), pursuant to the Merger Agreement, Merger Sub merged with and into Beacon, with Beacon remaining as the surviving entity and being renamed QXO Building Products, Inc. (“QXO Building Products”), and the Company completed its acquisition of Beacon in a transaction that valued Beacon at \$10.6 billion.

As a result of the Beacon Acquisition, QXO has transitioned to a building products distribution company and is the largest publicly-traded distributor of roofing, waterproofing and complementary building products in North America. The Company plans to become the tech-enabled leader in the \$800 billion building products distribution industry and generate outsized value for shareholders. The Company is executing its strategy toward a target of \$50 billion in annual revenues within the next decade through accretive acquisitions and organic growth.

The Company serves customers in all 50 states throughout the United States (the “U.S.”) and seven provinces in Canada. The Company’s material subsidiary is QXO Building Products.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to state fairly the financial position of the Company as of September 30, 2025 and December 31, 2024, the results of operations for the three and nine months ended September 30, 2025 and 2024, and cash flows for the nine months ended September 30, 2025 and 2024 in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) and consequently have been condensed and do not include all required disclosures in an Annual Report on Form 10-K. The unaudited condensed consolidated financial statements included herein should be read in conjunction with the consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 4, 2025. All inter-company transactions and accounts have been eliminated in consolidation.

The Beacon Acquisition has been accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) Topic 805 (“ASC 805”), Business Combinations. As the legacy Beacon business now comprises substantially all of the Company and has significantly larger operations compared to the Company prior to the Beacon Acquisition, QXO determined that Beacon is the predecessor entity (“predecessor”) for financial reporting purposes. The Company also determined that the Beacon Acquisition represented a fundamental change in QXO’s operations. The predecessor financial statements are included as Exhibit 99.1 to this Quarterly Report.

Reclassifications

The Company has reclassified certain prior period amounts to conform with the current period presentation in the unaudited condensed consolidated statements of operations related to revenue, cost of sales, depreciation and amortization, which are now presented to conform with the predecessor’s historical presentation. The Company has also reclassified certain prior period amounts to conform with the current period presentation in the unaudited condensed consolidated balance sheets related to deferred revenue, which is now presented within accrued expenses.

Use of Estimates

The preparation of unaudited financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these unaudited condensed consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates include inventories, purchase price allocations, recoverability of goodwill and intangibles, income taxes and vendor rebates receivable. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company maintains cash balances across a diversified portfolio of global financial institutions that exceed Federal Deposit Insurance Corporation insured limits. The Company believes these global financial institutions to be financially sound with minimal credit risk and the Company has not experienced any losses in such accounts. Amounts included in restricted cash primarily represent those required to be set aside by a contractual agreement as collateral for the Company's credit card program. The following table provides a reconciliation of cash, cash equivalents and restricted cash:

	As of	
	September 30, 2025	December 31, 2024
(in millions)		
Cash and cash equivalents	\$ 2,306.9	\$ 5,068.5
Restricted cash included in prepaid expenses and other current assets	3.8	3.5
Total cash, cash equivalents and restricted cash	<u>\$ 2,310.7</u>	<u>\$ 5,072.0</u>

Accounts Receivable

The Company records accounts receivable at the contractual amount and records an allowance for credit losses for the amount the Company estimates it may not collect. In determining the allowance for credit losses, the Company considers historical collection experience, the age of the accounts receivable balances, the credit quality and risk of its customers, any specific customer collection issues, current economic conditions, and other factors that may impact customers' ability to pay. The Company also considers reasonable and supportable forecasts of future economic conditions and their expected impact on customer collections in determining the allowance for credit losses. Accounts receivable balances are written off once the receivables are no longer deemed collectible.

The following table represents the roll-forward of the allowance for expected credit losses for the nine months ended September 30, 2025 and the year ended December 31, 2024:

	As of	
	September 30, 2025	December 31, 2024
(in millions)		
Balance at beginning of period	\$ 0.5	\$ 0.5
Current period provision for expected credit losses	7.0	—
Recoveries	0.3	—
Balance at end of period	<u>\$ 7.8</u>	<u>\$ 0.5</u>

Inventories

The Company's inventories primarily represent finished goods, consisting of products available for sale. The Company's inventories are accounted for using the weighted-average cost method and valued at the lower of cost or net realizable value.

Inventory costs consist of product and inbound shipping and handling costs. Inventory valuation requires the Company to make judgments, based on currently available information, about the likely method of disposition, such as through sales to individual customers or returns to product vendors.

Vendor Rebates

The Company's arrangements with vendors typically provide for rebates after it makes a special purchase and/or monthly, quarterly and/or annual rebates of a specified amount of consideration payable when a number of measures have been achieved. Annual rebates are generally related to a specified cumulative level of purchases on a calendar-year basis. The Company accounts for such rebates as a reduction of the inventory value until the product is sold, at which time such rebates reduce cost of products sold in the condensed consolidated statements of operations. Throughout the year, the Company estimates the amount of the periodic rebates based upon the expected level of purchases. The Company continually revises these estimates to reflect actual rebates earned based on actual purchase levels.

Property and Equipment

Property and equipment acquired in connection with acquisitions are recorded at fair value as of the date of the acquisition and depreciated utilizing the straight-line method over the estimated remaining useful lives. All other additions are recorded at cost, and depreciation is computed using the straight-line method. The Company reviews the estimated useful lives of its fixed assets on an ongoing basis.

The estimated useful lives of property and equipment are principally as follows:

Buildings	40 years
Equipment	3 to 7 years
Furniture and fixtures	7 years
Software	3 to 5 years
Finance lease assets and leasehold improvements	Shorter of the estimated useful life or lease term, considering renewal options expected to be exercised.

The following is a summary of property and equipment, net:

<i>(in millions)</i>	As of	
	September 30, 2025	December 31, 2024
Equipment	\$ 253.7	\$ 4.0
Finance lease assets	201.3	—
Leasehold improvements	123.3	0.1
Furniture and fixtures	29.4	0.2
Software	31.4	—
Land and buildings	59.3	—
Fixed assets in progress	48.6	—
Total property and equipment	747.0	4.3
Accumulated depreciation	(56.0)	(3.9)
Total property and equipment, net	<u>\$ 691.0</u>	<u>\$ 0.4</u>

Goodwill

On an annual basis and at interim periods when circumstances require, the Company tests the recoverability of its goodwill and indefinite-lived intangible assets and reviews for indicators of impairment. Examples of such indicators include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors.

The following table sets forth the change in the carrying amount of goodwill during the nine months ended September 30, 2025:

<i>(in millions)</i>	September 30, 2025
Balance at beginning of period	\$ 1.2
Acquisitions	5,068.9
Translation and other adjustments	0.7
Balance at end of period	<u>\$ 5,070.8</u>

Intangible Assets

The Company amortizes certain identifiable intangible assets that have finite lives, currently consisting of customer relationships and trade names. These amortizable intangible assets are amortized over the useful lives of the asset using the straight-line amortization method. Amortizable intangible assets are tested for impairment, when deemed necessary, based on undiscounted cash flows and, if impaired, are written down to fair value based on either discounted cash flows or appraised values.

The following table summarizes intangible assets by category:

<i>(in millions, except time periods)</i>	As of		Weighted-Average Remaining Life ⁽¹⁾ (Years)
	September 30, 2025	December 31, 2024	
Amortizable intangible assets:			
Customer relationships and other	\$ 3,910.6	\$ 9.4	9.6
Trade names	230.0	—	2.6
Total amortizable intangible assets	4,140.6	9.4	9.2
Accumulated amortization	(203.2)	(5.4)	
Total amortizable intangible assets, net	3,937.4	4.0	
Indefinite-lived domain names	0.7	—	
Total intangibles, net	<u>\$ 3,938.1</u>	<u>\$ 4.0</u>	

⁽¹⁾ As of September 30, 2025.

The following table summarizes the estimated future amortization expense for intangible assets for each of the next five years ending December 31 and thereafter:

<i>(in millions)</i>	
2025 (October - December)	\$ 117.0
2026	467.9
2027	467.8
2028	415.7
2029	390.5
Thereafter	2,078.5
Total future amortization expense	<u>\$ 3,937.4</u>

Accrued Expenses

The following table presents the components of accrued expenses:

<i>(in millions)</i>	As of	
	September 30, 2025	December 31, 2024
Inventory	\$ 190.2	\$ —
Selling, general and administrative	132.6	—
Customer rebates	123.6	—
Payroll and employee benefit costs	79.9	8.1
Interest expense	66.5	—
Income taxes	—	24.0
Other	8.4	6.5
Total accrued expenses	<u>\$ 601.2</u>	<u>\$ 38.6</u>

Asset Retirement Obligations

A liability for an asset retirement obligation is recorded in the period in which it is incurred. When an asset retirement obligation liability is initially recorded, the Company capitalizes the cost by increasing the carrying amount of the related long-lived asset. For each subsequent period, the liability is increased for accretion expense and the capitalized cost is depreciated over the useful life of the related asset. The Company recognized asset retirement obligations in connection with the Beacon Acquisition. As of September 30, 2025, the carrying amount of the Company's asset retirement obligations was \$25.4 million, which is included in other long-term liabilities on the condensed consolidated balance sheets.

Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

- *Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- *Level 2:* Observable prices that are based on inputs not quoted on active markets but corroborated by market data.
- *Level 3:* Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The Company's current financial assets and liabilities approximate fair value due to their short-term nature and include cash and cash equivalents, accounts receivable, vendor rebates receivable, income tax receivable, prepaid expenses and other current assets, accounts payable and accrued liabilities.

Net Sales

The Company records net sales when performance obligations with the customer are satisfied. All contracts have a single performance obligation as the promise to transfer the individual good is not separately identifiable from other promises and is, therefore, not distinct. Performance obligations are satisfied at a point in time and net sales are recognized when title and risk of loss are transferred to the customer.

The Company enters into agreements with customers to offer rebates, generally based on achievement of specified sales levels and various marketing allowances that are common industry practice. Reductions to net sales for customer programs and incentive offerings, including promotions and other volume-based incentives, are estimated using the most likely amount method and recorded in the period in which they are earned. Provisions for early payment discounts are accrued in the same period in which the sale occurs. The Company does not provide extended payment terms and payment is due shortly after the transfer of control of the products to the customer. Commissions to internal sales teams are paid to obtain contracts. As these contracts are less than one year, these costs are expensed as incurred.

Stock-Based Compensation

The Company recognizes stock-based compensation expense based on the equity award's grant date fair value. For grants of restricted stock units ("RSUs") subject to service-based vesting conditions, the fair value is established based on the market price of the Company's common stock on the date of the grant. For grants of performance-based restricted stock units ("PRSUs") subject to market-based vesting conditions, the fair value is established using a Monte Carlo simulation lattice model. The determination of the fair value of stock-based awards is affected by the Company's stock price and a number of assumptions, including volatility, performance period, risk-free interest rate and expected dividends. The Company accounts for forfeitures as they occur. The grant date fair value of each award is amortized over the requisite service period.

Advertising Costs

Advertising costs are expensed as incurred.

Interest (Expense) Income, Net

The following table presents the components of interest (expense) income, net:

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest income	\$ 24.6	\$ 57.0	\$ 103.5	\$ 60.5
Interest expense	(62.3)	—	(114.8)	(0.1)
Interest (expense) income, net	\$ (37.7)	\$ 57.0	\$ (11.3)	\$ 60.4

Recent Accounting Pronouncements — Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, “Improvements to Income Tax Disclosures,” a final standard on improvements to income tax disclosures. The standard requires disaggregated information about a registrant's effective tax rate reconciliation as well as information on income taxes paid. This standard should be applied prospectively and is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, “Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.” The standard requires disclosure of disaggregated information about certain financial statement expense line items presented on the consolidated statements of operations in the notes to the financial statements on an interim and annual basis. The standard can be applied either prospectively or retrospectively and is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets”. The standard provides a practical expedient to assume that conditions as of the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC Topic 606. This standard should be applied prospectively and is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, “Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software.” The standard modernizes the recognition and disclosure framework for internal-use software costs, removing all references to software development stages and introducing a more judgment-based approach. This standard can be applied either prospectively, retrospectively, or utilizing a modified transition approach and is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

3. Acquisition

Beacon Roofing Supply, Inc. Acquisition

On March 20, 2025, QXO entered into a Merger Agreement with Beacon and Merger Sub, pursuant to which QXO agreed to acquire Beacon for a purchase price of \$124.35 per share of common stock of Beacon. On the Closing Date, pursuant to the Merger Agreement, Merger Sub merged with and into Beacon, with Beacon remaining as the surviving entity and being renamed QXO Building Products, Inc., and the Company completed its acquisition of Beacon.

As a result of the Beacon Acquisition, QXO has transitioned to a building products distribution company and is the largest publicly traded distributor of roofing, waterproofing and complementary building products in North America. The Beacon Acquisition is a key milestone in the Company's plan to become a tech-enabled leader in the \$800 billion building products distribution industry and generate outsized value for shareholders.

The Company was determined to be the accounting acquirer in the Beacon Acquisition in accordance with ASC 805 primarily due to having board and common share voting control over the combined company, and its managers, including the Chief Executive Officer, directing the activities of the newly merged entity. Furthermore, the Beacon Acquisition was initiated by QXO, and the Company retained the QXO name subsequent to the Beacon Acquisition. The historical financial statements of QXO prior to April 29, 2025 are reflected in this Quarterly Report as QXO's historical financial statements. Accordingly, the financial results of QXO as of and for any periods prior to April 29, 2025 do not include the financial results of Beacon and current and future results will not be comparable to historical results.

Additionally, in considering the foregoing principles of predecessor determination and in light of the Company's specific facts and circumstances, the Company determined that Beacon is the predecessor entity for financial reporting purposes. The predecessor financial statements are included as Exhibit 99.1 to this Quarterly Report.

Purchase Price

The following table summarizes the components of the preliminary aggregate purchase consideration paid to acquire Beacon and is subject to adjustments:

(in millions)

Cash paid for outstanding Beacon common stock ⁽¹⁾	\$ 7,736.6
Converted Beacon RSUs and options attributable to pre-combination service ⁽²⁾	103.5
Payment of Beacon debt, including accrued interest ⁽³⁾	2,947.8
Preliminary aggregate acquisition consideration	10,787.9
Less: cash acquired	143.9
Preliminary aggregate acquisition consideration, net of cash acquired	<u>\$ 10,644.0</u>

⁽¹⁾ The cash component of the preliminary aggregate acquisition consideration represents 62.2 million shares of outstanding common stock of Beacon multiplied by the \$124.35 per share cash portion of the acquisition consideration.

⁽²⁾ This amount represents the value of outstanding equity awards held by Beacon employees that were converted into replacement QXO instruments with identical terms. The conversion was based on the volume-weighted average trading price of QXO common stock for the five consecutive trading days ending on the trading day immediately preceding the Closing Date. The fair value of replacement equity-based awards attributable to pre-acquisition service was recorded as part of the consideration transferred. This amount also includes cash paid by QXO of \$16.0 million to settle RSUs for non-employee members of the board of directors of Beacon, which were accelerated in full, cancelled and paid in cash for \$124.35 per share. See Note 8 for additional information.

⁽³⁾ This amount represents the cash paid by QXO to settle Beacon's senior secured term loan B facility, senior secured notes, and outstanding line of credit borrowings of \$1.26 billion, \$1.25 billion and \$370.8 million, respectively. Additionally, accrued interest expense of \$30.1 million and a breakage fee of \$37.8 million was paid for early termination of Beacon's debt at the closing of the Beacon Acquisition.

Preliminary Purchase Price Allocation

The Company applied the acquisition method of accounting in accordance with ASC 805, Business Combinations, and recognized assets acquired and liabilities assumed at their fair values as of the effective date of the Beacon Acquisition, with the excess purchase consideration recorded to goodwill. Goodwill reflects the assembled workforce of Beacon as well as operating synergies that are expected to result from the Beacon Acquisition. All preliminary goodwill is not deductible for tax purposes.

The purchase price allocation is preliminary and subject to change. The Company is continuing to obtain information to complete its valuation of certain assets and liabilities, in addition to ensuring all other assets and liabilities and contingencies have been identified and recorded. The Company has estimated the preliminary fair value of assets acquired and liabilities assumed based on information currently available and will continue to adjust those estimates as additional information pertaining to events or circumstances present at the Closing Date becomes available during the measurement period. The Company will reflect measurement period adjustments, if any, in the period in which the adjustments occur, and the Company will finalize its accounting for the Beacon Acquisition within one year of the Closing Date.

The following table presents the preliminary allocation of the purchase price to the assets acquired and liabilities assumed, and a reconciliation to total consideration transferred. The allocation of the purchase price is ongoing, and the Company continues to ascertain the reasonableness of the fair value of the assets acquired and liabilities assumed. Subsequent to the determination of the preliminary purchase price allocation, the Company recorded certain measurement period adjustments based on updated valuations and the related deferred taxes, having a net impact of decreasing goodwill by \$69.7 million.

<i>(in millions)</i>	Preliminary Allocation
Assets:	
Accounts receivable	\$ 1,338.2
Inventories	1,826.1
Vendor rebates receivable	240.2
Income tax receivable	20.1
Prepaid expenses and other current assets	82.3
Property and equipment	688.3
Goodwill	5,068.9
Intangibles	4,130.6
Operating lease right-of-use assets	704.3
Other non-current assets	18.7
Liabilities:	
Accounts payable	(1,163.6)
Accrued expenses	(490.1)
Deferred incomes taxes	(940.3)
Other long-term liabilities	(27.6)
Operating lease liabilities	(670.6)
Finance lease liabilities	(181.5)
Preliminary aggregate acquisition consideration	\$ 10,644.0

The following table presents a summary of intangible assets acquired and the weighted average useful life of these assets:

<i>(in millions, except weighted average useful life)</i>	Preliminary Fair Value	Weighted Average Useful Life in Years
Customer relationships	\$ 3,900.6	10.0
Trade names	230.0	3.0
Total intangible assets acquired	<u>\$ 4,130.6</u>	9.6

The preliminary fair value estimate of the customer relationships intangible asset was determined using the multi-period excess earnings method. The excess earnings methodology is an income approach methodology that estimates the projected cash flows of the business attributable to the customer relationships intangible asset, net of charges for the use of other identifiable assets of the business including working capital, fixed assets and other intangible assets. The preliminary fair value estimate of the trade names intangible asset was determined using the relief-from-royalty method, which presumes the owner of the asset avoids hypothetical royalty payments that would need to be made for the use of the asset if the asset was not owned.

Key inputs used in the discounted cash flow analyses and other areas of judgment include projected financial information, discount rates used to present value future cash flows, attrition rates, royalty rates, economic useful life of assets and tax rates, as relevant, that market participants would consider when estimating fair values.

The Company incurred transaction costs of approximately \$74.8 million related to the Beacon Acquisition. These costs were associated with legal and professional services and were recognized in selling, general and administrative expenses on the condensed consolidated statement of operations.

Unaudited Pro Forma Combined Financial Information

The following unaudited pro forma combined financial information presents the combined results of the Company and Beacon as if the Beacon Acquisition had been completed on January 1, 2024. The unaudited pro forma combined financial information presented below does not give effect to the May 2025 and June 2025 common and preferred (including Mandatory Convertible Preferred Stock) equity financings (as further discussed in Note 6), as these financings were not directly attributable to the Beacon Acquisition. The proceeds from equity financings completed in May 2025 were used to repay indebtedness under the Notes (as defined in Note 9) previously issued as part of financings that were completed to effectuate the Beacon Acquisition. As this repayment of indebtedness was not directly attributable to the Beacon Acquisition, the related reduction in interest expense is not reflected in this unaudited pro forma combined financial information. The unaudited pro forma combined financial information is presented for informational purposes and is not indicative of the results of operations that would have been achieved if the Beacon Acquisition had occurred on January 1, 2024, nor is it indicative of future results.

The following table presents the Company's pro forma combined net sales and net income (loss):

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2025	2024	
Net sales	\$ 2,785.7	\$ 7,342.7	\$ 7,401.7	
Net income (loss)	\$ 63.8	\$ (300.2)	\$ (192.9)	

The unaudited pro forma combined financial information includes, where applicable, adjustments for:

- (i) Acquisition accounting in accordance with ASC 805;
- (ii) Financing transactions directly attributable to the Beacon Acquisition; and
- (iii) Transaction costs incurred by the Company that were directly attributable to the Beacon Acquisition.

These pro forma adjustments are based on available information as of the date hereof and upon assumptions that the Company believes are reasonable to reflect the impact of the Beacon Acquisition on the Company's historical financial information on a supplemental pro forma basis. Adjustments do not include costs related to integration activities, cost savings or synergies that have been or may be achieved by the combined business.

4. Restructuring

Subsequent to the Beacon Acquisition, the Company developed a restructuring plan to streamline and simplify the organization, improve efficiency and reduce costs. As a result of the restructuring plan, the Company recorded \$9.8 million in pre-tax restructuring charges during the three months ended September 30, 2025, comprised of \$7.2 million of severance and employee-related costs associated with corporate workforce optimization and a \$2.6 million stock-based compensation charge associated with the impacted employees. During the nine months ended September 30, 2025, the Company recorded \$82.6 million in pre-tax restructuring charges, comprised of \$42.5 million of severance and employee-related costs associated with corporate workforce optimization and a \$40.1 million stock-based compensation charge associated with the impacted employees. These restructuring charges are reflected in selling, general and administrative expenses on the condensed consolidated statements of operations for the three and nine months ended September 30, 2025, respectively. The severance and employee-related costs were recorded in accrued expenses, while the stock-based compensation charge was reflected as an adjustment to common stock and additional paid-in capital on the condensed consolidated balance sheets. The restructuring charge liability is expected to be paid in full by June 2026.

The following table shows the change in the severance and employee-related restructuring charge liability during the nine months ended September 30, 2025:

(in millions)	September 30, 2025
Restructuring charge liability, beginning of the period	\$ —
Restructuring charges	42.5
Payments	(22.9)
Restructuring charge liability, end of the period	\$ 19.6

Severance and employee-related costs consist primarily of salary continuation benefits, prorated annual incentive compensation, continuation of health care benefits, outplacement services and retention awards issued to certain key employees. Severance and employee-related benefits are determined pursuant to the Company's written severance plans and are recognized when the benefits are determined to be probable of being paid and are reasonably estimable. Retention awards are recognized on a straight-line basis from the communication date to the end of the requisite retention period.

5. Segment Reporting and Geographic Information

Segment Reporting

Operating segments are defined as components of an entity for which separate discrete financial information is available and regularly reviewed by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources to an individual segment and in assessing performance. The Company’s CODM, the Chief Executive Officer, reviews consolidated results of operations to make decisions, therefore the Company views its operations and manages its business as a single operating segment.

The Company’s revenues for its single operating segment are primarily derived from the sale of residential and non-residential roofing products, as well as complementary products, such as siding and waterproofing. The CODM evaluates performance for the Company’s single operating segment and decides how to allocate resources based on the Company’s consolidated net income that is reported in the condensed consolidated statements of operations as net income (loss). The measure of segment assets is reported on the condensed consolidated balance sheets as total assets. These results are used to assess segment performance and determine the compensation of certain employees.

The operating segment financial information regularly reviewed by the CODM, inclusive of assets, revenue, expenses, profit or loss and noncash items are presented on a consolidated basis. Other segment items included in consolidated net income are depreciation, amortization, interest income (expense), net, loss on debt extinguishment, other income, net, and provision for (benefit from) income taxes, which are reflected on the condensed consolidated statements of operations.

The following table presents information regarding the components of revenue, significant segment expenses and consolidated net income (loss) representative of the significant categories regularly provided to the CODM when managing the Company’s one operating segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<i>(in millions)</i>				
Net sales:				
Residential roofing products	\$ 1,351.7	\$ —	\$ 2,281.5	\$ —
Non-residential roofing products	734.0	—	1,269.5	—
Complementary building products	628.5	—	1,054.6	—
Software products and services	14.1	13.1	42.5	42.1
Total net sales	<u>\$ 2,728.3</u>	<u>\$ 13.1</u>	<u>\$ 4,648.1</u>	<u>\$ 42.1</u>
Less:				
Cost of products sold	\$ 2,092.5	\$ 7.6	\$ 3,605.3	\$ 25.1
Selling, general administrative expenses ⁽¹⁾	421.4	25.0	837.4	40.0
Stock-based compensation	31.1	14.0	116.3	14.0
Other segment items	322.7	(50.7)	278.3	(53.7)
Net (loss) income	<u>\$ (139.4)</u>	<u>\$ 17.2</u>	<u>\$ (189.2)</u>	<u>\$ 16.7</u>

⁽¹⁾ Excludes stock-based compensation.

Geographic Information

Net sales in the U.S. accounted for approximately 97% of total net sales for the three and nine months ended September 30, 2025, and approximately 97% of the Company’s long-lived assets were in the U.S. as of September 30, 2025. All of the Company’s net sales were derived from the U.S. for the three and nine months ended September 30, 2024, and all of the Company’s long-lived assets were in the U.S. as of December 31, 2024. The CODM does not review geographic asset information when assessing performance or allocating resources.

6. Equity

Investment Agreement

On April 14, 2024, the Company entered into the Amended and Restated Investment Agreement (the “Investment Agreement”) among the Company, JPE and the other investors party thereto (collectively, the “Investors”), providing for, among other things, an aggregate investment by the Investors of \$1.0 billion in cash in the Company. Pursuant to the Investment Agreement, the Company issued and sold an aggregate of 1,000,000 shares of Convertible Perpetual Preferred Stock, par value \$0.001 per share (the “Convertible Preferred Stock”), which are initially convertible into an aggregate of 219.0 million shares of common stock at an initial conversion price of \$4.566 per share and issued and sold warrants exercisable for an aggregate of 219.0 million shares of common stock (the “Warrants”). The Investment Agreement and related transactions closed on June 6, 2024 (the “Equity Investment”) and generated gross proceeds of \$1.0 billion before deducting fees and offering expenses.

On June 6, 2024, the Company amended its certificate of incorporation to effect an 8:1 reverse stock split with respect to the Company’s common stock (the “Reverse Stock Split”), which reduced the Company’s issued and outstanding share count of common stock from 5.3 million to 0.7 million shares (par value \$0.00001 per share). The Company has recast all share and per-share data and amounts to show the effects of the Reverse Stock Split.

Issuance of Convertible Preferred Stock

On June 6, 2024, under the terms of the Investment Agreement, the Company issued 1.0 million shares of Convertible Preferred Stock. The Convertible Preferred Stock has an initial liquidation preference of \$1,000 per share, for an aggregate initial liquidation preference of \$1.0 billion. The Convertible Preferred Stock is convertible at any time, in whole or in part and from time to time, at the option of the holder thereof into a number of shares of common stock equal to the then-applicable liquidation preference divided by the conversion price, which initially is \$4.566 per share of common stock (subject to customary anti-dilution adjustments). Shares of Convertible Preferred Stock are initially convertible into an aggregate of 219.0 million shares of common stock (after giving effect to the Reverse Stock Split). The Convertible Preferred Stock is not redeemable or subject to any required offer to purchase.

The Convertible Preferred Stock ranks, with respect to dividend rights and distribution of assets upon liquidation, winding-up or dissolution, senior to the Company’s common stock and Mandatory Convertible Preferred Stock (as defined below). Holders of Convertible Preferred Stock will vote together with the holders of the Company’s common stock on an “as-converted” basis on all matters, except as otherwise required by law. In addition, the approval of holders of at least a majority of the outstanding shares of the Convertible Preferred Stock, voting separately as a single class, will be required for certain matters set forth in the Certificate of Designation for the Convertible Preferred Stock.

Dividends on the Convertible Preferred Stock are payable quarterly, when, as and if declared by the Company’s board of directors at the rate per annum of 9% per share on the then-applicable liquidation preference (subject to certain exceptions in the event that the Company pays dividends on shares of its common stock). During the three and nine months ended September 30, 2025, the Company paid \$22.5 million and \$67.5 million, respectively, of dividends to holders of Convertible Preferred Stock. Subsequent to the close of the quarter ended September 30, 2025, the Company paid \$22.5 million of quarterly dividends to holders of Convertible Preferred Stock.

Warrants

The aggregate number of shares of the Company’s common stock subject to the Warrants is 219.0 million shares. The Warrants are exercisable at the option of the holder at any time until June 6, 2034. The Warrants have an exercise price of \$4.566 per share of common stock with respect to 50% of the Warrants, \$6.849 per share of common stock with respect to 25% of the Warrants, and \$13.698 per share of common stock with respect to the remaining 25% of the Warrants.

Each Warrant may be exercised, in whole or in part, at any time or times on or after the issuance date and on or before the expiration date at the election of the holder (in such holder’s sole discretion) by means of a “cashless exercise” in which the holder will be entitled to receive a number of shares of the Company’s common stock equal to the quotient of the product of the Closing Sale Price (as defined in the Warrant Certificate) of a share of the Company’s common stock on the trading day immediately preceding the date on which the holder elects to exercise its Warrant, less the adjusted exercise price, multiplied by the number of shares of the Company’s common stock issuable upon exercise of such Warrant, divided by the aforementioned Closing Sale Price of a share of the Company’s common stock on the trading day immediately preceding the date on which the holder elects to exercise its Warrant.

Private Placements

On June 13, 2024, the Company entered into purchase agreements with certain institutional and accredited investors to issue and sell in a private placement an aggregate of 340.9 million shares of the Company's common stock at a price of \$9.14 per share, and pre-funded warrants (the "Pre-Funded Warrants") to purchase 42.0 million shares of the Company's common stock at a price of \$9.13999 per Pre-Funded Warrant. Each Pre-Funded Warrant has an exercise price of \$0.00001 per share, is exercisable immediately and until the Pre-Funded Warrant is exercised in full. The closing of the private placement was completed on July 19, 2024.

On July 22, 2024, the Company entered into purchase agreements with certain institutional and accredited investors to privately place 67.8 million shares of its common stock at a price of \$9.14 per share. The closing of the private placement was completed on July 25, 2024.

On March 17, 2025, the Company entered into purchase agreements with certain institutional investors to privately place 67.5 million shares of its common stock at a price of \$12.30 per share. The closing of the private placement was contingent upon the completion of the Beacon Acquisition and was completed on April 29, 2025. As a result of the closing, the Company raised \$823.8 million in net proceeds, after deducting offering costs of \$6.8 million, to partially fund the Beacon Acquisition and related costs.

Issuance of Mandatory Convertible Preferred Stock

On May 27, 2025, the Company completed a preferred stock offering, through which QXO issued and sold 11.5 million depositary shares ("Depositary Shares"), each representing a 1/20th interest in a share of the Company's 5.50% Series B Mandatory Convertible Preferred Stock, liquidation preference \$1,000 per share, par value \$0.001 per share (the "Mandatory Convertible Preferred Stock"). The amount issued included 1.5 million Depositary Shares issued pursuant to the exercise in full of the option granted to the underwriters to purchase additional Depositary Shares. The Company received net proceeds from the offering of \$558.1 million, after deducting underwriting discounts, commissions and estimated offering expenses of \$16.9 million.

Dividends

The Mandatory Convertible Preferred Stock will accumulate dividends (which may be paid in cash or, subject to certain limitations, in shares of common stock or in any combination of cash and common stock) at a rate per annum equal to 5.50% on the liquidation preference of \$1,000 per share, payable when, as and if declared by the Company's board of directors (or an authorized committee thereof), on February 15, May 15, August 15 and November 15 of each year, beginning on August 15, 2025 and ending on, and including, May 15, 2028. Given the requirement to pay dividends in any settlement outcome of the Mandatory Convertible Preferred Stock, the Company accrues dividends whether or not they are formally declared by the Company's board of directors. During the three and nine months ended September 30, 2025, the Company paid 6.9 million of dividends to holders of Mandatory Convertible Preferred Stock.

Mandatory Conversion

The following table illustrates the conversion rate per share of the Mandatory Convertible Preferred Stock, subject to certain anti-dilution adjustments, based on the applicable market value of the common stock:

Applicable Market Value of Common Stock	Conversion Rate per Share of Mandatory Convertible Preferred Stock
Greater than \$20.2126 (the "Threshold Appreciation Price")	49.4740 shares of common stock
Equal to or less than the Threshold Appreciation Price but greater than or equal to the Initial Price	Between 49.4740 and 60.6060 shares of common stock, determined by dividing \$1,000 by the applicable market value
Less than \$16.50 (the "Initial Price")	60.6060 shares of common stock

The following table illustrates the conversion rate per Depositary Share, subject to certain anti-dilution adjustments, based on the applicable market value of the common stock:

Applicable Market Value of Common Stock	Conversion Rate per Depositary Share Representing a 1/20th interest in a share of the Mandatory Convertible Preferred Stock
Greater than the Threshold Appreciation Price	2.4737 shares of common stock
Equal to or less than the Threshold Appreciation Price but greater than or equal to the Initial Price	Between 2.4737 and 3.0303 shares of common stock, determined by dividing \$50 by the applicable market value
Less than the Initial Price	3.0303 shares of common stock

Optional Conversion

Other than the occurrence of a fundamental change (as defined in the Company's Certificate of Designations relating to the Mandatory Convertible Preferred Stock) at any time prior to May 15, 2028, a holder of Mandatory Convertible Preferred Stock may elect to convert such holder's shares of Mandatory Convertible Preferred Stock, in whole or in part, at the minimum conversion rate of 49.4740 shares of common stock per share of Mandatory Convertible Preferred Stock (equivalent to 2.4737 shares of common stock per Depositary Share), subject to certain anti-dilution and other adjustments. Because each Depositary Share represents a 1/20th fractional interest in a share of Mandatory Convertible Preferred Stock, a holder of Depositary Shares may convert its Depositary Shares only in lots of 20 Depositary Shares.

Fundamental Change Conversion

If a fundamental change occurs on or prior to May 15, 2028, holders of the Mandatory Convertible Preferred Stock will have the right to convert their shares of Mandatory Convertible Preferred Stock, in whole or in part, into shares of Common Stock at the fundamental change conversion rate during the period beginning on, and including, the effective date of such fundamental change and ending on, and including, the earlier of (a) the date that is 20 calendar days after such effective date (or, if later, the date that is 20 calendar days after holders receive notice of such fundamental change) and (b) May 15, 2028. For the avoidance of doubt, the period described in the immediately preceding sentence may not end on a date that is later than May 15, 2028.

Ranking

The Mandatory Convertible Preferred Stock ranks, with respect to dividend rights and distribution of assets upon liquidation, winding-up or dissolution, (i) senior to the Company's common stock and each other class or series of capital stock, whether outstanding or established after the date of issuance of the Mandatory Convertible Preferred Stock, the terms of which do not expressly provide that it ranks senior to or on a parity with the Mandatory Convertible Preferred Stock as to payment of dividends and distribution of assets upon liquidation, winding-up or dissolution, and (ii) junior to the Convertible Preferred Stock. The Mandatory Convertible Preferred Stock ranks on a parity with or junior to each class or series of capital stock, the terms of which expressly provide for a pari passu or senior ranking, respectively, relative to the Mandatory Convertible Preferred Stock.

Voting Rights

Holders of Mandatory Convertible Preferred Stock will not have voting rights, except with respect to issuances of securities senior to the Mandatory Convertible Preferred Stock, amendments to the Company's Fifth Amended and Restated Certificate of Incorporation that would materially and adversely affect the rights of the holders of Mandatory Convertible Preferred Stock, or in the event of a merger, consolidation, exchange or reclassification involving the Mandatory Convertible Preferred Stock, or non-payment of dividends for six consecutive quarters.

Registered Equity Offerings

In April 2025, the Company sold 37.7 million shares of the Company's common stock in an underwritten public offering at a price of \$13.25 per share. The closing of the equity offering was completed on April 21, 2025 and the Company raised \$487.9 million in net proceeds from the equity offering, after deducting offering costs of \$12.1 million. The Company also granted the underwriters in the public offering an option to purchase up to an additional 5.7 million shares of the Company's common stock at a price of \$13.25 per share less underwriting discounts and commissions. On May 5, 2025, the option was partially exercised with respect to 4.0 million shares resulting in an additional \$51.8 million of net proceeds.

In May 2025, the Company sold 48.5 million shares of the Company's common stock in an underwritten public offering at a price of \$16.50 per share. The Company also granted the underwriters in the public offering an option to purchase up to an additional 7.3 million shares of the Company's common stock at a price of \$16.50 per share less underwriting discounts and commissions. On May 21, 2025, the option was exercised in full. The closing of the equity offering was completed on May 23, 2025 and the Company raised \$892.5 million in net proceeds from the equity offering, after deducting offering costs of \$27.5 million.

In June 2025, the Company sold 89.9 million shares of the Company's common stock in an underwritten public offering at a price of \$22.25 per share. The closing of the equity offering was completed on June 26, 2025 and the Company raised \$1.96 billion in net proceeds from the equity offering, after deducting offering costs of \$37.6 million. The Company also granted the underwriters in the public offering a 30-day option to purchase up to an additional 13.5 million shares of the Company's common stock at a price of \$22.25 per share less underwriting discounts and commissions. On July 24, 2025, the option was partially exercised with respect to 1.7 million shares resulting in an additional \$38.1 million of net proceeds. The remaining option to purchase additional shares expired unexercised at the end of the 30-day period.

7. Earnings (Loss) Per Common Share

Basic earnings (loss) per common share is computed using the two-class method, which is an earnings allocation method that determines earnings (loss) per share for common shares and participating securities. Basic net income (loss) per share is calculated by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common share equivalents or the conversion of the Company's Convertible Preferred Stock and Mandatory Convertible Preferred Stock. The weighted-average number of common shares outstanding used in the basic and diluted net loss per share calculation include the Pre-Funded Warrants as the Pre-Funded Warrants are exercisable at any time for nominal consideration. Common share equivalents consist of the incremental common shares issuable upon the exercise of stock options and vesting of restricted stock unit awards.

Diluted net income (loss) per common share is calculated by utilizing the most dilutive result of the if-converted and two-class methods. In both methods, net income (loss) attributable to common stockholders and the weighted-average common shares outstanding are adjusted to account for the impact of the assumed issuance of potential common shares that are dilutive, subject to dilution sequencing rules.

The following table presents the components and calculations of basic and diluted net income (loss) per common share attributable to common stockholders:

<i>(in millions, except per share amounts; certain amounts may not recalculate due to rounding)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Basic and diluted earnings (loss) per common share computation:				
Net (loss) income	\$ (139.4)	\$ 17.2	\$ (189.2)	\$ 16.7
Less: Convertible Preferred Stock dividend	(22.5)	(22.5)	(67.5)	(28.5)
Less: Mandatory Convertible Preferred Stock dividend	(7.9)	—	(11.0)	—
Less: Undistributed earnings allocated to participating securities	—	—	—	—
Net (loss) attributable to common shareholders	\$ (169.8)	\$ (5.3)	\$ (267.7)	\$ (11.8)
Weighted-average common shares	673.3	325.0	536.1	109.6
Weighted average Pre-Funded Warrants	42.0	33.8	42.0	11.3
Total weighted-average common shares outstanding	715.3	358.8	578.1	120.9
Basic and diluted loss per common share	\$ (0.24)	\$ (0.01)	\$ (0.46)	\$ (0.10)

The following table includes the number of shares that may be dilutive common shares in the future. These shares were not included in the computation of diluted net income (loss) per common share because the effect was either anti-dilutive or the requisite performance conditions were not met:

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Convertible Preferred Stock	219.0	219.0	219.0	219.0
Mandatory Convertible Preferred Stock	28.4	—	33.8	—
Warrants	219.0	219.0	219.0	219.0
Stock-based awards	29.4	21.7	29.4	21.7
Total potential dilutive securities not included in loss per common share	495.8	459.7	501.2	459.7

8. Stock-based Compensation

At the special meeting of the Company's stockholders on May 30, 2024, the stockholders approved the QXO, Inc. 2024 Omnibus Incentive Plan (the "2024 Plan"). The 2024 Plan provides for the grant of options intended to qualify as incentive stock options ("ISOs"), nonqualified stock options ("NSOs"), stock appreciation rights ("SARs"), restricted share awards, RSUs, PRSUs, cash incentive awards, deferred share units and other equity-based and equity-related awards, as well as cash-based awards.

Subject to adjustment for changes in capitalization, the maximum aggregate number of shares of common stock that may be delivered pursuant to awards granted under the 2024 Plan shall be equal to 30,000,000 (the "Plan Share Limit"), of which 30,000,000 shares of common stock may be delivered pursuant to ISOs granted under the 2024 Plan (such amount, the "Plan ISO Limit"). The Company may act prior to the first day of any calendar year to provide that there shall be no increase in the Plan Share Limit for such calendar year or that the increase in the Plan Share Limit for such calendar year shall be a lesser number of shares than would otherwise occur. The 2024 Plan provides that the Plan Share Limit shall automatically increase on January 1 of each calendar year commencing on January 1, 2025 and ending on January 1, 2034 in an amount equal to three percent (3%) of the sum of: i) the number of shares of common stock outstanding as of December 31 of the preceding calendar year, and ii) the number of shares of common stock into which the Convertible Preferred Stock outstanding on December 31 of the preceding calendar year are convertible. The Compensation and Talent Committee took no action to alter the automatic increase effective January 1, 2025 in the Plan Share Limit under the 2024 Plan. The automatic renewal increased the Plan Share Limit to 27.0 million shares for the calendar year commencing on January 1, 2025.

As part of the Beacon Acquisition, the Company assumed the remaining shares authorized and available for future issuance under the Beacon Roofing Supply, Inc. 2024 Stock Plan into the 2024 Plan as of the Closing Date (the "Converted Beacon Stock Plan"), which was adjusted based on the equity award exchange ratio discussed below and subject to certain regulatory limits. As a result, 21.5 million additional shares were added to the 2024 Plan's Plan Share Limit as of the Closing Date and may only be used to grant equity awards to employees that were former Beacon employees on the Closing Date or QXO employees hired after the Closing Date. A portion of the additional shares were used to grant the Converted RSUs and Converted NSOs (as defined and further discussed below).

As of September 30, 2025, there were 33.2 million additional shares of the Company's common stock reserved for future issuance under the 2024 Plan.

Beacon Equity Awards

On the Closing Date of the Beacon Acquisition, the Company converted outstanding Beacon stock-based incentive awards issued to Beacon employees under the Beacon Roofing Supply, Inc. 2024 Stock Plan at a 9.8380 equity award exchange ratio. In accordance with the terms of the Merger Agreement, the equity award exchange ratio was determined as the Merger Consideration divided by the volume-weighted average closing sale price of one share of QXO's common stock for the five consecutive trading days ended April 28, 2025 of \$12.64 per share.

Employee-held outstanding Beacon RSUs were converted into corresponding QXO RSUs, subject to the same service-based vesting terms as immediately prior to the Beacon Acquisition. All RSUs held by a non-employee member of the board of directors of Beacon, whether vested or unvested, were accelerated in full and cancelled in exchange for a cash payment equal to the product of (i) the Merger Consideration and (ii) the number of Beacon shares underlying such RSUs. Each outstanding Beacon PRSU was also converted into QXO RSUs, with the performance-based vesting condition deemed satisfied at target and the resulting award subject solely to time-based vesting (collectively, the "Converted RSUs"). All outstanding stock option awards were converted into corresponding QXO NSOs (the "Converted NSOs"). The exercise price of Converted NSOs was adjusted using the equity award exchange ratio such that the award holders maintained the same economic benefit as of the Closing Date.

The total fair value of the Converted RSUs and Converted NSOs was \$176.8 million as of the Beacon Acquisition's Closing Date, of which \$87.5 million was related to pre-combination expense and was included as a component of purchase price. The remaining fair value of \$89.3 million relates to post-combination expense, of which \$1.7 million and \$39.2 million was accelerated and recognized during the three and nine months ended September 30, 2025, respectively, in connection with the Company's restructuring plan to streamline and simplify the organization, improve efficiency and reduce costs. As of September 30, 2025, the future unrecognized stock-based compensation expense related to the outstanding Converted RSUs was \$31.3 million, which will be recognized over a remaining service period of 1.4 years. As of September 30, 2025, the future unrecognized stock-based compensation expense related to the outstanding Converted NSOs was \$1.0 million, which will be recognized over a remaining service period of 1.0 years.

Converted NSOs

Converted NSOs generally expire 10 years after the grant date and, except under certain conditions, the options are subject to continued employment and vest in three annual installments over the three-year period following the grant date. During the nine months ended September 30, 2025, the Company issued 5.1 million of Converted NSOs with a weighted average exercise price of \$5.04, of which 3.7 million were exercised during the period at a weighted average exercise price of \$5.02.

RSUs

The Company grants RSUs which vest subject to the employee's continued employment with the Company through the applicable vesting date.

The following table summarizes the activity related to the Company's RSUs for the nine months ended September 30, 2025:

<i>(in millions, except for weighted average grant date fair value)</i>	Number of RSUs	Weighted Average Grant Date Fair Value
Balance at beginning of period	13.5	\$ 11.57
Granted	1.5	\$ 17.44
Converted RSUs	9.7	\$ 13.23
Vested	(4.6)	\$ 13.12
Forfeited	(0.9)	\$ 12.86
Balance at end of period	19.2	\$ 12.41

The following table summarizes additional information regarding RSUs:

	Nine Months Ended September 30,	
	2025	2024
Weighted-average fair value per share of RSUs granted and converted	\$ 13.80	\$ 11.52
Total grant date fair value of RSUs vested	\$ 61.5	\$ —
Total intrinsic value of RSUs released	\$ 78.2	\$ —

As of September 30, 2025, total unrecognized stock-based compensation expense related to unvested RSUs was \$171.3 million and is expected to be recognized over a weighted-average period of 3.6 years.

PRSUs

The Company grants PRSUs which include a service-based vesting condition and a market condition for exercisability. The service condition is subject to the employee's continued employment with the Company through the applicable vesting date. The vesting of certain PRSUs is also subject to achievement of performance goals relating to the Company's total stock return compared to the total stock return ranking of each company that is in the S&P 500 index. The performance goals for a portion of the PRSUs will be measured over a cumulative performance period ending on December 31, 2028, and the performance goals for the remainder of the PRSUs will be measured based on designated performance periods that occur within such cumulative period.

The following table summarizes the market-based conditions:

Percentile Position vs. S&P 500 Index Companies	Units Earned as a Percentage of Target
Below 55th Percentile	— %
55th Percentile	100 %
65th Percentile	150 %
75th Percentile	175 %
80th Percentile	200 %
90th Percentile	225 %

The following table summarizes the activity related to the Company's PRSUs for the nine months ended September 30, 2025:

<i>(in millions, except for weighted average grant date fair value)</i>	Number of PRSUs	Weighted Average Grant Date Fair Value
Balance at beginning of period	8.4	\$ 20.24
Granted	0.4	\$ 18.66
Balance at end of period	8.8	\$ 20.17

As of September 30, 2025, total unrecognized stock-based compensation expense related to unvested PRSUs was \$116.4 million and is expected to be recognized over a weighted-average period of 3.0 years.

The fair value of PRSUs with a market condition is determined on the date of grant using a Monte Carlo model to simulate total stockholder return for the Company and peer companies. The following weighted-average assumptions were used in the Monte Carlo model in determining the fair value of PRSUs granted during the nine months ended September 30, 2025 and 2024:

	Nine Months Ended September 30,	
	2025	2024
Performance period	3.66 years	4.42 years
Risk-free interest rate	3.8 %	4.0 %
Expected volatility	42.3 %	40.0 %
Dividend yield	— %	— %

The risk-free interest rate is based on the U.S. Treasury yield curve with a term equal to the expected term of the PRSU in effect at the time of grant. Expected volatility is based on historical volatility of the stock of the Company's peer industry group.

The RSUs and PRSUs may vest in whole or in part before the applicable vesting date if the grantee's employment is terminated by the Company without cause or by the grantee with good reason (as defined in the grant agreement), upon death or disability of the grantee or in the event of a change in control of the Company. Upon vesting, the RSUs and PRSUs result in the issuance of shares of the Company's common stock. The holders of the RSUs and PRSUs do not have the rights of a stockholder and do not have voting rights until shares are issued and delivered in settlement of the awards.

Stock-Based Compensation Expense

Stock-based compensation expense is included within selling, general and administrative expenses in the condensed consolidated statements of operations. The Company recognized stock-based compensation expense as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<i>(in millions)</i>				
NSOs	\$ 0.4	\$ —	\$ 8.2	\$ —
RSUs	17.2	5.1	68.8	5.1
PRSUs	13.5	8.9	39.3	8.9
Total stock-based compensation expense	<u>\$ 31.1</u>	<u>\$ 14.0</u>	<u>\$ 116.3</u>	<u>\$ 14.0</u>

9. Debt

The following table summarizes all outstanding debt:

	As of		
	September 30, 2025		
	Principal Balance	Carrying Value	Fair Value
<i>(in millions)</i>			
Revolving Lines of Credit			
ABL Facility ⁽¹⁾	\$ 43.0	\$ 43.0	\$ 43.0
Borrowings under revolving lines of credit	<u>\$ 43.0</u>	<u>\$ 43.0</u>	<u>\$ 43.0</u>
Long-term Debt, net			
Term Loan Facility ⁽²⁾	\$ 850.0	\$ 824.0	\$ 857.4
Notes ⁽³⁾	2,250.0	2,228.9	2,331.6
Long-term debt, net	<u>\$ 3,100.0</u>	<u>\$ 3,052.9</u>	<u>\$ 3,189.0</u>

⁽¹⁾ Effective rate on borrowings of 5.69% as of September 30, 2025.

⁽²⁾ Interest rate of 7.16% as of September 30, 2025.

⁽³⁾ Interest rate of 6.75% as of September 30, 2025.

The Company did not have any outstanding debt as of December 31, 2024.

As of September 30, 2025, all outstanding debt was classified as Level 2 in the fair value hierarchy. The fair values of QXO Building Products' Notes and Term Loan Facility were based upon recent trading prices. The fair value of QXO Building Products' ABL Facility approximated its carrying value and is primarily based upon observable market data, such as market interest rates, for similar debt.

Senior Secured Notes

On April 29, 2025, Merger Sub (the “Issuer”) completed the issuance and sale of \$2.25 billion in aggregate principal amount of 6.75% Senior Secured Notes due 2032 (the “Notes”). The Notes were issued pursuant to an Indenture, dated as of April 29, 2025 (as supplemented, the “Indenture”), and, upon consummation of the Beacon Acquisition, QXO Building Products assumed the obligations under the Notes and the Indenture and certain of QXO Building Products’ subsidiaries (collectively, the “Subsidiary Guarantors”) guaranteed QXO Building Products’ obligations under the Notes and the Indenture. The Notes are secured by first-priority liens on substantially all assets of the Issuer and the Subsidiary Guarantors, other than the ABL Priority Collateral (as defined below) (the “Notes Priority Collateral”) and by second-priority liens on substantially all of the Issuer’s and the Subsidiary Guarantors’ inventory, receivables and related assets (the “ABL Priority Collateral”), in each case, subject to certain exceptions and permitted liens. The Notes will mature on April 30, 2032. Interest on the Notes accrues at 6.75% per annum and will be paid semi-annually, in arrears, on April 30 and October 30 of each year, beginning October 30, 2025. Proceeds from the Notes were used to partially fund the Beacon Acquisition and related transaction expenses.

On or after April 30, 2028, the Issuer may redeem the Notes at its option, in whole at any time or in part from time to time, at the redemption prices set forth in the Indenture. In addition, prior to April 30, 2028, the Issuer may redeem the Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus a “make-whole” premium and accrued and unpaid interest, if any. Notwithstanding the foregoing, at any time prior to April 30, 2028, the Issuer may also redeem up to 50% of the aggregate principal amount of the Notes with funds in an aggregate amount not to exceed the net cash proceeds from certain equity offerings at a redemption price equal to 106.75% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any. In addition, prior to April 30, 2028, the Issuer may redeem during each twelve-month period up to 10% of the original aggregate principal amount of the Notes at a redemption price equal to 103%, plus accrued and unpaid interest, if any.

The Indenture includes customary affirmative and negative covenants with respect to the Issuer and its restricted subsidiaries. These covenants are subject to a number of important qualifications and exceptions. Additionally, upon the occurrence of specified change of control events, the Issuer must offer to repurchase the Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the purchase date. The Indenture also provides for customary events of default. As of September 30, 2025, the Issuer and its restricted subsidiaries were in compliance with these covenants.

Debt issuance costs of \$22.2 million related to the Notes were capitalized and are being amortized over the term of the financing arrangement.

As of September 30, 2025, the outstanding balance on the Notes, net of \$21.1 million of unamortized debt issuance costs, was \$2.23 billion.

Term Loan Facility

On April 29, 2025, Merger Sub, as initial borrower, entered into a Term Loan Credit Agreement (the “Term Loan Credit Agreement”) with Queen HoldCo, LLC (“Holdings”), the lenders party thereto and Goldman Sachs Bank USA, as administrative agent, which provides for senior secured financing consisting of a term loan facility (the “Term Loan Facility”) in an aggregate principal amount of \$2.25 billion. Upon the consummation of the Beacon Acquisition, QXO Building Products entered into a joinder to the Term Loan Credit Agreement as the surviving borrower (the “Borrower”). The facility matures on April 30, 2032. Proceeds from the Term Loan Facility were used to partially fund the Beacon Acquisition and related transaction expenses.

Borrowings under the Term Loan Facility bear interest at variable rates based on Term SOFR or a base rate, in each case plus an applicable margin. The facility requires scheduled quarterly amortization payments in an annual amount equal to 1.0% of the original principal amount of borrowings under the Term Loan Facility, with the remaining balance due at maturity. The Term Loan Facility also requires the Borrower to make certain mandatory prepayments. The Borrower can make voluntary prepayments at any time without penalty, except in connection with a repricing event in respect of the Term Loan Facility, subject to customary breakage costs. Any refinancing through the issuance of certain debt or any repricing amendment, in either case, that constitutes a “repricing event” applicable to the term loans resulting in a lower yield occurring at any time during the first six months after the closing date of the Term Loan Facility will be accompanied by a 1.00% prepayment premium or fee, as applicable.

The Term Loan Facility is unconditionally guaranteed by Holdings on a limited-recourse basis and secured by a first-priority lien on the equity interests of the Borrower held by Holdings. The Term Loan Facility is also guaranteed by each Subsidiary Guarantor and secured by a first-priority lien with respect to the Notes Priority Collateral and a second-priority lien with respect to the ABL Priority Collateral. The Term Loan Facility is secured on a ratable basis with the Notes with respect to the Notes Priority Collateral and the ABL Priority Collateral.

The Term Loan Credit Agreement includes customary affirmative and negative covenants with respect to the Borrower and its restricted subsidiaries. These covenants are subject to a number of important qualifications and exceptions. The Term Loan Credit Agreement contains certain customary events of default, including relating to a change of control. As of September 30, 2025, the Borrower and its restricted subsidiaries were in compliance with these covenants.

The principal amount of borrowing under the Term Loan Facility was reduced by an original issue discount (“OID”) of 1%. OID costs of \$22.5 million and debt issuance costs of \$50.9 million related to the Term Loan Facility were capitalized and are being amortized over the term of the financing arrangement.

On May 29, 2025, the Borrower made a voluntary principal prepayment of \$1.40 billion under the Term Loan Facility. As a result, the Borrower was relieved of its obligation to make quarterly amortization payments in an annual amount equal to 1.0% of the original principal amount of borrowings under the Term Loan Facility. Additionally, as a result of the principal prepayment, the Borrower recognized a loss on debt extinguishment of \$45.7 million comprised of \$14.0 million of unamortized OID and \$31.7 million of unamortized debt issuance costs related to the Term Loan Facility, which were separately recognized on the condensed consolidated statements of operations.

As of September 30, 2025, the outstanding balance on the Term Loan Facility, net of \$8.0 million of unamortized OID costs and \$18.0 million of unamortized debt issuance costs, was \$824.0 million.

On November 5, 2025, the Borrower amended the Term Loan Credit Agreement in order to refinance the Term Loan Facility. The refinancing reduces the applicable margin for borrowings under the Term Loan Facility from 3.00% to 2.00% for Term SOFR borrowings and from 2.00% to 1.00% for base rate borrowings.

ABL Credit Agreement

On April 29, 2025, Merger Sub, as initial borrower, entered into the Asset-Based Revolving Credit Agreement (the “ABL Credit Agreement”), with Holdings, the lenders party thereto and Citibank, N.A., as administrative agent and collateral agent, which provides for an asset-based revolving credit facility (the “ABL Facility” and, together with the Term Loan Facility, the “Credit Facilities”), with an aggregate borrowing availability equal to the lesser of \$2.0 billion, and the borrowing base. Upon the consummation of the Beacon Acquisition, the Borrower entered into a joinder to the ABL Credit Agreement as the surviving borrower. The ABL Facility matures on April 29, 2030. Based on the Borrower’s borrowing base as of September 30, 2025, the Borrower had \$1.93 billion borrowing capacity under the ABL Facility.

Borrowings under the ABL Facility bear interest at a rate equal to, at the Borrower’s option, either (a) (x) Term SOFR determined by reference to the secured overnight financing rate published by the Federal Reserve Bank of New York, which rate shall be no less than zero or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50% per annum, (ii) the prime rate quoted by the Wall Street Journal as the “Prime Rate” and (iii) the sum of one-month adjusted Term SOFR plus 1.00% per annum, which base rate shall be no less than 1.00%, or (y) with respect to borrowings of Canadian dollars, Term CORRA determined by reference to the interbank offered rate administered by the CORRA Administrator, which rate shall be no less than zero, in each case plus an applicable margin based on excess availability set forth in the ABL Credit Agreement. The Borrower is also required to pay a commitment fee equal to 0.20% per annum (depending on the average utilization of the commitments) to the lenders under the ABL Facility in respect of the unutilized commitments thereunder. The Borrower can make voluntary prepayments at any time without penalty, subject to customary breakage costs.

The ABL Facility (and at the Borrower’s option certain hedging, cash management and bank product obligations secured under the ABL Facility) is unconditionally guaranteed by Holdings on a limited-recourse basis and secured by a second-priority lien on the equity interests of the Borrower held by Holdings. The ABL Facility is also guaranteed by each Subsidiary Guarantor and secured by a second-priority lien with respect to the Notes Priority Collateral and a first-priority lien with respect to the ABL Priority Collateral.

The ABL Credit Agreement includes customary affirmative and negative covenants with respect to the Borrower and its restricted subsidiaries. These covenants are subject to a number of important qualifications and exceptions. The ABL Credit Agreement contains certain customary events of default, including relating to a change of control. As of September 30, 2025, the Borrower and its restricted subsidiaries were in compliance with these covenants.

The ABL Facility requires that the Borrower, commencing on or after the last day of the first full fiscal quarter ending after the closing date of the ABL Facility, maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 at any time that availability is less than the greater of (x) \$120 million and (y) 10% of the lesser of (i) the borrowing base at such time and (ii) the aggregate amount of ABL Facility commitments at such time.

Debt issuance costs of \$18.8 million related to the ABL Facility were capitalized and are being amortized ratably over the term of the financing arrangement. The debt issuance costs related to the ABL Facility are presented as an asset, included in other assets, on the condensed consolidated balance sheets. As of September 30, 2025, there were \$17.2 million of unamortized debt issuance costs related to the ABL Facility.

As of September 30, 2025, the outstanding balance on the ABL Facility was \$43.0 million. The Borrower and its restricted subsidiaries also had \$21.2 million in outstanding standby letters of credit issued under the ABL Facility as of September 30, 2025.

Other Information

As of September 30, 2025, principal payments on outstanding debt mature after December 31, 2029.

Under the terms of the ABL Facility, the Term Loan Facility and the Notes, QXO Building Products is limited in making certain restricted payments, including dividends on its common stock. Based on the provisions in the respective debt agreements and given the Company's intention to not pay common stock dividends in the foreseeable future, the Company does not believe that the restrictions are significant.

10. Leases

The Company primarily operates in leased facilities, which are accounted for as operating leases. The real estate leases expire between 2025 and 2037. The Company also leases equipment such as trucks and forklifts. Equipment leases are accounted for as either operating or finance leases. The equipment leases expire between 2025 and 2032.

The following table presents components of lease costs recognized in the condensed consolidated statements of operations:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Operating lease costs	\$ 41.6	\$ 0.1	\$ 71.0	\$ 0.2
Finance lease costs:				
Amortization of right-of-use assets	11.9	—	19.6	0.1
Interest on lease obligations	2.9	—	4.9	—
Variable lease costs	4.9	—	8.1	—
Total lease costs	<u>\$ 61.3</u>	<u>\$ 0.1</u>	<u>\$ 103.6</u>	<u>\$ 0.3</u>

The following table presents supplemental cash flow information related to the Company's leases:

(in millions)	Nine Months Ended September 30,	
	2025	2024
Cash paid for amounts included in measurement of lease obligations:		
Operating cash outflows from operating leases	\$ 66.7	\$ 0.2
Operating cash outflows from finance leases	\$ 4.9	\$ —
Financing cash outflows from finance leases	\$ 18.5	\$ 0.2
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 21.6	\$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 21.2	\$ —

As of September 30, 2025, the Company's operating leases had a weighted-average remaining lease term of 6.2 years and a weighted-average discount rate of 6.29%, and the Company's finance leases had a weighted-average remaining lease term of 4.2 years and a weighted-average discount rate of 6.52%.

The following table summarizes future lease payments for each of the next five years ending December 31 and thereafter:

(in millions)	Operating Leases	Finance Leases
2025 (October - December)	\$ 27.3	\$ 14.2
2026	158.3	56.9
2027	143.0	51.9
2028	125.1	40.6
2029	105.1	27.6
Thereafter	264.4	20.7
Total future lease payments	<u>823.2</u>	<u>211.9</u>
Imputed interest	(149.8)	(26.8)
Total lease liabilities	<u>\$ 673.4</u>	<u>\$ 185.1</u>

11. Commitments and Contingencies

Various legal claims arise from time to time in the normal course of business. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

The Company believes that it has adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable, and does not believe that the ultimate resolution of any matters to which it is presently a party will have a material adverse effect on the Company's results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

In addition, the Company has received certain demand letters from stockholders pertaining to disclosures made by the Company in connection with the Beacon Acquisition, which the Company does not believe are material, individually or in the aggregate.

12. Income Taxes

The Company's interim provision for income taxes is determined based on its annual estimated effective tax rate, applied to the actual year-to-date income, and adjusted for the tax effects of any discrete items. The Company's effective tax rate for the nine months ended September 30, 2025, excluding discrete items, was 14.1%, compared to 25.9% for the nine months ended September 30, 2024. The Company's effective tax rates for the nine months ended September 30, 2025 and 2024 were based on the U.S. federal statutory tax rate of 21% and state jurisdictional income tax rates, adjusted for permanent items including compensation above \$1 million, inclusive of equity awards, paid to covered employees under Internal Revenue Code Section 162(m) and non-deductible transaction costs due to the Beacon Acquisition, coupled with the pre-tax loss during the nine months ended September 30, 2025.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law. The OBBBA includes provisions that include the restoration of favorable tax treatment for certain business provisions, the permanent extension of expiring provisions of the Tax Cuts and Jobs Act and modifications to the international tax framework. There are multiple effective dates beginning in 2025 through 2027. The Company is currently evaluating the impact of the OBBBA on its consolidated financial statements.

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

Our unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the unaudited condensed consolidated financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our unaudited condensed consolidated financial statements would be affected to the extent that there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management’s judgment in its application. There are also areas in which management’s judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and notes appearing elsewhere in this report.

Overview

Prior to the Beacon Acquisition (as defined below), QXO, Inc. (“QXO”, “we”, “our”, or the “Company”) was primarily a technology solutions and professional services company, providing critical software applications, consulting and other professional services, including specialized programming, training and technical support to small and mid-size companies in the manufacturing, distribution and services industries.

Beacon Acquisition

On March 20, 2025, QXO entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Beacon Roofing Supply, Inc., a Delaware corporation (“Beacon”), and Queen MergerCo, Inc., a Delaware corporation and wholly owned subsidiary of QXO (“Merger Sub”), pursuant to which QXO agreed to acquire Beacon for a purchase price of \$124.35 per share of common stock (the “Merger Consideration”) of Beacon (the “Beacon Acquisition”). On April 29, 2025 (the “Closing Date”), pursuant to the Merger Agreement, Merger Sub merged with and into Beacon, with Beacon remaining as the surviving entity and being renamed QXO Building Products, Inc. (“QXO Building Products”), and the Company completed its acquisition of Beacon in a transaction that valued Beacon at \$10.6 billion.

As a result of the Beacon Acquisition, QXO has transitioned to a building products distribution company and is the largest publicly-traded distributor of roofing, waterproofing, and complementary building products in North America. We plan to become the tech-enabled leader in the \$800 billion building products distribution industry and generate outsized value for shareholders. We are executing our strategy toward a target of \$50 billion in annual revenues within the next decade through accretive acquisitions and organic growth.

Results of Consolidated Operations

The following tables set forth our results of operations for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

(in millions)	Three Months Ended September 30,		% of net sales ⁽¹⁾		Nine Months Ended September 30,		% of net sales ⁽¹⁾	
	2025	2024	2025	2024	2025	2024	2025	2024
Net sales	\$ 2,728.3	\$ 13.1	100.0 %	100.0 %	\$ 4,648.1	\$ 42.1	100.0 %	100.0 %
Cost of products sold	2,092.5	7.6	76.7 %	58.0 %	3,605.3	25.1	77.6 %	59.6 %
Gross profit	635.8	5.5	23.3 %	42.0 %	1,042.8	17.0	22.4 %	40.4 %
Operating expense:								
Selling, general and administrative	452.5	39.0	16.6 %	297.7 %	953.7	54.0	20.5 %	128.3 %
Depreciation	39.7	—	1.5 %	0.0 %	67.0	0.2	1.4 %	0.5 %
Amortization	117.8	0.2	4.3 %	1.5 %	197.8	0.6	4.3 %	1.4 %
Total operating expense	610.0	39.2	22.4 %	299.2 %	1,218.5	54.8	26.2 %	130.2 %
Income (loss) from operations	25.8	(33.7)	0.9 %	(257.3)%	(175.7)	(37.8)	(3.8)%	(89.8)%
Interest (expense) income, net	(37.7)	57.0	(1.4)%	435.1 %	(11.3)	60.4	(0.2)%	143.5 %
Loss on debt extinguishment	—	—	0.0 %	0.0 %	(45.7)	—	(1.0)%	0.0 %
Other income, net	1.4	—	0.1 %	0.0 %	3.1	—	0.1 %	0.0 %
(Loss) income before provision for income taxes	(10.5)	23.3	(0.4)%	177.9 %	(229.6)	22.6	(4.9)%	53.7 %
Provision for (benefit from) income taxes	128.9	6.1	4.7 %	46.6 %	(40.4)	5.9	(0.9)%	14.0 %
Net (loss) income	\$ (139.4)	\$ 17.2	(5.1)%	131.3 %	\$ (189.2)	\$ 16.7	(4.1)%	39.7 %

⁽¹⁾ Percent of net sales may not foot due to rounding.

Three and Nine Months Ended September 30, 2025 Compared with Three and Nine Months Ended September 30, 2024

Net Sales

The following table summarizes net sales by line of business for the periods presented:

(in millions, except percentages)	Three Months Ended September 30,		% of net sales	
	2025	2024	2025	2024
Residential roofing products	\$ 1,351.7	\$ —	49.6%	0.0%
Non-residential roofing products	734.0	—	26.9%	0.0%
Complementary building products	628.5	—	23.0%	0.0%
Software products and services	14.1	13.1	0.5%	100.0%
Total net sales	<u>\$ 2,728.3</u>	<u>\$ 13.1</u>	<u>100.0%</u>	<u>100.0%</u>

Net sales for the three months ended September 30, 2025 increased to \$2.73 billion compared to \$13.1 million for the three months ended September 30, 2024. The increase in net sales was primarily driven by the Beacon Acquisition as Beacon's net sales are included in net sales for the three months ended September 30, 2025.

The following table summarizes net sales by line of business for the periods presented:

(in millions)	Nine Months Ended September 30,		% of net sales	
	2025	2024	2025	2024
Residential roofing products	\$ 2,281.5	\$ —	49.1%	0.0%
Non-residential roofing products	1,269.5	—	27.3%	0.0%
Complementary building products	1,054.6	—	22.7%	0.0%
Software products and services	42.5	42.1	0.9%	100.0%
Total net sales	<u>\$ 4,648.1</u>	<u>\$ 42.1</u>	<u>100.0%</u>	<u>100.0%</u>

Net sales for the nine months ended September 30, 2025 increased to \$4.65 billion compared to \$42.1 million for the nine months ended September 30, 2024. The increase in net sales was primarily driven by the Beacon Acquisition as Beacon's net sales for the period April 29, 2025 through September 30, 2025 are included in net sales for the nine months ended September 30, 2025.

Cost of Products Sold

Cost of products sold for the three months ended September 30, 2025 increased to \$2.09 billion, up from \$7.6 million for the three months ended September 30, 2024. The comparative increase was primarily due to higher cost of products sold associated with increased net sales as a result of the Beacon Acquisition. Cost of products sold was also negatively impacted by the inventory fair value adjustments as a result of recording Beacon's inventory at fair value on the acquisition date.

Cost of products sold for the nine months ended September 30, 2025 increased to \$3.61 billion, up from \$25.1 million for the nine months ended September 30, 2024. The comparative increase was primarily due to higher cost of products sold associated with increased net sales as a result of the Beacon Acquisition. Cost of products sold was also negatively impacted by the inventory fair value adjustments as a result of recording Beacon's inventory at fair value on the acquisition date.

Selling, General and Administrative ("SG&A") Expense

SG&A expense for the three months ended September 30, 2025 increased to \$452.5 million, up from \$39.0 million for the three months ended September 30, 2024. The increase in SG&A expense was primarily driven by costs incurred to support the ongoing operations of our business subsequent to the Beacon Acquisition as well as incremental costs of \$23.2 million related to our transformation efforts, which are directed at simplifying, streamlining, and optimizing the Company's operations. The increase in SG&A expense was also attributable to an increase in stock-based compensation expense of \$17.1 million.

SG&A expense for the nine months ended September 30, 2025 increased to \$953.7 million, up from \$54.0 million for the nine months ended September 30, 2024. The increase in SG&A expense was primarily driven by costs incurred to support the ongoing operations of our business subsequent to the Beacon Acquisition as well as increases in stock-based compensation expense of \$102.3 million, acquisition-related transaction costs of \$71.7 million and restructuring charges of \$39.7 million.

Depreciation Expense

Depreciation expense was \$39.7 million for the three months ended September 30, 2025, compared to a de minimis amount of depreciation expense for the three months ended September 30, 2024. The comparative increase was primarily due to an increase in property and equipment as a result of the Beacon Acquisition.

Depreciation expense was \$67.0 million for the nine months ended September 30, 2025, compared to \$0.2 million for the nine months ended September 30, 2024. The comparative increase was primarily due to an increase in property and equipment as a result of the Beacon Acquisition.

Amortization Expense

Amortization expense was \$117.8 million for the three months ended September 30, 2025, compared to \$0.2 million for the three months ended September 30, 2024. The comparative increase was primarily due to amortization expense associated with new customer relationships and trade names intangible assets recognized as a result of the Beacon Acquisition.

Amortization expense was \$197.8 million for the nine months ended September 30, 2025, compared to \$0.6 million for the nine months ended September 30, 2024. The comparative increase was primarily due to amortization expense associated with new customer relationships and trade names intangible assets recognized as a result of the Beacon Acquisition.

Interest (Expense) Income, Net

Interest (expense) income, net was \$(37.7) million for the three months ended September 30, 2025, compared to \$57.0 million for the three months ended September 30, 2024. The comparative increase in interest expense was primarily due to additional debt that was issued by QXO Building Products in connection with the Beacon Acquisition, resulting in higher interest expense. The increase was also driven by lower interest income due to a lower average interest-bearing cash balance during the three months ended September 30, 2025.

Interest (expense) income, net was \$(11.3) million for the nine months ended September 30, 2025, compared to \$60.4 million for the nine months ended September 30, 2024. The comparative increase in interest expense was primarily due to additional debt that was issued by QXO Building Products in connection with the Beacon Acquisition, resulting in higher interest expense. The increase in interest expense was partially offset by higher interest income due to a higher average interest-bearing cash balance during the nine months ended September 30, 2025.

Loss on Debt Extinguishment

Loss on debt extinguishment was \$45.7 million for the nine months ended September 30, 2025 due to the principal prepayment of \$1.40 billion under the Term Loan Facility and includes the pro-rata extinguishment of previously capitalized original issue discounts and debt issuance costs.

Income Taxes

The Company's interim provision for income taxes is determined based on its annual estimated effective tax rate, applied to the actual year-to-date income, and adjusted for the tax effects of any discrete items. The Company's effective tax rate for the nine months ended September 30, 2025, excluding discrete items, was 14.1%, compared to 25.9% for the nine months ended September 30, 2024. The Company's effective tax rates for the nine months ended September 30, 2025 and 2024 were based on the U.S. federal statutory tax rate of 21% and state jurisdictional income tax rates, adjusted for permanent items including compensation above \$1 million, inclusive of equity awards, paid to covered employees under Internal Revenue Code Section 162(m) and non-deductible transaction costs due to the Beacon Acquisition, coupled with the pre-tax loss during the nine months ended September 30, 2025.

Benefits for income taxes consists of federal and state taxes in the United States and income in certain foreign jurisdictions, as well as deferred income taxes and changes in valuation allowance, reflecting net tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Realization of our deferred tax assets depends on the generation of future taxable income. In considering our need for a valuation allowance, we consider our historical and future projected taxable income, as well as other objectively verifiable evidence, including our realization of tax attributes and utilization of net operating loss carryforwards.

We believe that it is at least more likely than not that the benefit of the year-to-date losses will be realized in future periods. However, our future effective tax rate may be affected by our ongoing assessment of the need for a valuation allowance on our deferred tax assets or liabilities, or changes in tax laws, regulations, or accounting principles, tax planning initiatives, as well as certain discrete items.

Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, we have disclosed here and elsewhere in this Quarterly Report Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Net Income (Loss), Adjusted Diluted Earnings (Loss) per Common Share (“Adjusted Diluted EPS”), Adjusted EBITDA and Adjusted EBITDA Margin, which represent non-GAAP financial measures.

We calculate Adjusted Gross Profit as gross profit excluding inventory fair value adjustments, and we calculate Adjusted Gross Margin as Adjusted Gross Profit divided by net sales. We calculate Adjusted Net Income (Loss) as net income (loss) excluding amortization; stock-based compensation; loss on debt extinguishment; restructuring costs; transaction costs; transformation costs; inventory fair value adjustments; and the income tax associated with such adjusting items. We calculate Adjusted Diluted EPS as Adjusted Net Income (Loss) divided by the weighted-averaged number of common shares outstanding during the period plus the effect of dilutive common share equivalents based on the most dilutive result of the if-converted and two-class methods. We calculate Adjusted EBITDA as net income (loss) excluding depreciation; amortization; stock-based compensation; interest (income) expense, net; loss on debt extinguishment; provision for (benefit from) income taxes; restructuring costs; transaction costs; transformation costs; and inventory fair value adjustments that we do not consider representative of our underlying operations. We calculate Adjusted EBITDA Margin as Adjusted EBITDA divided by net sales.

We have provided a reconciliation below of Adjusted Gross Profit to gross profit, the most directly comparable financial measure as measured in accordance with GAAP, as well as a calculation of gross margin and Adjusted Gross Margin. We have provided a reconciliation below of Adjusted Net Income (Loss) to net income (loss), the most directly comparable financial measure as measured in accordance with GAAP, as well as a calculation of diluted earnings (loss) per common share and Adjusted Diluted EPS. We have also provided a reconciliation below of Adjusted EBITDA to net income (loss), the most directly comparable financial measure as measured in accordance with GAAP, as well as a calculation of net margin and Adjusted EBITDA Margin.

Management uses these non-GAAP financial measures in making financial, operating and planning decisions and evaluating QXO’s ongoing performance. We believe these non-GAAP financial measures facilitate analysis of our ongoing business operations because they exclude items that may not be reflective of, or are unrelated to, QXO’s core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying business. Other companies may calculate these non-GAAP financial measures differently, and therefore our measures may not be comparable to similarly titled measures of other companies.

Adjusted Gross Profit and Adjusted Gross Margin

A reconciliation of gross profit and gross margin to Adjusted Gross Profit and Adjusted Gross Margin is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<i>(in millions, except percentages)</i>				
Gross profit	\$ 635.8	\$ 5.5	\$ 1,042.8	\$ 17.0
Inventory fair value adjustments ⁽¹⁾	51.4	—	131.7	—
Adjusted Gross Profit	<u>\$ 687.2</u>	<u>\$ 5.5</u>	<u>\$ 1,174.5</u>	<u>\$ 17.0</u>
Net sales	\$ 2,728.3	\$ 13.1	\$ 4,648.1	\$ 42.1
Gross margin ⁽²⁾	23.3 %	42.0 %	22.4 %	40.4 %
Adjusted Gross Margin ⁽²⁾	25.2 %	42.0 %	25.3 %	40.4 %

⁽¹⁾ Represents the inventory fair value adjustments related to recording the inventory of acquired businesses at fair value on the date of acquisition. We expect the inventory fair value adjustments to be fully recognized during the year ended December 31, 2025.

⁽²⁾ Gross margin is calculated as gross profit divided by net sales. Adjusted Gross Margin is calculated as Adjusted Gross Profit divided by net sales.

Adjusted Net Income and Adjusted Diluted EPS

A reconciliation of net loss and diluted loss per common share to Adjusted Net Income and Adjusted Diluted EPS is as follows:

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
<i>(in millions, except per share amounts)</i>		
Net loss	\$ (139.4)	\$ (189.2)
Provision for (benefit from) income taxes	128.9	(40.4)
Loss before provision for income taxes	(10.5)	(229.6)
Amortization	117.8	197.8
Stock-based compensation	31.1	116.3
Loss on debt extinguishment ⁽¹⁾	—	45.7
Restructuring costs	7.2	42.5
Transaction costs	4.3	79.8
Transformation costs	23.2	35.0
Inventory fair value adjustments ⁽²⁾	51.4	131.7
Adjusted income before provision for income taxes	224.5	419.2
Income tax associated with the adjustments above ⁽³⁾	(58.3)	(108.6)
Adjusted Net Income	<u>\$ 166.2</u>	<u>\$ 310.6</u>
Convertible Preferred Stock dividend	(22.5)	(67.5)
Mandatory Convertible Preferred Stock dividend	(7.9)	(11.0)
Undistributed income allocated to participating securities	(14.6)	(17.8)
Adjusted Net Income attributable to common stockholders	<u>\$ 121.2</u>	<u>\$ 214.3</u>
Basic and diluted loss per common share	\$ (0.24)	\$ (0.46)
Adjusted Diluted EPS ⁽⁴⁾	\$ 0.14	\$ 0.32
Adjusted diluted weighted-average common shares outstanding ⁽⁴⁾	875.3	679.6

⁽¹⁾ Represents extinguishment costs resulting from the partial prepayment of borrowings under the Term Loan Facility (as defined below).

⁽²⁾ Represents the inventory fair value adjustments related to recording the inventory of acquired businesses at fair value on the date of acquisition. We expect the inventory fair value adjustments to be fully recognized during the year ended December 31, 2025.

⁽³⁾ The effective tax rate to calculate Adjusted Net Income (Loss) for the three and nine months ended September 30, 2025 is 26.0% and 25.9%, respectively, due to the tax calculated on adjusted income (loss) before provision for income taxes.

⁽⁴⁾ Adjusted Diluted EPS is calculated as Adjusted Net Income (Loss) divided by the weighted-average number of common shares outstanding during the period plus the effect of dilutive common share equivalents based on the most dilutive result of the if-converted and two-class methods.

Adjusted EBITDA and Adjusted EBITDA Margin

A reconciliation of net loss to Adjusted EBITDA and Adjusted EBITDA Margin is as follows:

(in millions, except percentages)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net (loss) income	\$ (139.4)	\$ 17.2	\$ (189.2)	\$ 16.7
Depreciation	39.7	—	67.0	0.2
Amortization	117.8	0.2	197.8	0.6
Stock-based compensation	31.1	14.0	116.3	14.0
Interest expense (income), net	37.7	(57.0)	11.3	(60.4)
Loss on debt extinguishment ⁽¹⁾	—	—	45.7	—
Provision for (benefit from) income taxes	128.9	6.1	(40.4)	5.9
Restructuring costs	7.2	—	42.5	2.8
Transaction costs	4.3	8.1	79.8	8.1
Transformation costs	23.2	—	35.0	—
Inventory fair value adjustments ⁽²⁾	51.4	—	131.7	—
Adjusted EBITDA	\$ 301.9	\$ (11.4)	\$ 497.5	\$ (12.1)
Net sales	\$ 2,728.3	\$ 13.1	\$ 4,648.1	\$ 42.1
Net margin ⁽³⁾	(5.1)%	131.3 %	(4.1)%	39.7 %
Adjusted EBITDA Margin ⁽³⁾	11.1 %	(87.0)%	10.7 %	(28.7)%

⁽¹⁾ Represents extinguishment costs resulting from the partial prepayment of borrowings under the Term Loan Facility (as defined below).

⁽²⁾ Represents the inventory fair value adjustments related to recording the inventory of acquired businesses at fair value on the date of acquisition. We expect the inventory fair value adjustments to be fully recognized during the year ended December 31, 2025.

⁽³⁾ Net margin is calculated as net income (loss) divided by net sales. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by net sales.

Seasonality

The demand for exterior building materials is closely correlated to both seasonal changes and unpredictable weather patterns, therefore demand fluctuations are expected. In general, we expect our net sales and net income to be the highest in quarters ending June 30, September 30, and December 31, which represent the peak months of construction and re-roofing. Conversely, we expect low net income levels or net losses in quarters ending March 31, when winter construction cycles and cold weather patterns have an adverse impact on our customers' ability to conduct their business.

Liquidity and Capital Resources

The Company's cash balance was \$2.31 billion as of September 30, 2025 and consisted primarily of cash on deposit with banks and investments in money market funds. In addition, we may choose to raise additional funds at any time through equity or debt financing arrangements, which may or may not be needed for additional working capital, acquisitions or other strategic investments. We continually evaluate our liquidity requirements considering our operating needs, growth initiatives and capital resources. Following the Beacon Acquisition, our primary sources of liquidity are cash on the balance sheet, cash generated by operations and borrowings under the ABL Facility. Our primary uses of cash after the Beacon Acquisition are working capital requirements, debt service requirements and capital expenditures. We believe that our existing liquidity and sources of capital are sufficient to support our operations over the next 12 months.

From time to time, depending upon market and other conditions, as well as upon our cash balances and liquidity, we, our subsidiaries or our affiliates may acquire our outstanding debt securities or our other indebtedness through open market purchases, privately negotiated transactions, tender offers, redemption or otherwise, upon such terms and at such prices as we, our subsidiaries or our affiliates may determine for cash or other consideration.

Convertible Preferred Stock

The Company has a quarterly dividend policy in place for its Convertible Preferred Stock, and dividends are paid when declared by the board of directors. During the three and nine months ended September 30, 2025, the Company paid \$22.5 million and \$67.5 million, respectively, of dividends to holders of Convertible Preferred Stock. Subsequent to the close of the quarter ended September 30, 2025, the Company paid \$22.5 million of quarterly dividends to holders of Convertible Preferred Stock. These dividends are part of the Company's ongoing cash obligations and are considered when evaluating overall liquidity needs. For additional information regarding its Convertible Preferred Stock see, Note 6 – *Equity* in the Notes to Condensed Consolidated Financial Statements, in “Item 1 Financial Statements” of this Quarterly Report.

Private Placements

On June 13, 2024, the Company entered into purchase agreements with certain institutional and accredited investors to issue and sell in a private placement an aggregate of 340.9 million shares of the Company's common stock at a price of \$9.14 per share, and pre-funded warrants (the “Pre-Funded Warrants”) to purchase 42.0 million shares of the Company's common stock at a price of \$9.13999 per Pre-Funded Warrant. Each Pre-Funded Warrant has an exercise price of \$0.00001 per share, is exercisable immediately and until the Pre-Funded Warrant is exercised in full. The closing of the private placement was completed on July 19, 2024.

On July 22, 2024, the Company entered into purchase agreements with certain institutional and accredited investors to privately place 67.8 million shares of its common stock at a price of \$9.14 per share. The closing of the private placement was completed on July 25, 2024.

On March 17, 2025, the Company entered into purchase agreements with certain institutional investors to privately place 67.5 million shares of its common stock at a price of \$12.30 per share. The closing of the private placement was contingent upon the completion of the Beacon Acquisition and was completed on April 29, 2025. As a result of the closing, the Company raised \$823.8 million in net proceeds, after deducting offering costs of \$6.8 million, to partially fund the Beacon Acquisition and related costs.

Issuance of Mandatory Convertible Preferred Stock

On May 27, 2025, the Company completed a preferred stock offering, through which QXO issued and sold 11.5 million depositary shares (“Depositary Shares”), each representing a 1/20th interest in a share of the Company's 5.50% Series B Mandatory Convertible Preferred Stock, liquidation preference \$1,000 per share, par value \$0.001 per share (the “Mandatory Convertible Preferred Stock”). The amount issued included 1.5 million Depositary Shares issued pursuant to the exercise in full of the option granted to the underwriters to purchase additional Depositary Shares. The Company received net proceeds from the offering of \$558.1 million, after deducting underwriting discounts, commissions and estimated offering expenses of \$16.9 million.

Dividends

The Mandatory Convertible Preferred Stock will accumulate dividends (which may be paid in cash or, subject to certain limitations, in shares of common stock or in any combination of cash and common stock) at a rate per annum equal to 5.50% on the liquidation preference of \$1,000 per share, payable when, as and if declared by the Company's board of directors (or an authorized committee thereof), on February 15, May 15, August 15 and November 15 of each year, beginning on August 15, 2025 and ending on, and including, May 15, 2028. Given the requirement to pay dividends in any settlement outcome of the Mandatory Convertible Preferred Stock, the Company accrues dividends whether or not they are formally declared by the Company's board of directors. During the three and nine months ended September 30, 2025, the Company paid \$6.9 million of dividends to holders of Mandatory Convertible Preferred Stock. These dividends are part of the Company's ongoing cash obligations and are considered when evaluating overall liquidity needs. For additional information regarding the Company's Convertible Preferred Stock see, Note 6 – *Equity* in the Notes to Condensed Consolidated Financial Statements, in “Item 1 Financial Statements” of this Quarterly Report.

Mandatory Conversion

The following table illustrates the conversion rate per share of the Mandatory Convertible Preferred Stock, subject to certain anti-dilution adjustments, based on the applicable market value of the common stock:

Applicable Market Value of Common Stock	Conversion Rate per Share of Mandatory Convertible Preferred Stock
Greater than \$20.2126 (the “Threshold Appreciation Price”)	49.4740 shares of common stock
Equal to or less than the Threshold Appreciation Price but greater than or equal to the Initial Price	Between 49.4740 and 60.6060 shares of common stock, determined by dividing \$1,000 by the applicable market value
Less than \$16.50 (the “Initial Price”)	60.6060 shares of common stock

The following table illustrates the conversion rate per Depositary Share, subject to certain anti-dilution adjustments, based on the applicable market value of the common stock:

Applicable Market Value of Common Stock	Conversion Rate per Depositary Share Representing a 1/20th interest in a share of the Mandatory Convertible Preferred Stock
Greater than the Threshold Appreciation Price	2.4737 shares of common stock
Equal to or less than the Threshold Appreciation Price but greater than or equal to the Initial Price	Between 2.4737 and 3.0303 shares of common stock, determined by dividing \$50 by the applicable market value
Less than the Initial Price	3.0303 shares of common stock

Optional Conversion

Other than the occurrence of a fundamental change (as defined in the Company's Certificate of Designations relating to the Mandatory Convertible Preferred Stock) at any time prior to May 15, 2028, a holder of Mandatory Convertible Preferred Stock may elect to convert such holder's shares of Mandatory Convertible Preferred Stock, in whole or in part, at the minimum conversion rate of 49.4740 shares of common stock per share of Mandatory Convertible Preferred Stock (equivalent to 2.4737 shares of common stock per Depositary Share), subject to certain anti-dilution and other adjustments. Because each Depositary Share represents a 1/20th fractional interest in a share of Mandatory Convertible Preferred Stock, a holder of Depositary Shares may convert its Depositary Shares only in lots of 20 Depositary Shares.

Fundamental Change Conversion

If a fundamental change occurs on or prior to May 15, 2028, holders of the Mandatory Convertible Preferred Stock will have the right to convert their shares of Mandatory Convertible Preferred Stock, in whole or in part, into shares of Common Stock at the fundamental change conversion rate during the period beginning on, and including, the effective date of such fundamental change and ending on, and including, the earlier of (a) the date that is 20 calendar days after such effective date (or, if later, the date that is 20 calendar days after holders receive notice of such fundamental change) and (b) May 15, 2028. For the avoidance of doubt, the period described in the immediately preceding sentence may not end on a date that is later than May 15, 2028.

Ranking

The Mandatory Convertible Preferred Stock ranks, with respect to dividend rights and distribution of assets upon liquidation, winding-up or dissolution, (i) senior to the Company's common stock and each other class or series of capital stock, whether outstanding or established after the date of issuance of the Mandatory Convertible Preferred Stock, the terms of which do not expressly provide that it ranks senior to or on a parity with the Mandatory Convertible Preferred Stock as to payment of dividends and distribution of assets upon liquidation, winding-up or dissolution, and (ii) junior to the Convertible Preferred Stock. The Mandatory Convertible Preferred Stock ranks on a parity with or junior to each class or series of capital stock, the terms of which expressly provide for a pari passu or senior ranking, respectively, relative to the Mandatory Convertible Preferred Stock.

Voting Rights

Holders of Mandatory Convertible Preferred Stock will not have voting rights, except with respect to issuances of securities senior to the Mandatory Convertible Preferred Stock, amendments to the Company's Fifth Amended and Restated Certificate of Incorporation that would materially and adversely affect the rights of the holders of Mandatory Convertible Preferred Stock, or in the event of a merger, consolidation, exchange or reclassification involving the Mandatory Convertible Preferred Stock, or non-payment of dividends for six consecutive quarters.

Registered Equity Offerings

In April 2025, the Company sold 37.7 million shares of the Company's common stock in an underwritten public offering at a price of \$13.25 per share. The closing of the equity offering was completed on April 21, 2025 and the Company raised \$487.9 million in net proceeds from the equity offering, after deducting offering costs of \$12.1 million. The Company also granted the underwriters in the public offering an option to purchase up to an additional 5.7 million shares of the Company's common stock at a price of \$13.25 per share less underwriting discounts and commissions. On May 5, 2025, the option was partially exercised with respect to 4.0 million shares resulting in an additional \$51.8 million of net proceeds.

In May 2025, the Company sold 48.5 million shares of the Company's common stock in an underwritten public offering at a price of \$16.50 per share. The Company also granted the underwriters in the public offering an option to purchase up to an additional 7.3 million shares of the Company's common stock at a price of \$16.50 per share less underwriting discounts and commissions. On May 21, 2025, the option was exercised in full. The closing of the equity offering was completed on May 23, 2025 and the Company raised \$892.5 million in net proceeds from the equity offering, after deducting offering costs of \$27.5 million.

In June 2025, the Company sold 89.9 million shares of the Company's common stock in an underwritten public offering at a price of \$22.25 per share. The closing of the equity offering was completed on June 26, 2025 and the Company raised \$1.96 billion in net proceeds from the equity offering, after deducting offering costs of \$37.6 million. The Company also granted the underwriters in the public offering a 30-day option to purchase up to an additional 13.5 million shares of the Company's common stock at a price of \$22.25 per share less underwriting discounts and commissions. On July 24, 2025, the option was partially exercised with respect to 1.7 million shares resulting in additional net proceeds of \$38.1 million. The remaining option to purchase additional shares expired unexercised at the end of the 30-day period.

Senior Secured Notes

On April 29, 2025, Merger Sub (the "Issuer") completed the issuance and sale of \$2.25 billion in aggregate principal amount of 6.75% Senior Secured Notes due 2032 (the "Notes"). The Notes were issued pursuant to an Indenture, dated as of April 29, 2025 (as supplemented, the "Indenture"), and, upon consummation of the Beacon Acquisition, QXO Building Products and its subsidiaries (collectively, the "Subsidiary Guarantors") assumed the obligations under the Notes and the Indenture and guaranteed QXO Building Products' obligations under the Notes and the Indenture. The Notes are secured by first-priority liens on substantially all assets of the Issuer and the Subsidiary Guarantors, other than the ABL Priority Collateral (as defined below) (the "Notes Priority Collateral") and by second-priority liens on substantially all of the Issuer's and the Subsidiary Guarantors' inventory, receivables and related assets (the "ABL Priority Collateral"), in each case, subject to certain exceptions and permitted liens. The Notes will mature on April 30, 2032. Interest on the Notes accrues at 6.75% per annum and will be paid semi-annually, in arrears, on April 30 and October 30 of each year, beginning October 30, 2025. Proceeds from the Notes were used to partially fund the Beacon Acquisition and related transaction costs.

On or after April 30, 2028, the Issuer may redeem the Notes at its option, in whole at any time or in part from time to time, at the redemption prices set forth in the Indenture. In addition, prior to April 30, 2028, the Issuer may redeem the Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus a "make-whole" premium and accrued and unpaid interest, if any. Notwithstanding the foregoing, at any time prior to April 30, 2028, the Issuer may also redeem up to 50% of the aggregate principal amount of the Notes with funds in an aggregate amount not to exceed the net cash proceeds from certain equity offerings at a redemption price equal to 106.75% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any. In addition, prior to April 30, 2028, the Issuer may redeem during each twelve-month period up to 10% of the original aggregate principal amount of the Notes at a redemption price equal to 103%, plus accrued and unpaid interest, if any.

The Indenture includes customary affirmative and negative covenants with respect to the Issuer and its restricted subsidiaries. These covenants are subject to a number of important qualifications and exceptions. Additionally, upon the occurrence of specified change of control events, the Issuer must offer to repurchase the Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the purchase date. The Indenture also provides for customary events of default. As of September 30, 2025, we were in compliance with these covenants.

The Company capitalized debt issuance costs of \$22.2 million related to the Notes, which are being amortized over the term of the financing arrangement.

As of September 30, 2025, the outstanding balance on the Notes, net of \$21.1 million of unamortized debt issuance costs, was \$2.23 billion.

Term Loan Facility

On April 29, 2025, Merger Sub, as initial borrower, entered into a Term Loan Credit Agreement (the "Term Loan Credit Agreement") with Queen HoldCo, LLC ("Holdings"), the lenders party thereto and Goldman Sachs Bank USA, as administrative agent, which provides for senior secured financing consisting of a term loan facility (the "Term Loan Facility") in an aggregate principal amount of \$2.25 billion. Upon the consummation of the Beacon Acquisition, QXO Building Products entered into a joinder to the Term Loan Credit Agreement as the surviving borrower (the "Borrower"). The facility matures on April 30, 2032. Proceeds from the Term Loan Facility were used to partially fund the Beacon Acquisition and related transaction costs.

Borrowings under the Term Loan Facility bear interest at variable rates based on Term SOFR or a base rate, in each case plus an applicable margin. The facility requires scheduled quarterly amortization payments in an annual amount equal to 1.0% of the original principal amount of borrowings under the Term Loan Facility, with the remaining balance due at maturity. The Term Loan Facility also requires the Borrower to make certain mandatory prepayments. The Borrower can make voluntary prepayments at any time without penalty, except in connection with a repricing event in respect of the Term Loan Facility, subject to customary breakage costs. Any refinancing through the issuance of certain debt or any repricing amendment, in either case, that constitutes a "repricing event" applicable to the term loans resulting in a lower yield occurring at any time during the first six months after the closing date of the Term Loan Facility will be accompanied by a 1.00% prepayment premium or fee, as applicable.

The Term Loan Facility is unconditionally guaranteed by Holdings on a limited-recourse basis and secured by a first-priority lien on the equity interests of the Borrower held by Holdings. The Term Loan Facility is also guaranteed by each Subsidiary Guarantor and secured by a first-priority lien with respect to the Notes Priority Collateral and a second-priority lien with respect to the ABL Priority Collateral. The Term Loan Facility is secured on a ratable basis with the Notes with respect to the Notes Priority Collateral and the ABL Priority Collateral.

The Term Loan Credit Agreement includes customary affirmative and negative covenants with respect to the Borrower and its restricted subsidiaries. These covenants are subject to a number of important qualifications and exceptions. The Term Loan Credit Agreement contains certain customary events of default, including relating to a change of control. As of September 30, 2025, we were in compliance with these covenants.

The principal amount of borrowing under the Term Loan Facility was reduced by an original issue discount (“OID”) of 1%. The Company capitalized OID of \$22.5 million and debt issuance costs of \$50.9 million related to the Term Loan Facility, which are being amortized over the term of the financing arrangement.

On May 29, 2025, the Company made a voluntary principal prepayment of \$1.40 billion under the Term Loan Facility. As a result, the Company was relieved of its obligation to make quarterly amortization payments in an annual amount equal to 1.0% of the original principal amount of borrowings under the Term Loan Facility. Additionally, as a result of the principal prepayment, the Company recognized a loss on debt extinguishment of \$45.7 million comprised of \$14.0 million of unamortized OID and \$31.7 million of unamortized debt issuance costs related to the Term Loan Facility. The loss on debt extinguishment was separately recognized on the condensed consolidated statements of operations.

As of September 30, 2025, the outstanding balance on the Term Loan Facility, net of \$8.0 million of unamortized OID and \$18.0 million of unamortized debt issuance costs, was \$824.0 million.

On November 5, 2025, the Borrower amended the Term Loan Credit Agreement in order to refinance the Term Loan Facility. The refinancing reduces the applicable margin for borrowings under the Term Loan Facility from 3.00% to 2.00% for Term SOFR borrowings and from 2.00% to 1.00% for base rate borrowings..

ABL Credit Agreement

On April 29, 2025, Merger Sub, as initial borrower, entered into the Asset-Based Revolving Credit Agreement (the “ABL Credit Agreement”), with Holdings, the lenders party thereto and Citibank, N.A., as administrative agent and collateral agent, which provides for an asset-based revolving credit facility (the “ABL Facility” and, together with the Term Loan Facility, the “Credit Facilities”), with an aggregate borrowing availability equal to the lesser of \$2.0 billion, and the borrowing base. Upon the consummation of the Beacon Acquisition, the Borrower entered into a joinder to the ABL Credit Agreement as the surviving borrower. The ABL Facility matures on April 29, 2030. Based on our borrowing base as of September 30, 2025, the Company had \$1.93 billion borrowing capacity under the ABL Facility.

Borrowings under the ABL Facility bear interest at a rate equal to, at the Borrower’s option, either (a) (x) Term SOFR determined by reference to the secured overnight financing rate published by the Federal Reserve Bank of New York, which rate shall be no less than zero or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50% per annum, (ii) the prime rate quoted by the Wall Street Journal as the “Prime Rate” and (iii) the sum of one-month adjusted Term SOFR plus 1.00% per annum, which base rate shall be no less than 1.00%, or (y) with respect to borrowings of Canadian dollars, Term CORRA determined by reference to the interbank offered rate administered by the CORRA Administrator, which rate shall be no less than zero, in each case plus an applicable margin based on excess availability set forth in the ABL Credit Agreement. We are also required to pay a commitment fee equal to 0.20% per annum (depending on the average utilization of the commitments) to the lenders under the ABL Facility in respect of the unutilized commitments thereunder. The Borrower can make voluntary prepayments at any time without penalty, subject to customary breakage costs.

The ABL Facility (and at the Borrower’s option certain hedging, cash management and bank product obligations secured under the ABL Facility) is unconditionally guaranteed by Holdings on a limited-recourse basis and secured by a second-priority lien on the equity interests of the Borrower held by Holdings. The ABL Facility is also guaranteed by each subsidiary guarantor and secured by a second-priority lien with respect to the Notes Priority Collateral and a first-priority lien with respect to the ABL Priority Collateral.

The ABL Credit Agreement includes customary affirmative and negative covenants with respect to the Borrower and its restricted subsidiaries. These covenants are subject to a number of important qualifications and exceptions. The ABL Credit Agreement contains certain customary events of default, including relating to a change of control. As of September 30, 2025, we were in compliance with these covenants.

The ABL Facility requires that the Borrower, commencing on or after the last day of the first full fiscal quarter ending after the closing date of the ABL Facility, maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 at any time that availability is less than the greater of (x) \$120 million and (y) 10% of the lesser of (i) the borrowing base at such time and (ii) the aggregate amount of ABL Facility commitments at such time.

The Company capitalized debt issuance costs of \$18.8 million related to the ABL Facility, which are being amortized ratably over the term of the financing arrangement. The debt issuance costs related to the ABL Facility are presented as an asset, included in other assets, net on the condensed consolidated balance sheets. As of September 30, 2025, there were \$17.2 million of unamortized debt issuance costs related to the ABL Facility.

As of September 30, 2025, the outstanding balance on the ABL Facility was \$43.0 million. The Company also had outstanding standby letters of credit related to the ABL Facility in the amount of \$21.2 million as of September 30, 2025.

The following table summarizes our cash flows for the periods indicated:

<i>(in millions)</i>	Nine Months Ended September 30,	
	2025	2024
Net cash provided by operating activities	\$ 74.8	\$ 30.9
Net cash used in investing activities	(10,604.4)	(0.1)
Net cash provided by financing activities	7,768.6	5,003.6
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.3)	—
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (2,761.3)	\$ 5,034.4

Operating Activities

Net cash provided by operating activities was \$74.8 million for the nine months ended September 30, 2025, compared to \$30.9 million for the nine months ended September 30, 2024. Cash provided by operations increased \$43.9 million during the nine months ended September 30, 2025. The increase in cash provided by operations was primarily due to the seasonal timing of net working capital requirements for inventory purchases and cash collections.

Investing Activities

Net cash used in investing activities was \$10.6 billion for the nine months ended September 30, 2025, compared to \$0.1 million for the nine months ended September 30, 2024. Cash used in investing activities increased \$10.6 billion during the nine months ended September 30, 2025 primarily due to the Beacon Acquisition and an increase in capital expenditures during the period. See Note 3 – *Acquisition* in the Notes to the Condensed Consolidated Financial Statements for more information.

Financing Activities

Net cash provided by financing activities was \$7.77 billion for the nine months ended September 30, 2025, compared to \$5.0 billion for the nine months ended September 30, 2024. Cash provided by financing activities increased \$2.77 billion during the nine months ended September 30, 2025 primarily due to the issuance of the Notes, net borrowings under our Term Loan Facility and ABL Facility, and net proceeds from the issuance of common stock and Mandatory Convertible Preferred Stock during the period, which were partially offset by net proceeds from the issuance of common stock, Convertible Preferred Stock and warrants in the prior year.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We have operations principally within the U.S. and therefore have only minimal foreign currency exposure. We are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes. Information relating to quantitative and qualitative disclosures about these market risks is set forth below.

Interest Rate Risk

Our cash equivalents consist primarily of demand and money market accounts and have an original maturity date of 90 days or less. The fair value of our cash and cash equivalents would not be significantly affected by either an increase or decrease in interest rates due mainly to the short-term nature of these instruments. As of September 30, 2025, we had outstanding borrowings of \$43.0 million under our asset-based revolving lines of credit and outstanding borrowings, net of unamortized debt issuance costs, of \$824.0 million under our Term Loan Facility and \$2.23 billion under our Notes. Borrowings under our ABL Facility and Term Loan Facility incur interest on a floating rate basis while borrowings represented by our Notes incur interest on a fixed rate basis. As of September 30, 2025, our weighted-average effective interest rate on debt instruments with variable rates was 7.09%. A 10% increase or decrease in interest rates would not have a material effect on our interest income or expense.

Item 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this Quarterly Report, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2025.

Change in Internal Control over Financial Reporting

On April 29, 2025, we completed our acquisition of Beacon Roofing Supply, Inc. (see Note 3 – *Acquisition* to the accompanying unaudited condensed consolidated financial statements). We are currently integrating policies, processes, people, technology and operations for the combined company. Management will continue to evaluate our internal control over financial reporting as we execute integration activities. During the three months ended September 30, 2025, except as noted above, there were no changes in our internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f), that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based on certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information related to our legal proceedings, refer to Note 11 – *Commitments and Contingencies* of Item 1, “Financial Statements” of this Quarterly Report.

Item 1A. Risk Factors

The following are important factors that could affect our business, financial condition or results of operations and could cause actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statements made in this Quarterly Report, our other filings with the SEC or in presentations such as webcasts open to the public. You should carefully consider the following factors in conjunction with this Quarterly Report, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 2 – Part I and our consolidated financial statements and related notes in Item 1 – Part I. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business, financial condition or results of operations. If any of the following risks actually occur, or other risks that we are not aware of become material, our business, financial condition, results of operations and future prospects could be materially and adversely affected. Unless otherwise indicated or the context otherwise requires, references in this section to historical results, risks and impacts to the business are with respect to Beacon and its consolidated subsidiaries prior to the Beacon Acquisition.

Risks Related to Ownership of our Common Stock

The Mandatory Convertible Preferred Stock and the Depositary Shares may adversely affect the market price of our common stock.

The market price of our common stock is likely influenced by our outstanding Mandatory Convertible Preferred Stock and the Depositary Shares. The market price of our common stock could become more volatile and could be depressed by: (i) investors’ anticipation of the potential resale in the market of a substantial number of additional shares of common stock received upon conversion of the Mandatory Convertible Preferred Stock (and, correspondingly, the Depositary Shares); (ii) possible sales of our common stock by investors who view the Depositary Shares as a more attractive means of equity participation in us than owning shares of common stock; and (iii) hedging or arbitrage trading activity that we expect to develop involving the Depositary Shares and our common stock.

Our common stock ranks junior to our Convertible Perpetual Preferred Stock and our Mandatory Convertible Preferred Stock with respect to dividends and amounts payable in the event of our liquidation, winding-up or dissolution.

Our common stock ranks junior to both our Convertible Perpetual Preferred Stock, par value \$0.001 per share (the “Convertible Preferred Stock”), and our Mandatory Convertible Preferred Stock with respect to the payment of dividends and amounts payable in the event of our liquidation, winding-up or dissolution. This means that, unless accumulated dividends have been paid or set aside for payment on all our outstanding Convertible Preferred Stock and Mandatory Convertible Preferred Stock through the most recently completed dividend period, no dividends may be declared or paid on our common stock subject to limited exceptions. Likewise, in the event of our voluntary or involuntary liquidation, winding-up or dissolution, no distribution of our assets may be made to holders of our common stock until we have paid to holders of our Convertible Preferred Stock and Mandatory Convertible Preferred Stock a liquidation preference equal to \$1,000 per share plus accumulated and unpaid dividends.

Risks Related to Product Supply and Vendor Relations

An inability to obtain the products that we distribute could result in lost revenues and reduced margins and damage relationships with customers.

We distribute roofing materials and other complementary building products, such as siding and waterproofing, that are manufactured by a number of major suppliers. Disruptions in our sources of supply may occur as a result of various reasons, including unanticipated demand, production or delivery difficulties, the loss of key supplier arrangements, or broad disruptive events (whether globally, in the U.S., or abroad), such as wars, terrorist actions, cybersecurity attacks or other technological disruptions with respect to manufacturers or the material vendors we rely on, trade disputes, changes in regulation, macroeconomic events, government shutdowns, natural disasters, including those that may be linked to climate change, and/or a pandemic. For example, in 2021 and 2022 the exterior products industry experienced constrained supply chain dynamics caused in large part from global disruptions related to the COVID-19 pandemic. As a result, we experienced, at times, a limited ability to purchase enough product to meet consumer demand, which resulted in lost revenues. Although we do not believe these lost revenues were material, it is possible that future product shortages could be so severe as to result in material reductions in revenues and margins.

When shortages occur, building material suppliers often allocate products among distributors, and sourcing materials from a limited number of suppliers can increase our risk. During the year ended December 31, 2024, we had three suppliers that each contributed 10% or more of total purchases and, in total, represented nearly 35% of total purchases. Although we believe that our relationships with our suppliers are strong and that we would have access to similar products from competing suppliers should products be unavailable from current sources, any supply shortage, particularly of the most commonly sold items, could result in a loss of revenues and reduced margins and damage our reputation and relationships with customers.

A change in supplier pricing and demand could adversely affect our income and gross margins.

Many of the products that we distribute are subject to price changes based upon manufacturers' raw material costs, energy costs, labor costs, and tariffs as well as other manufacturer pricing decisions. For example, as a distributor of residential roofing supplies, our business is sensitive to asphalt prices, which are highly volatile and often linked to oil prices, as oil is a significant input in asphalt production. Shingle prices have been volatile in recent years, partly due to volatility in asphalt prices. Other products we distribute, such as plywood and oriented strand board ("OSB"), experienced price volatility largely due to supply and demand imbalances in recent years. In addition to the rising costs of commodities and raw materials, supplier pricing and demand can also be affected by inflationary pressures and other conditions that make it more costly for our suppliers to distribute their products to us, such as fuel shortages, fuel cost increases, or labor shortages.

We may also experience price volatility related to the implementation of tariffs on imported steel or other products. For example, certain of our vendors use steel as a product input, and they may increase prices as a result of tariffs incurred or the overall impact of tariffs on domestic steel prices. It remains unclear what future actions may be taken by the U.S. with respect to trade policies or the imposition of tariffs on imported products, and the impact of those actions on the cost of products we distribute.

Historically, we have generally been able to pass increases in prices on to our customers. Although we often are able to pass on manufacturers' price increases, our ability to pass on increases in costs and our ability to do so in a timely fashion depends on market conditions. For example, we experienced resource inflation in 2021 and 2022, as a strong recovery in demand following the COVID-19 pandemic created tightness in the market for certain raw materials. This caused our suppliers and us to increase product prices to address higher input costs.

By contrast, the inability to pass along cost increases or a delay in doing so could result in lower operating margins. In addition, higher prices could impact demand for these products, resulting in lower sales volumes.

A change in vendor rebates could adversely affect our income and gross margins.

The terms on which we purchase products from many of our vendors entitle us to receive a rebate based on the volume of our purchases. These rebates effectively reduce our costs for products. Vendors may adversely change the terms of some or all of these programs for a variety of reasons, including if market conditions change. Although these changes would not affect the net recorded costs of product already purchased, it may lower our gross margins on products we sell and therefore the income we realize on such sales in future periods.

Risks Related to Acquisitions and our Growth Strategy

We may not be able to identify potential acquisition targets or successfully complete acquisitions on acceptable terms, which could slow our inorganic growth rate.

Our growth strategy includes acquiring other distributors of roofing materials and complementary building products, such as siding and waterproofing. We continually seek additional acquisition candidates in selected markets, which include engaging in exploratory discussions with potential acquisition candidates, as well as engaging in competitive bidding processes for potential acquisition candidates. We are unable to predict whether or when we will be able to identify any suitable acquisition candidates, or, if we do, the likelihood that any such potential acquisition will be completed. If we cannot complete acquisitions that we identify on acceptable terms, our inorganic growth rate may decline. In addition, our current and potential competitors have made and may continue to make acquisitions that include acquisition candidates in which we were, or would have been, interested in pursuing and such competitors may establish cooperative relationships among themselves or with third parties. In the event that our inorganic growth does not keep pace with any significant consolidation among distributors of roofing materials and complementary building products, our competitive position could be adversely affected.

We may not be able to effectively integrate newly acquired businesses into our operations or achieve expected cost savings or profitability from our acquisitions.

Acquisitions involve numerous risks, including:

- unforeseen difficulties or disruptions in integrating operations, technologies, services, accounting, and employees;
- diversion of financial and management resources from existing operations;
- unforeseen difficulties related to entering geographic regions where we do not have prior experience;
- potential loss of key employees;
- unforeseen cybersecurity risks related to the businesses acquired or to the manufacturers and vendors the acquired businesses rely on;
- unforeseen liabilities and expenses associated with businesses acquired; and
- inability to generate sufficient revenue or realize sufficient cost savings to offset acquisition or investment costs.

As a result, if we fail to evaluate, execute, and integrate acquisitions properly, we might not achieve the anticipated benefits of such acquisitions and we may incur costs in excess of what we anticipate.

A measure of our success is dependent on maintaining our safety record, and an injury to, or death of, any of our employees, customers, or members of the general public related to our business activities could result in material liabilities and reputational injury.

Our business activities include an inherent risk of catastrophic safety incidents that could result in injuries and deaths. The activities we conduct at our customers' designated delivery locations — which include construction and residential job sites — present a risk of injury or death to our employees, customers, or visitors, notwithstanding our compliance with safety regulations. We may be unable to avoid material liabilities for an injury or death, and our workers' compensation and other insurance policies may not be adequate or may not continue to be available on terms acceptable to us, or at all, which could result in material liabilities to us.

Further, as a wholesale distributor of roofing materials and other complementary building products, we lease and operate a fleet of commercial motor vehicles, including semi-tractor trailer trucks, flatbed trucks, and forklifts. Accordingly, a safety incident involving our commercial fleet could result in material economic damages, as well as injuries and/or death, for our employees and any other parties involved. Although we believe our aggregate insurance limits should be sufficient to cover our historic claims amounts, participants in commercial distribution and transportation activities (i.e., trucking and transportation) have experienced large verdicts, including some instances in which juries have awarded significant amounts.

In addition, our brand's reputation is an important asset to our business; as a result, anything that damages our brand's reputation could materially harm our business, results of operations, and financial condition. For example, negative media reports, whether or not accurate, can materially and adversely affect our reputation.

Moreover, social media has dramatically increased the rate at which negative publicity can be disseminated before there is any meaningful opportunity to respond to or address an issue to protect our reputation.

Risks Related to Cyclical, Seasonality, and Weather

Cyclical, in our business and general economic conditions could result in lower revenues and reduced profitability.

A portion of the products we sell are for residential and non-residential construction. The strength of these markets depends on new housing starts and business investment, which are a function of many factors beyond our control, including credit and capital availability, interest rates, foreclosure rates, housing inventory levels and occupancy, changes in the tax laws, employment levels, consumer confidence, and the health of the U.S. economy and mortgage markets. Economic downturns in the regions and markets we serve could result in lower net sales and, since many of our expenses are fixed, lower profitability. Unfavorable changes in demographics, credit markets, consumer confidence, housing affordability, or housing inventory levels and occupancy, or a weakening of the U.S. economy or of any regional or local economy in which we operate, could adversely affect consumer spending, resulting in decreased demand for our products, and adversely affecting our business. In addition, instability in the economy and financial markets, including as a result of terrorism or civil or political unrest, may result in a decrease in housing starts or business investment, which would adversely affect our business.

Seasonality, weather-related conditions, and natural disasters may have a significant impact on our financial results.

The demand for building materials is heavily correlated to both seasonal changes and unpredictable weather patterns. Seasonal demand fluctuations are expected, such as in quarters ending March 31, when winter construction cycles and cold weather patterns typically have an adverse impact on new construction and re-roofing activity. The timing of weather patterns (unseasonable temperatures) and severe weather events (hurricanes, hailstorms, and protracted rain) may impact our financial results within a given period either positively or negatively, making it difficult to accurately forecast our results of operations. We expect that these seasonal and weather-related variations will continue in the future.

Certain extreme weather events and natural disasters, such as hurricanes, tornadoes, earthquakes, tropical storms, floods, droughts, and wildfires, may adversely impact us in several ways, including interfering with our ability to deliver our products, impeding our receipt of product from our vendors, disrupting branch staffing, reducing demand for our products, impairing our customers' ability to pay accounts receivable, and damaging our facilities and inventory, although some of these adverse impacts may be offset by increased demand relating to damage from these weather events and natural disasters. Some of the areas in which we operate, including California, Florida, Louisiana, North Carolina, Texas and other coastal areas, have experienced recent natural disasters and have increased risks of adverse weather or natural disasters. The physical effects of climate change may increase the frequency or severity of natural disasters and other extreme weather events in the future, which could increase our exposure to these risks.

Risks Related to Information Technology

If we encounter interruptions in the proper functioning of our information technology systems, including from cybersecurity threats, we could experience material problems with our operations, including inventory, collections, customer service, cost control, and business plan execution that could have a material adverse effect on our financial results, including unanticipated increases in costs or decreases in net sales.

Our information technology systems ("IT systems" or "systems"), which include information technology networks, hardware, applications, and the data related thereto, are integral to the operation of our business. We use our IT systems to, among other things, provide complete integration of purchasing, receiving, order processing, shipping, inventory management, delivery routing, sales analysis, cash management, and accounting, as well as to process, transmit, protect, store, and delete sensitive and confidential electronic data, including, but not limited to, employee, supplier, and customer data ("Data"). Our IT systems include third-party applications and proprietary applications developed and maintained by us. We rely heavily on information technology both in serving our customers and in our enterprise infrastructure to achieve our objectives. In certain instances, we also rely on the systems of third parties to assist with conducting our business, which includes, among other things, marketing and distributing products, developing new products and services, operating our website, hosting and managing our services, securely storing Data, processing transactions, purchasing and receiving, billing and accounts receivable management, responding to customer inquiries, managing inventory and our supply chain, and managing our human resources processes and services. As a result, the secure and reliable operation of our systems (including its function of securing Data), and those of third parties upon whom we depend, are critical to the successful operation of our business. Any failure or interruption of our IT systems, including the systems of third parties upon whom we depend, could have a material adverse effect on our business, financial results, and reputation.

Although our IT systems and Data are protected through security measures and business continuity plans, our systems and those of third parties upon whom we depend may be vulnerable to: natural disasters; power outages; telecommunication or utility failures; terrorist acts; breaches due to employee error or malfeasance or other insider threats; disruptions during the process of upgrading or replacing computer software or hardware; terminations of business relationships by us or third-party service providers; and disinformation campaigns, damage or intrusion from a variety of deliberate cyber-attacks carried out by insiders or third parties, which are becoming more sophisticated and include computer viruses, worms, gaining unauthorized access to systems for purposes of misappropriating assets or sensitive information either directly or through our vendors and customers, denial of service attacks, ransomware, supply chain attacks, data corruption, malicious distribution of inaccurate information or other malicious software programs that may impact such systems and cause operational disruption. For these IT systems and related business processes to operate effectively, we or our service providers must continually maintain and update them. Delays in the maintenance, updates, upgrading, or patching of these systems and related business processes could impair their effectiveness or expose us to security risks. In addition, if IT systems are damaged, restoration or recovery of those systems may not be achievable in a timely manner.

Even with our policies, procedures, and programs designed to ensure the integrity of our IT systems and the security of Data, we may not be effective in identifying and mitigating every risk to which we are exposed. In some instances, we may have no current capability to detect certain vulnerabilities, which may allow them to persist in the environment over long periods of time.

Additionally, existing and future artificial intelligence (“AI”) capabilities present a growing threat by aiding experienced and inexperienced threat actors in identifying vulnerabilities and crafting increasingly sophisticated and targeted cybersecurity attacks. Vulnerabilities may also be introduced from the use of AI by us, our customers or suppliers. Use of AI by us or such third parties, whether authorized or unauthorized, increases the risk that our proprietary information or intellectual property will be unintentionally disclosed, and may introduce new risks such as inaccurate output.

Despite the precautions we take to mitigate the risks of such events, any attack on our IT systems or breach of our Data, or the IT systems and Data of third parties upon whom we depend, could result in, but are not limited to, the following: business disruption, misstated or misappropriated financial data, product shortages and/or an increase in accounts receivable aging, an adverse impact on our ability to attract and serve customers, delays in the execution of our business plan, theft of our intellectual property or other non-public confidential information and Data, including that of our customers, suppliers, and employees, liability for stolen assets or information, and higher operating costs including increased cybersecurity protection costs. Such events could harm our reputation and have an adverse impact on our financial results, including the impact of related legal, regulatory, and remediation costs. In addition, if any information about our customers, including payment information, were the subject of a successful cybersecurity attack against us, we could be subject to litigation or other claims by the affected customers. Further, regulatory authorities have increased their focus on how companies collect, process, use, store, share, and transmit personal data. Privacy security laws and regulations, including federal and state laws in the U.S. and federal and provincial laws in Canada, pose increasingly complex compliance challenges, which may increase compliance costs, and any failure to comply with data privacy laws and regulations could result in litigation, significant sanctions, monetary costs, or other harm to us.

If we decide to switch providers, develop our own IT systems to replace providers, or implement upgrades or replacements to our own systems, we may be unsuccessful in this development, or we may underestimate the costs and expenses of switching providers or developing and implementing our own systems. Also, our sales levels may be negatively impacted during the period of implementing an alternative system, which period could extend longer than we anticipate.

Risks Related to Human Capital

Loss of key talent or our inability to attract and retain new qualified talent could hurt our ability to operate and grow successfully.

Our success will continue to depend to a significant extent on our executive officers and key management personnel, including branch managers. We may not be able to retain our executive officers and key personnel or recruit and attract additional qualified management. The loss of any of our current executive officers or other key management employees, or a delay in recruiting or our inability to recruit and retain qualified employees could adversely affect our ability to operate and make it difficult to execute our strategies to drive growth, enhance customer service, and expand our footprint in key markets. In addition, our operating results could be adversely affected by increased competition for employees, shortages of qualified workers, or higher employee turnover, all of which could have adverse effects on levels of customer service or result in increased employee compensation or benefit costs.

Our business may be adversely affected by work stoppages, union negotiations, labor disputes and other matters associated with our labor force or the labor force of our suppliers or customers.

Any labor disputes, work stoppages, or unionization efforts could result in significant increases in our cost of labor. While we believe that our relations with employees generally and the labor unions that represent our employees (which as of December 31, 2024 was approximately 4.4% of our workforce) are generally good and we have experienced no material strikes or work stoppages recently (and there are no material outstanding labor disputes currently), in the future we could experience these and other types of conflicts with labor unions, other groups representing employees, or with our employees in general.

Installation, replacement and repair of roofing is a labor-intensive business. Demand for our products may be impacted by our customers' ability to attract, train, and retain workers. Changes in immigration laws and regulations, trends in labor migration, and increases in our customers' personnel costs or the inability of our customers to hire sufficient personnel, which may be amplified in tight labor market conditions, could adversely impact our business, financial position, results of operations, and cash flows.

Regulatory Risk

Our activities and operations are subject to numerous laws and regulations and we could become subject to newly enacted laws and regulations, compliance with which could increase our general and administrative costs. If we violate such laws or regulations, we could face penalties and fines or be required to curtail operations.

We are subject to various federal, state, provincial, local and other laws and regulations, including, among other things, environmental, climate, transportation, health and safety laws and regulations, tax laws and regulations, and potential tariffs on imported products. Some of the regulations to which we are subject include:

- transportation regulations promulgated by the U.S. Department of Transportation;
- work safety regulations promulgated by the Occupational Safety and Health Administration;
- employment regulations promulgated by the U.S. Equal Employment Opportunity Commission and the U.S. Department of Labor;
- environmental regulations promulgated by the Environmental Protection Agency; and
- similar regulations promulgated by state, provincial, and local regulators.

Concern over climate change has led to, and may in the future lead to, new or increased legal and regulatory requirements designed to reduce or mitigate the effects of climate change, which could increase our operating or capital expenses and compliance burdens.

Applicable laws and regulations require us to obtain and maintain permits and approvals and implement programs and procedures to control risks associated with our operations. Compliance in these or other areas may increase our general and administrative costs and adversely affect our financial condition, operating results, and cash flows. Moreover, failure to comply with the regulatory requirements applicable to our business could expose us to investigation, enforcement actions, litigation, and substantial fines and penalties that could adversely affect our financial condition, results of operations, and cash flows.

These laws, regulations, or rules and their interpretation and application may also change from time to time and those changes could be substantial and have a material adverse effect on our business, financial condition, results of operations, and cash flows. We cannot predict the nature and timing of future developments in law and regulations and whether we will be successful in meeting future demands of regulatory bodies in a manner which will not materially adversely affect us.

Risks Related to the Acquisition of Beacon

We may be unable to integrate Beacon successfully and realize the anticipated benefits of the Beacon Acquisition.

The successful integration of Beacon and operations into those of our own and our ability to realize the expected benefits of the transaction are subject to a number of risks and uncertainties, many of which are outside of our control. We will also be required to devote significant management attention and resources to integrating business practices, cultures and operations of each business. The risks and uncertainties relating to integrating the two businesses include, among other things:

- the challenge of integrating complex organizations, systems, operating procedures, compliance programs, technology, networks and other assets of Beacon;
- the difficulties harmonizing differences in the business cultures of QXO and Beacon;
- the inability to successfully integrate our respective businesses in a manner that permits us to achieve the cost savings and other anticipated benefits from the Beacon Acquisition;
- the inability to minimize the diversion of management attention from ongoing business concerns during the process of integrating Beacon into our businesses;
- the inability to resolve potential conflicts that may arise relating to customer, supplier and other important relationships of our business and Beacon;
- difficulties in retaining key management and other key employees; and
- the challenge of managing the expanded operations of a significantly larger and more complex company and coordinating geographically separate organizations.

As a result of the Beacon Acquisition, we expect to realize certain synergies and cost savings. Any synergies and cost savings that we realize may differ materially from our estimates and involve risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such estimates. This information is speculative in nature, and some or all of the assumptions underlying the estimated synergies and cost savings may not materialize or may vary from actual results. Our ability to realize these anticipated synergies and savings is subject to significant uncertainties and you should not place undue reliance on the adjustments in evaluating our anticipated results.

We have incurred substantial expenses to consummate the Beacon Acquisition but may not realize the anticipated benefits. In addition, even if we are able to integrate Beacon successfully, the anticipated benefits of the Beacon Acquisition may not be realized fully, or at all, or may take longer to realize than expected. Given the size and significance of the Beacon Acquisition, we may encounter difficulties in the integration of the operations of Beacon and may fail to realize the full benefits and synergies of the Beacon Acquisition, which could adversely impact our business, results of operation and financial condition.

Beacon may have liabilities that are not known to us.

Beacon may have liabilities that we failed, or were unable, to discover in the course of performing our due diligence investigations of Beacon. We cannot assure you that the indemnification available to us under the Agreement and Plan of Merger dated as of March 20, 2025 (the “Merger Agreement”) in respect of the Beacon Acquisition will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business of Beacon or property that we assumed upon consummation of the Beacon Acquisition. We may learn additional information about Beacon that materially adversely affects us, such as unknown or contingent liabilities and liabilities related to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

Acquisition accounting adjustments could adversely affect our financial results.

We will account for the completion of the Beacon Acquisition using the acquisition method of accounting. We will allocate the total estimated purchase price to net tangible assets, amortizable intangible assets and indefinite-lived intangible assets, and based on their fair values as of the date of completion of the Beacon Acquisition record the excess, if any, of the purchase price over those fair values as goodwill. Differences between preliminary estimates and the final acquisition accounting may occur, and these differences could have a material impact on the consolidated financial statements and the combined company’s future results of operations and financial position.

We will be subject to business uncertainties that could adversely affect our business.

Our success following the Beacon Acquisition will depend in part upon the ability to maintain our business relationships. Uncertainty about the effect of the Beacon Acquisition on customers, suppliers, employees and other constituencies may have a material adverse effect on us. Customers, suppliers and others who deal with us may delay or defer business decisions, decide to terminate, modify or renegotiate their relationships or take other actions as a result of the Beacon Acquisition that could negatively affect the revenues, earnings and cash flows of our company. If we are unable to maintain these business and operational relationships, our financial position, results of operations or cash flows could be materially affected.

Risks Related to Our Indebtedness

We incurred substantial additional indebtedness in connection with the Beacon Acquisition.

We incurred, through our wholly owned subsidiary QXO Building Products, Inc. (formerly known as Beacon Roofing Supply, Inc.) and its subsidiaries (the “Credit Parties”), substantial indebtedness in connection with the Beacon Acquisition. As of the closing of the Beacon Acquisition, on a consolidated basis, we had approximately \$4.9 billion face value of outstanding indebtedness (excluding capital leases and finance lease obligations), and revolving commitments under the ABL Facility of \$2.0 billion, of which \$43.0 million was outstanding as of September 30, 2025. As of September 30, 2025, we had approximately \$1.93 billion available for additional borrowing under our ABL Facility (subject to a borrowing base and excluding approximately \$21.2 million in letters of credit outstanding thereunder).

Our high level of debt could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to our debt and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the agreements governing other indebtedness;
- requiring us to dedicate a substantial portion of our cash flow from operations to the payment of interest and the repayment of our indebtedness, thereby reducing funds available to us for other purposes;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, business development or other general corporate requirements, including dividends, if and when declared by our board of directors;
- increasing our vulnerability to general adverse economic and industry conditions;
- making us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- restricting us from making strategic acquisitions, engaging in development activities or exploiting business opportunities;
- causing us to make non-strategic divestitures;
- exposing us to the risk of increased interest rates as certain of our borrowings are and may in the future be at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in our industry;
- impacting our effective tax rate; and
- increasing our cost of borrowing.

In addition, the credit agreements governing the Credit Facilities and the Indenture contain restrictive covenants that limit the ability of the Credit Parties to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our indebtedness.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy the obligations of the Credit Parties under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance the debt obligations of the Credit Parties depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit the Credit Parties to pay the principal and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund the debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures, or to dispose of material assets or operations, alter our dividend policy, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet the scheduled debt service obligations. The instruments governing our indebtedness restrict our ability to dispose of assets and restrict the use of proceeds from those dispositions and also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due.

Our inability to generate sufficient cash flows to satisfy the debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, may materially adversely affect our business, financial condition and results of operations and our ability to satisfy our obligations under our indebtedness or pay dividends on our Common Stock.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

The credit agreements that govern the Credit Facilities and the Indenture contain, and any other existing or future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, through the Credit Parties, including restrictions on the ability of the Credit Parties to, among other things:

- incur additional debt, guarantee indebtedness or issue certain preferred shares;
- pay dividends on or make distributions in respect of, or repurchase or redeem, our capital stock or make other restricted payments;
- prepay, redeem or repurchase certain debt;
- make loans or certain investments;
- sell certain assets;
- create liens on certain assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- designate our subsidiaries as unrestricted subsidiaries.

As a result of these covenants, we are limited in the manner in which we conduct our business, and may be unable to engage in favorable business activities or finance future operations or capital needs.

A failure to comply with the covenants under the Credit Facilities, the Indenture or any of our other existing or future indebtedness could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. In the event of an event of default under the Credit Facilities, the lenders:

- will not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit;
- could require us to apply all of our available cash to repay these borrowings; or
- could effectively prevent us from making debt service payments (due to a cash sweep feature).

Such actions by the lenders could cause cross defaults under our other indebtedness. If we were unable to repay those amounts, the holders of the Notes, the lenders under the Credit Facilities and any of our other existing or future secured indebtedness could proceed against the collateral granted to them to secure the Notes, the Credit Facilities or such other indebtedness. We pledged a significant portion of our assets as collateral under the Notes and the Credit Facilities.

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

Not applicable.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

The predecessor financial information is included as Exhibit 99.1 to this Quarterly Report and are incorporated herein by reference.

Item 6. Exhibits

Exhibit Number	Description
31.1*	<u>Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).</u>
31.2*	<u>Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).</u>
32.1**	<u>Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2**	<u>Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
99.1*	<u>Unaudited predecessor financial information for QXO Building Products, Inc.</u>
101.INS*	Inline XBRL Instance – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation
101.PRE*	Inline XBRL Taxonomy Extension Presentation
101.LAB*	Inline XBRL Taxonomy Extension Labels
101.DEF*	Inline XBRL Taxonomy Extension Definition
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Filed herewith

**Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

QXO, INC.

Date: November 6, 2025

By: /s/ Brad Jacobs

Brad Jacobs

Chief Executive Officer

(Principal Executive Officer)

Date: November 6, 2025

By: /s/ Ihsan Essaid

Ihsan Essaid

Chief Financial Officer

(Principal Financial Officer)