

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 January 31, 2025

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: 001-42200



Ferguson Enterprises Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

38-4304133

(I.R.S. Employer Identification No.)

751 Lakefront Commons
Newport News, Virginia 23606
+1-757-874-7795

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of Each Class:	Trading Symbol:	Name of Each Exchange on Which Registered:
Common Stock, par value \$0.0001 per share	FERG	The New York Stock Exchange London 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 March 4, 2025, the number of outstanding shares of common stock was 198,700,177.

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CERTAIN TERMS

Unless otherwise specified or the context otherwise requires, the terms “Company,” “Ferguson,” “we,” “us,” and “our” and other similar terms used in this Quarterly Report on Form 10-Q (this “Quarterly Report”) refer to Ferguson Enterprises Inc. and its consolidated subsidiaries. Except as otherwise specified or the context otherwise requires, references to years indicate our fiscal year ended July 31 of the respective year. For example, references to “fiscal 2025” or similar references refer to the fiscal year ended July 31, 2025. References to the “Merger” refer to the merger transaction that resulted in (i) Ferguson plc becoming a direct, wholly owned subsidiary of Ferguson Enterprises Inc., (ii) the shareholders of Ferguson plc at the designated record time for the Merger no longer holding ordinary shares of Ferguson plc but instead holding shares of common stock of Ferguson Enterprises Inc., and (iii) Ferguson Enterprises Inc. becoming the successor issuer to Ferguson plc, which was renamed “Ferguson (Jersey) Limited” and converted into a private company.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included in this Quarterly Report is forward-looking, including within the meaning of the Private Securities Litigation Reform Act of 1995, and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, statements or guidance regarding or relating to our future financial position, results of operations and growth, plans and objectives for the future including our capabilities and priorities, risks associated with changes in global and regional economic, market and political conditions, ability to manage supply chain challenges, ability to manage the impact of product price fluctuations, our financial condition and liquidity, legal or regulatory changes, and other statements concerning the success of our business and strategies.

Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as “believes,” “estimates,” “anticipates,” “expects,” “forecasts,” “intends,” “continues,” “plans,” “projects,” “goal,” “target,” “aim,” “may,” “will,” “would,” “could” or “should” or, in each case, their negative or other variations or comparable terminology and other similar references to future periods. Forward-looking statements speak only as of the date on which they are made. They are not assurances of future performance and are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Therefore, you should not place undue reliance on any of these forward-looking statements. Although we believe that the forward-looking statements contained in this Quarterly Report are based on reasonable assumptions, you should be aware that many factors could cause actual results to differ materially from those contained in such forward-looking statements, including but not limited to:

- weakness in the economy, market trends, uncertainty and other conditions in the markets in which we operate, and other factors beyond our control, including disruption in the financial markets and any macroeconomic or other consequences of political unrest, disputes or war;
- failure to rapidly identify or effectively respond to direct and/or end customers’ wants, expectations or trends, including costs and potential problems associated with new or upgraded information technology systems or our ability to timely deploy new omni-channel capabilities;
- decreased demand for our products as a result of operating in highly competitive industries and the impact of declines in the residential and non-residential markets;
- changes in competition, including as a result of market consolidation or competitors responding more quickly to emerging technologies (such as generative artificial intelligence);
- failure of a key information technology system or process as well as exposure to fraud or theft resulting from payment-related risks;
- privacy and protection of sensitive data failures, including failures due to data corruption, cybersecurity incidents or network security breaches;
- ineffectiveness of or disruption in our domestic or international supply chain or our fulfillment network, including delays in inventory availability at our distribution facilities and branches, increased delivery costs or lack of availability;
- failure to effectively manage and protect our facilities and inventory or to prevent personal injury to customers, suppliers or associates, including as a result of workplace violence;

- unsuccessful execution of our operational strategies;
- failure to attract, retain and motivate key associates;
- exposure of associates, contractors, customers, suppliers and other individuals to health and safety risks;
- risks associated with acquisitions, partnerships, joint ventures and other business combinations, dispositions or strategic transactions;
- regulatory, product liability and reputational risks and the failure to achieve and maintain a high level of product and service quality or comply with responsible sourcing standards;
- inability to renew leases on favorable terms or at all, as well as any remaining obligations under a lease when we close a facility;
- changes in, interpretations of, or compliance with tax laws;
- our indebtedness and changes in our credit ratings and outlook;
- fluctuations in product prices (e.g., commodity-priced materials, inflation/deflation) and foreign currency;
- funding risks related to our defined benefit pension plans;
- legal proceedings in the course of our business as well as failure to comply with domestic and foreign laws, regulations and standards, as those laws, regulations and standards or interpretations and enforcement thereof may change, or the occurrence of unforeseen developments such as litigation, investigations, governmental proceedings or enforcement actions;
- our failure to comply with the obligations associated with being a public company listed on the New York Stock Exchange and London Stock Exchange and the costs associated therewith;
- the costs and risk exposure relating to environmental, social and governance matters, including sustainability issues, regulatory or legal requirements, and disparate stakeholder expectations;
- adverse impacts caused by a public health crisis; and
- other risks and uncertainties set forth under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended July 31, 2024 filed with the Securities and Exchange Commission (“SEC”) on September 25, 2024 (the “Annual Report”) and in other filings we make with the SEC in the future.

Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with our legal or regulatory obligations, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Ferguson Enterprises Inc.
Condensed Consolidated Statements of Earnings
(unaudited)

(In millions, except per share amounts)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Net sales	\$6,872	\$6,673	\$14,644	\$14,381
Cost of sales	(4,830)	(4,644)	(10,262)	(10,021)
Gross profit	2,042	2,029	4,382	4,360
Selling, general and administrative expenses	(1,540)	(1,469)	(3,125)	(2,981)
Depreciation and amortization	(92)	(83)	(182)	(163)
Operating profit	410	477	1,075	1,216
Interest expense, net	(48)	(44)	(94)	(89)
Other income (expense), net	8	—	13	(3)
Income before income taxes	370	433	994	1,124
Provision for income taxes	(94)	(111)	(248)	(283)
Net income	\$276	\$322	\$746	\$841
Earnings per share - Basic	\$1.38	\$1.58	\$3.73	\$4.13
Earnings per share - Diluted	\$1.38	\$1.58	\$3.72	\$4.12
Weighted average number of shares outstanding:				
Basic	199.6	203.4	200.2	203.6
Diluted	199.8	203.9	200.5	204.2

See accompanying Notes to the Condensed Consolidated Financial Statements.



Ferguson Enterprises Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

(In millions)	Three months ended		Six months ended	
	January 31,		January 31,	
	2025	2024	2025	2024
Net income	\$276	\$322	\$746	\$841
Other comprehensive income (loss):				
Foreign currency translation adjustments	(32)	21	(39)	(14)
Pension adjustments, net of tax impacts of \$0, (\$2), (\$2) and (\$2), respectively.	1	4	6	5
Total other comprehensive (loss) income, net of tax	(31)	25	(33)	(9)
Comprehensive income	\$245	\$347	\$713	\$832

See accompanying Notes to the Condensed Consolidated Financial Statements.



Ferguson Enterprises Inc.
Condensed Consolidated Balance Sheets
(unaudited)

(In millions, except share amounts)	As of	
	January 31, 2025	July 31, 2024
Assets		
Cash and cash equivalents	\$764	\$571
Accounts receivable, less allowances of \$31 and \$21, respectively	3,200	3,602
Inventories	4,273	4,188
Prepaid and other current assets	962	1,020
Assets held for sale	26	29
Total current assets	9,225	9,410
Property, plant and equipment, net	1,808	1,752
Operating lease right-of-use assets	1,637	1,565
Deferred income taxes, net	188	181
Goodwill	2,361	2,357
Other intangible assets, net	699	753
Other non-current assets	612	554
Total assets	\$16,530	\$16,572
Liabilities and stockholders' equity		
Accounts payable	\$3,027	\$3,410
Short-term debt	400	150
Current portion of operating lease liabilities	416	395
Other current liabilities	1,214	1,261
Total current liabilities	5,057	5,216
Long-term debt	3,949	3,774
Long-term portion of operating lease liabilities	1,256	1,198
Other long-term liabilities	779	768
Total liabilities	11,041	10,956
Stockholders' equity:		
Ordinary shares, par value 10 pence; 500,000,000 shares authorized; 0 and 232,171,182 shares issued, respectively	—	30
Common stock, par value \$0.0001; 500,000,000 shares authorized; 201,343,253 and 0 shares issued, respectively	—	—
Paid-in capital	912	864
Retained earnings	5,998	9,589
Treasury shares, 2,312,552 and 30,827,929 shares, respectively at cost	(457)	(3,936)
Accumulated other comprehensive loss	(964)	(931)
Total stockholders' equity	5,489	5,616
Total liabilities and stockholders' equity	\$16,530	\$16,572

See accompanying Notes to the Condensed Consolidated Financial Statements.

Ferguson Enterprises Inc.
Condensed Consolidated Statements of Stockholders' Equity
(unaudited)

(In millions, except per share data)	Three months ended		Six Months ended	
	January 31, 2025	January 31, 2024	January 31, 2025	January 31, 2024
Ordinary shares:				
Balance at beginning of period	\$—	\$30	\$30	\$30
Treasury shares canceled	—	—	(4)	—
Ordinary shares canceled	—	—	(26)	—
Balance at end of period	—	30	—	30
Common stock:				
Balance at beginning of period	\$—	\$—	\$—	\$—
Common stock issued	—	—	—	—
Balance at end of period	—	—	—	—
Paid-in capital:				
Balance at beginning of period	\$910	\$828	\$864	\$809
Share-based compensation expense	2	12	22	31
Ordinary shares canceled	—	—	26	—
Other	—	2	—	2
Balance at end of period	912	842	912	842
Retained earnings:				
Balance at beginning of period	\$5,889	\$8,858	\$9,589	\$8,557
Treasury shares canceled	—	—	(3,932)	—
Net earnings	276	322	746	841
Cash dividends declared of \$0.83, \$0.79, \$1.62, and \$1.54, respectively	(166)	(160)	(324)	(312)
Shares issued under employee stock plans	(1)	(2)	(81)	(68)
Balance at end of period	5,998	9,018	5,998	9,018
Treasury shares:				
Balance at beginning of period	(\$211)	(\$3,433)	(\$3,936)	(\$3,425)
Treasury shares canceled	—	—	3,936	—
Share repurchases	(247)	(143)	(508)	(176)
Shares issued under employee share plans, net	1	1	51	26
Balance at end of period	(457)	(3,575)	(457)	(3,575)
Employee Benefit Trust:				
Balance at beginning of period	\$—	(\$1)	\$—	(\$46)
Shares issued	—	—	—	45
Other	—	1	—	1
Balance at end of period	—	—	—	—
Accumulated other comprehensive loss:				
Balance at beginning of period	(933)	(922)	(931)	(888)
Total other comprehensive (loss) income	(31)	25	(33)	(9)
Balance at end of period	(964)	(897)	(964)	(897)
Total stockholder's equity	\$5,489	\$5,418	\$5,489	\$5,418

See accompanying Notes to the Condensed Consolidated Financial Statements.

FERGUSON

Ferguson Enterprises Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

(In millions)	Six months ended	
	January 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$746	\$841
Depreciation and amortization	182	163
Share-based compensation	13	24
Changes in deferred income taxes	(3)	(6)
Changes in inventories	(94)	(52)
Changes in receivables and other assets	494	565
Changes in accounts payable and other liabilities	(600)	(626)
Changes in income taxes payable	(39)	(40)
Other operating activities	(14)	(6)
Net cash provided by operating activities	685	863
Cash flows from investing activities:		
Purchase of businesses acquired, net of cash acquired	(46)	(67)
Capital expenditures	(158)	(192)
Other investing activities	12	28
Net cash used in investing activities	(192)	(231)
Cash flows from financing activities:		
Purchase of treasury shares	(508)	(250)
Repayments of debt	(2,100)	(1,155)
Proceeds from debt	2,521	1,125
Change in bank overdrafts	(1)	6
Cash dividends	(158)	(305)
Other financing activities	(43)	(18)
Net cash used in financing activities	(289)	(597)
Change in cash, cash equivalents and restricted cash	204	35
Effects of exchange rate changes	(14)	—
Cash, cash equivalents and restricted cash, beginning of period	625	669
Cash, cash equivalents and restricted cash, end of period	\$815	\$704
Supplemental Disclosures:		
Cash paid for income taxes, net	\$291	\$330
Cash paid for interest	94	97
Accrued capital expenditures	7	6
Accrued dividends	166	161

See accompanying Notes to the Condensed Consolidated Financial Statements.

FERGUSON

Ferguson Enterprises Inc.
Notes to the Condensed Consolidated Financial Statements
(unaudited)

Note 1: Summary of significant accounting policies

Background

Ferguson Enterprises Inc. (including subsidiaries, the “Company”) (NYSE: FERG; LSE: FERG) is a Delaware corporation. Ferguson is a value-added distributor serving the specialized professional in the residential and non-residential North American construction market. We help make our customers’ complex projects simple, successful and sustainable by providing expertise and a wide range of products and services from plumbing, HVAC, appliances, and lighting to PVF, water and wastewater solutions, and more. We sell through a common network of distribution centers, branches, counter service and specialist sales associates, showroom consultants and e-commerce channels. The corporate headquarters of the Company is located at 751 Lakefront Commons, Newport News, Virginia 23606.

Effective on August 1, 2024 (the “Effective Date”), the Company established a new corporate structure to domicile our ultimate parent company in the United States by completing a merger between entities under common control (the “Merger”). The Merger resulted in (i) Ferguson plc (the “predecessor”) becoming a direct, wholly owned subsidiary of Ferguson Enterprises Inc. (the “successor issuer”) and (ii) the shareholders of Ferguson plc at the designated record time for the Merger no longer holding ordinary shares of Ferguson plc but instead holding shares of common stock of Ferguson Enterprises Inc.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements and notes to the condensed consolidated financial statements are presented in accordance with the rules and regulations of the SEC and accounting principles generally accepted in the United States of America (“U.S. GAAP”), but do not include all disclosures normally required in annual consolidated financial statements. In the opinion of management, the unaudited condensed consolidated financial statements contain all normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented.

In light of the Merger, the July 31, 2024 condensed consolidated balance sheet was derived from the audited financial statements of the predecessor. For the six months ended January 31, 2024, the unaudited condensed consolidated statements of earnings, comprehensive income, stockholders’ equity, and cash flows represent the activities of the predecessor. The successor issuer had no operating activities prior to the Effective Date.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Annual Report. The financial results for the interim periods may not be indicative of the financial results for the entire fiscal year.

Use of estimates

The preparation of the Company’s interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions affecting certain reported amounts in the interim condensed consolidated financial statements and accompanying notes. Actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks with original maturities of three months or less and overdrafts to the extent there is a legal right of offset and practice of net settlement with cash balances. Cash equivalents also include amounts due from third-party credit card processors as they are both short-term and highly liquid in nature and are typically converted to cash within a few days of the sales transaction.

Restricted cash primarily consists of deferred consideration for business combinations, subject to various settlement agreements. These amounts are recorded in prepaid and other current assets and other non-current assets in the Company’s condensed consolidated balance sheets.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows.

(In millions)	As of	
	January 31, 2025	July 31, 2024
Cash and cash equivalents	\$764	\$571
Restricted cash	51	54
Total cash, cash equivalents and restricted cash	\$815	\$625

Supplier finance program

In October 2023, the Company began a supplier financing program with a third party wherein certain shipping and logistics providers in the United States can opt to receive early payment at a nominal discount. The Company's obligations to suppliers are unchanged and payment terms are consistent with the Company's normal payment terms. All outstanding payables related to the supplier finance program are classified within accounts payable within our condensed consolidated balance sheets and were \$42 million and \$46 million as of January 31, 2025 and July 31, 2024, respectively.

Recently issued accounting standard updates ("ASU")

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses." This ASU requires new financial statement disclosures disaggregating prescribed expense categories within relevant income statement expense captions, including information about purchases of inventory, employee compensation, depreciation, and intangible asset amortization for each relevant expense caption on the face of the income statement. Per ASU No. 2025-01, the amendments under ASU No. 2024-03 are effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The ASU No. 2024-03 can be adopted either prospectively or retrospectively. The Company is currently evaluating the ASU to determine the impact on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This ASU provides qualitative and quantitative updates to the rate reconciliation and income taxes paid disclosures, among others, in order to enhance the transparency of income tax disclosures, including consistent categories and greater disaggregation of information in the rate reconciliation and disaggregation by jurisdiction of income taxes paid. The amendments in this ASU are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied prospectively; however, retrospective application is also permitted. The Company is currently evaluating the ASU to determine the impact on its disclosures.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This ASU expands public entities' required segment disclosures, including disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items and interim disclosures of a reportable segment's profit or loss and assets that are currently not required. This ASU is effective for fiscal years beginning after December 15, 2023, and interim reporting periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The impact to the Company's consolidated financial statements and related disclosures is not expected to be material.

Recent accounting pronouncements pending adoption that are not discussed above are either not applicable, or will not have, or are not expected to have, a material impact on our consolidated financial condition, results of operations or cash flows.

Note 2: Revenue and segment information

The Company reports its financial results of operations on a geographical basis in the following two reportable segments: United States and Canada. Each segment generally derives its revenues in the same manner. The Company uses adjusted operating profit as its measure of segment profit. A reporting segment's adjusted operating profit is defined as profit before tax, excluding central and other costs, restructuring costs, amortization of acquired intangible assets, net interest expenses, as well as other items typically recorded in net other (expense) income such as (loss)/gain on disposal of businesses, pension plan changes/closure costs and amounts recorded in connection with the Company's interests in investees. Certain income and expenses are not allocated to the Company's segments and, thus, the information that management uses to make operating decisions and assess performance does not reflect such amounts.

Segment results were as follows:

(In millions)	Three months ended		Six months ended	
	January 31,		January 31,	
	2025	2024	2025	2024
Net sales:				
United States	\$6,553	\$6,364	\$13,922	\$13,693
Canada	319	309	722	688
Total net sales	\$6,872	\$6,673	\$14,644	\$14,381
Adjusted operating profit:				
United States	\$455	\$525	\$1,152	\$1,291
Canada	11	9	34	32
Central and other costs	(17)	(14)	(31)	(30)
Corporate restructurings ⁽¹⁾	—	(8)	(3)	(8)
Amortization of acquired intangible assets	(39)	(35)	(77)	(69)
Interest expense, net	(48)	(44)	(94)	(89)
Other income (expense), net	8	—	13	(3)
Income before income taxes	\$370	\$433	\$994	\$1,124

(1) For the six months ended January 31, 2025, corporate restructurings primarily related to incremental costs in connection with transition activities following the establishment of our parent company's domicile in the United States. For the three and six months ended January 31, 2024, corporate restructuring costs related to incremental costs in connection with establishing a new corporate structure to domicile our ultimate parent company in the United States.

Our products are delivered through a common network of distribution centers, branches, counter service and specialist sales associates, showroom consultants and e-commerce channels. The Company recognizes revenue when a sales arrangement with a customer exists (e.g., contract, purchase orders, others), the transaction price is fixed or determinable, collection of consideration is probable and the Company has satisfied its performance obligation per the sales arrangement. The majority of the Company's revenue originates from sales arrangements with a single performance obligation to deliver products, whereby the performance obligations are satisfied when control of the product is transferred to the customer which is the point the product is delivered to, or collected by, the customer.

The Company determined that disaggregating net sales by end market at the segment level achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows may be impacted by economic factors. The disaggregated net sales by end market are as follows:

(In millions)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
United States:				
Residential	\$3,371	\$3,299	\$7,118	\$7,039
Non-residential:				
Commercial	2,188	2,122	4,653	4,592
Civil/Infrastructure	555	508	1,205	1,141
Industrial	439	435	946	921
Total Non-residential	3,182	3,065	6,804	6,654
Total United States	6,553	6,364	13,922	13,693
Canada	319	309	722	688
Total net sales	\$6,872	\$6,673	\$14,644	\$14,381

No sales to an individual customer accounted for more than 10% of net sales during any of the periods presented.

The Company is a value-added distributor in North America, providing a wide range of products from plumbing, HVAC, appliances, and lighting to PVF, water and wastewater solutions, and more. We offer a broad line of products, and items are regularly added to and removed from the Company's inventory. Accordingly, it would be impractical to provide sales information by product category due to the way the business is managed, and the dynamic nature of the inventory offered.

Note 3: Weighted average shares

The following table shows the calculation of diluted shares:

(In millions)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Weighted average number of shares outstanding:				
Basic weighted average shares	199.6	203.4	200.2	203.6
Effect of dilutive shares ⁽¹⁾	0.2	0.5	0.3	0.6
Diluted weighted average shares	199.8	203.9	200.5	204.2
Excluded anti-dilutive shares	0.2	—	0.2	0.1

(1) Represents the potential dilutive impact of share-based awards.

Note 4: Income tax

As of August 1, 2024, Ferguson is a U.S. corporation. The provision for income taxes for fiscal 2025 consists of provisions for the U.S. plus non-U.S. tax rate differentials with respect to other locations in which Ferguson's operations are based. For fiscal years prior to 2025, Ferguson's provision for income taxes consists of provisions for the U.K. plus non-U.K. tax rate differentials with respect to other locations in which the predecessor operated. Accordingly, the consolidated income tax rate is a composite rate reflecting earnings in various locations and the applicable tax rates.

The Company's tax provision for each period presented was calculated using an estimated annual tax rate, adjusted for discrete items occurring during the applicable period to arrive at an effective tax rate. The effective income tax rates for the relevant periods were as follows:

	Three months ended		Six months ended	
	January 31,		January 31,	
	2025	2024	2025	2024
Effective tax rate	25.4 %	25.6 %	24.9 %	25.2 %

During the three and six months ended January 31, 2025, there were no material changes to the Company's unrecognized tax benefits when compared to those items disclosed in the Annual Report.

Note 5: Debt

The Company's debt obligations consisted of the following:

(In millions)	As of	
	January 31, 2025	July 31, 2024
Variable-rate debt:		
Receivables Facility	\$575	\$250
Term Loan	—	500
Fixed-rate debt:		
Private placement notes	700	850
Unsecured senior notes, due April 2027 - April 2032	2,350	2,350
2034 Senior Notes, 5.00% due October 2034	750	—
Subtotal	\$4,375	\$3,950
Less: current maturities of debt	(400)	(150)
Unamortized discounts and debt issuance costs	(21)	(18)
Interest rate swap - fair value adjustment	(5)	(8)
Total long-term debt	\$3,949	\$3,774

Receivables Securitization Facility

The Company maintains a Receivables Securitization Facility (the "Receivables Facility") which is primarily governed by the Receivables Purchase Agreement, dated July 31, 2013, as amended from time to time, among the following parties (the "Parties"): the Company, Ferguson Receivables, LLC ("FRL") and certain other subsidiaries of the Company; the conduit purchasers, committed purchasers, and letter of credit banks from time to time party thereto; and Royal Bank of Canada, as administrative agent (the "Receivables Purchase Agreement"). Capitalized terms used in this summary have the meaning set forth in the Receivables Purchase Agreement, as amended by the Omnibus Amendment and Consent (Ferguson Receivables, LLC), dated October 29, 2024, among the Parties (the "Omnibus Amendment").

The Receivables Facility consists of funding for up to \$1.1 billion. Pursuant to the Omnibus Amendment, access to the swingline facility of up to \$100 million in same day funding was terminated until such time as a Committed Purchaser agrees in writing to make Swingline Purchases. In addition, pursuant to the Omnibus Amendment, the termination date under the Receivables Purchase Agreement was extended to October 29, 2027 for all Purchase Groups except the TD Purchase Group, which has a termination date of October 7, 2025. Under the Receivables Facility, creditors of FRL have no recourse to the Company's general credit and FRL's assets can be used only to settle FRL's obligations. As of January 31, 2025, \$575 million in borrowings were outstanding under the Receivables Facility. The interest rate under the Receivable Facility was approximately 5.35% as of January 31, 2025.

Term Loan Agreement

The Company and Ferguson UK Holdings Limited previously maintained a Credit Agreement, dated October 7, 2022 (as amended from time to time, the "Term Loan Agreement"), providing for term loans (the "Term Loan") in an aggregate principal amount of \$500 million. In October 2024, the Term Loan was voluntarily repaid in full using a portion of the proceeds from the issuance of the 2034 Senior Notes (as defined below) and the Term Loan Agreement was terminated in accordance with its terms.

Revolving Credit Facility

The Company maintains a revolving credit facility (the “Revolving Facility”) that has aggregate total available credit commitments of \$1.35 billion. As of January 31, 2025, no borrowings were outstanding under the Revolving Facility.

Private Placement Notes

In the second quarter of fiscal 2025, the Company repaid \$150 million related to the 3.44% private placement notes that matured in November 2024.

In September 2025, \$400 million of private placement notes will mature.

2034 Senior Notes

On October 3, 2024, the Company issued and sold \$750 million aggregate principal amount of unsecured senior notes, maturing in October 2034 (the “2034 Senior Notes”). The 2034 Senior Notes bear interest at a rate of 5.00%, payable semi-annually. The obligations of the Company under the 2034 Senior Notes are fully and unconditionally guaranteed by Ferguson UK Holdings Limited, an indirect subsidiary of the Company.

The 2034 Senior Notes may be redeemed, in whole or in part, (i) at 100% of the principal amount on the notes being redeemed plus a “make-whole” prepayment premium at any time prior to three months before the maturity date (the “Notes Par Call Date”) or (ii) after the Notes Par Call Date at 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest on the principal being redeemed. The 2034 Senior Notes include covenants, subject to certain exceptions, which include limitations on the granting of liens and on mergers and acquisitions.

Other

The Company was in compliance with all debt covenants that were in effect as of January 31, 2025.

Note 6: Assets and liabilities at fair value

The Company has not changed its valuation techniques for measuring the fair value of any financial assets or liabilities during the periods presented. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and other debt instruments, such as the Receivables Facility due to its variable interest rate, approximated their fair values as of January 31, 2025 and July 31, 2024.

The Company’s derivatives (interest rate swaps which are considered fair value hedges) and investments in equity instruments are carried at fair value on the condensed consolidated balance sheets (Level 2 and Level 3 fair value inputs, respectively) and are not material. The notional amount of the Company’s outstanding fair value hedges was \$150 million and \$300 million as of January 31, 2025 and July 31, 2024, respectively. The notional value of fair value hedges decreased in connection with the repayment of \$150 million related to the 3.44% private placement notes that matured in November 2024.

Carrying amounts and the related estimated fair value of the Company’s long-term debt were as follows:

(In millions)	January 31, 2025		July 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured senior notes	\$3,079	\$2,973	\$2,333	\$2,263
Private placement notes	700	694	849	837

Note 7: Commitments and contingencies

The Company is, from time to time, involved in various legal proceedings considered to be normal course of business in relation to, among other things, the products that we supply, contractual and commercial disputes and disputes with employees. Provision is made if, on the basis of current information and professional advice, liabilities are considered probable. In the case of unfavorable outcomes, the Company may benefit from applicable insurance protection. The Company does not expect any of its pending legal proceedings to have a material adverse effect on its results of operations, financial position or cash flows.

Note 8: Accumulated other comprehensive loss

The change in accumulated other comprehensive loss was as follows:

(In millions, net of tax)	Foreign currency translation	Pensions	Total
Balance at July 31, 2024	(\$461)	(\$470)	(\$931)
Other comprehensive (loss) income before reclassifications	(7)	2	(5)
Amounts reclassified from accumulated other comprehensive loss	—	3	3
Other comprehensive (loss) income	(7)	5	(2)
Balance at October 31, 2024	(468)	(465)	(933)
Other comprehensive loss before reclassifications	(32)	(1)	(33)
Amounts reclassified from accumulated other comprehensive loss	—	2	2
Other comprehensive (loss) income	(32)	1	(31)
Balance at January 31, 2025	(500)	(464)	(964)

(In millions, net of tax)	Foreign currency translation	Pensions	Total
Balance at July 31, 2023	(\$429)	(\$459)	(\$888)
Other comprehensive loss before reclassifications	(35)	(2)	(37)
Amounts reclassified from accumulated other comprehensive loss	—	3	3
Other comprehensive (loss) income	(35)	1	(34)
Balance at October 31, 2023	(464)	(458)	(922)
Other comprehensive income before reclassifications	21	2	23
Amounts reclassified from accumulated other comprehensive loss	—	2	2
Other comprehensive income	21	4	25
Balance at January 31, 2024	(443)	(454)	(897)

Amounts reclassified from accumulated other comprehensive loss related to pension and other post-retirement items include the related income tax impacts. Such amounts consisted of the following:

(In millions)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Amortization of actuarial losses	\$3	\$3	\$7	\$7
Tax benefit	(1)	(1)	(2)	(2)
Amounts reclassified from accumulated other comprehensive loss	\$2	\$2	\$5	\$5

Note 9: Retirement benefit obligations

The Company maintains pension plans in the U.K. and Canada. The components of net periodic pension cost, which are included in Other income (expense), net in the condensed consolidated statements of earnings, were as follows:

(In millions)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Interest cost	(\$15)	(\$15)	(\$31)	(\$30)
Expected return on plan assets	16	15	32	30
Amortization of net actuarial losses	(3)	(3)	(7)	(7)
Net periodic cost	(\$2)	(\$3)	(\$6)	(\$7)

The impact of exchange rate fluctuations is included in the amortization of net actuarial losses line above.

Note 10: Stockholders' equity

The following table presents a summary of the Company's share activity:

	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Ordinary shares:				
Balance at beginning of period	—	232,171,182	232,171,182	232,171,182
Treasury shares canceled	—	—	(30,827,929)	—
Ordinary shares canceled	—	—	(201,343,253)	—
Balance at end of period	—	232,171,182	—	232,171,182
Common stock:				
Balance at beginning of period	201,343,253	—	—	—
Common stock issued	—	—	201,343,253	—
Balance at end of period	201,343,253	—	201,343,253	—
Treasury shares:				
Balance at beginning of period	(1,061,473)	(28,382,963)	(30,827,929)	(27,893,680)
Treasury shares canceled	—	—	30,827,929	—
Share repurchases	(1,257,228)	(794,755)	(2,567,391)	(1,492,153)
Treasury shares used to settle share-based compensation awards	6,149	9,298	254,839	217,413
Balance at end of period	(2,312,552)	(29,168,420)	(2,312,552)	(29,168,420)
Employee Benefit Trusts:				
Balance at beginning of period	—	(20,819)	—	(274,031)
Employee Benefit Trust shares used to settle share-based compensation awards	—	—	—	253,212
Shares sold upon termination of Employee Benefit Trust	—	20,819	—	20,819
Balance at end of period	—	—	—	—
Total shares outstanding at end of period	199,030,701	203,002,762	199,030,701	203,002,762

Employee Benefit Trusts

Two Employee Benefit Trusts had been previously established in connection with the Company's discretionary share award plans and long-term incentive plans. During fiscal 2024, each of these trusts were terminated with all shares disbursed or sold.

Share Repurchases

In March 2025, the Company extended the share repurchase program by an additional \$1.0 billion. As such, the Company is purchasing shares under an authorization that allows up to \$5.0 billion in share repurchases. As of January 31, 2025, the Company had completed \$3.6 billion under the share repurchase program.

Ordinary Shares and Treasury shares

As of August 1, 2024, the Company canceled all ordinary shares in connection with its completion of the Merger. As a result, in the first quarter of fiscal 2025, 30,827,929 ordinary shares held in treasury were canceled, 201,343,253 of outstanding ordinary shares not held in treasury were canceled and 201,343,253 shares of common stock were issued as consideration therefor.

Note 11: Share-based compensation

The Company grants share-based compensation awards that can be broadly characterized by the underlying vesting conditions as follows:

- Time vested, restricted stock units (“RSU”) vest over time. RSU awards granted prior to fiscal 2025 cliff vest, typically at the end of three years. RSU awards granted in fiscal 2025 will vest in equal, annual installments over three years. The fair value of these awards is based on the closing share price on the date of grant.
- Single metric performance stock units (“PSU”) typically vest following three-year performance cycles. The number of shares issued will vary based upon the Company’s performance against an adjusted operating profit measure. The fair value of the award is based on the closing share price on the date of grant.
- Multiple metric performance stock units granted to certain members of management (“PSU-EX”) typically vest following three-year performance cycles. The number of shares issued will vary based upon adjusted EPS growth (diluted), return on capital employed (“ROCE”) and relative total shareholder return (“rTSR”). The fair value of awards vesting based upon EPS growth (diluted) and ROCE are equal to the closing share price on the date of grant and the fair value of rTSR awards are determined using a Monte-Carlo simulation.

The following table summarizes the share-based incentive awards activity for the six months ended January 31, 2025:

	Number of shares	Weighted average grant date fair value
Outstanding as of July 31, 2024	963,130	\$135.82
RSU awards granted	122,632	190.80
PSU awards granted	162,406	189.30
PSU-EX granted	51,366	167.95
Share adjustments based on performance	(209,545)	132.50
Vested	(403,895)	134.60
Forfeited	(37,166)	151.41
Outstanding as of January 31, 2025	<u>648,928</u>	<u>\$163.09</u>

The following table relates to RSU, PSU and PSU-EX awards activity:

	Six months ended January 31, 2025
(In millions, except per share amounts)	
Fair value of awards vested	\$81
Weighted average grant date fair value per share granted	\$186.59

The following table relates to all share-based compensation awards:

(In millions)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Share-based compensation expense (within SG&A)	\$2	\$11	\$13	\$24
Income tax benefit	—	3	3	6

Total unrecognized share-based compensation expense for all share-based payment plans was \$89 million at January 31, 2025, which is expected to be recognized over a weighted average period of 2.3 years.

Stock Options

In October 2024, the Company granted 65,760 stock options to certain members of management with an exercise price equal to the closing share price of the Company's common stock on the last trading day prior to the date of grant. These options vest and become exercisable over three years, in equal, annual installments beginning one year from the date of grant, and expire 10 years from the date of grant. The fair value of the Company's stock options was estimated on the date of grant using the Black-Scholes option-pricing model. The share-based compensation expense of these stock options is not material.

Note 12: Acquisitions

The Company acquired two businesses during the six months ended January 31, 2025. Each of the acquired businesses is generally engaged in the distribution of plumbing, HVAC or infrastructure related products and was acquired to support growth. In each of the Company's acquisitions, the Company has purchased substantially all of the acquiree's business and therefore all transactions have been accounted for as a business combination pursuant to FASB Accounting Standards Codification (ASC) 805.

The following table summarizes the preliminary purchase price allocation for the assets acquired and liabilities assumed in regard to the Company's acquisitions:

(In millions)	
Trade and other receivables	\$7
Inventories	6
Property, plant and equipment	1
Right of use assets	4
Trade names and brands	1
Customer relationships	32
Other intangible assets	1
Trade and other payables	(2)
Lease liabilities	(4)
Total	46
Goodwill	15
Consideration	\$61
Satisfied by:	
Cash	\$46
Deferred & other consideration	15
Total consideration	\$61

The fair values of the net assets acquired are considered preliminary and are based on management's best estimates. Further adjustments may be necessary in connection with acquisitions completed in a prior period when additional information becomes available about events that existed at the date of acquisition. Amendments to fair value estimates may be made to these figures during the measurement period following the date of acquisition. There were no material adjustments in the current fiscal year that related to the closing of the measurement period of acquisitions made in the prior fiscal year. As of the date of this Quarterly Report, the Company has made all known material adjustments related to acquisitions in fiscal 2025.

The fair value estimates of intangible assets are considered non-recurring, Level 3 measurements within the fair value hierarchy and are estimated as of each respective acquisition date.

The goodwill on these acquisitions is attributable to the anticipated profitability of the new markets and product ranges to which the Company has gained access and additional profitability, operating efficiencies and other synergies available in connection with existing markets. All of the goodwill acquired during the six months ended January 31, 2025 was attributed to the United States segment and is expected to be deductible for tax purposes.

Deferred consideration represents the expected payout due to certain sellers of acquired businesses that is subject to either 1) a contractual settle-up period or 2) a contingency related to contractually defined performance metrics. If the deferred consideration is contingent on achieving performance metrics, the liability is estimated using assumptions regarding the expectations of an acquiree's ability to achieve the contractually defined performance metrics over a period of time that typically spans one to three years. When ultimately paid, deferred consideration is reported as a cash outflow from financing activities.

The businesses acquired during the year-to-date period of fiscal 2025 contributed \$10 million to net sales and \$2 million in losses to the Company's income before income tax, including acquired intangible asset amortization, as well as transaction and integration costs for the period between the applicable date of acquisition and January 31, 2025. Acquisition costs during the six months ended January 31, 2025 were not material. Acquisition costs are expensed as incurred and included in selling, general and administrative expenses in the Company's consolidated statements of earnings.

The net outflow of cash related to business acquisitions is as follows:

(In millions)	Six months ended January 31, 2025
Purchase consideration	\$46
Cash, cash equivalents and bank overdrafts acquired	—
Cash consideration paid, net of cash acquired	46
Deferred and contingent consideration ⁽¹⁾	11
Net cash outflow in respect of the purchase of businesses	\$57

(1) Included in other financing activities in the Condensed Consolidated Statements of Cash Flows.

Pro forma disclosures

If each acquisition had been completed on the first day of the prior fiscal year, the Company's unaudited pro forma net sales would have been:

(In millions)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Pro forma net sales	\$6,873	\$6,685	\$14,654	\$14,405

The impact on income before income tax, including additional amortization, transaction costs and integration costs would not be material in the three and six months ended January 31, 2025 and 2024.

These unaudited pro forma results do not necessarily represent financial results that would have been achieved had the acquisition actually occurred at the beginning of the prior fiscal year.

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

Management's discussion and analysis of financial condition and results of operations ("MD&A") is intended to convey management's perspective regarding the Company's operational and financial performance for the three and six months ended January 31, 2025 and 2024, respectively. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements and related notes appearing in "Item 1. Financial Statements" of this Quarterly Report (the "Condensed Consolidated Financial Statements") and the consolidated financial statements and related notes in "Item 8. Financial Statements and Supplementary Data" of the Annual Report.

The following discussion contains trend information and other forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements, as well as from our historical performance, due to various factors, including, but not limited to, those referred to in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" and elsewhere in this Quarterly Report.

Overview

Ferguson is a value-added distributor serving the specialized professional in the residential and non-residential North American construction market. We help make our customers' complex projects simple, successful and sustainable by providing expertise and a wide range of products and services from plumbing, HVAC, appliances, and lighting to PVF, water and wastewater solutions, and more.

The following table presents highlights of the Company's performance for the periods below:

(In millions, except per share amounts)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Net sales	\$6,872	\$6,673	\$14,644	\$14,381
Operating profit	410	477	1,075	1,216
Net income	276	322	746	841
Earnings per share - diluted	1.38	1.58	3.72	4.12
Net cash provided by operating activities			685	863
Supplemental non-GAAP financial measures:⁽¹⁾				
Adjusted operating profit	449	520	1,155	1,293
Adjusted earnings per share - diluted	1.52	1.74	3.98	4.40

(1) The Company uses certain non-GAAP measures, which are not defined or specified under U.S. GAAP. See the section titled "[Non-GAAP Reconciliations and Supplementary Information](#)."

For the second quarter of fiscal 2025, net sales increased by 3.0% compared to the second quarter of fiscal 2024, primarily due to higher sales volume and incremental revenue from acquisitions, partially offset by price deflation (approximately 2%), mainly within certain commodity categories in the United States.

For the second quarter of fiscal 2025, operating profit decreased by 14.0% (adjusted operating profit decreased 13.7%), compared with the second quarter of fiscal 2024. This decrease was primarily due to higher operating costs driven by sales volume growth and cost inflation.

For the second quarter of fiscal 2025, diluted earnings per share was \$1.38 (adjusted diluted earnings per share: \$1.52), decreasing 12.7% compared with the second quarter of fiscal 2024 (12.6% on an adjusted basis) due to lower net income, partially offset by the impact of share repurchases.

Net cash provided by operating activities decreased to \$0.7 billion in the year-to-date period of fiscal 2025 compared with \$0.9 billion in the same period of fiscal 2024, reflecting an increase in working capital to support volume growth period-over-period, along with lower net income after adjusting for non-cash items.

Results of Operations

(In millions)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Net sales	\$6,872	\$6,673	\$14,644	\$14,381
Cost of sales	(4,830)	(4,644)	(10,262)	(10,021)
Gross profit	2,042	2,029	4,382	4,360
Selling, general and administrative expenses	(1,540)	(1,469)	(3,125)	(2,981)
Depreciation and amortization	(92)	(83)	(182)	(163)
Operating profit	410	477	1,075	1,216
Interest expense, net	(48)	(44)	(94)	(89)
Other income (expense), net	8	—	13	(3)
Income before income taxes	370	433	994	1,124
Provision for income taxes	(94)	(111)	(248)	(283)
Net income	\$276	\$322	\$746	\$841

Net sales

Net sales were \$6.9 billion in the second quarter of fiscal 2025, an increase of \$0.2 billion, or 3.0%, compared with the same period in fiscal 2024. The increase in net sales was driven by higher sales volume and incremental sales from acquisitions of 1.2%. These increases were partially offset by price deflation of approximately 2%, mainly within certain commodity categories in the United States. The Company's increase in net sales was driven by growth in both of the residential and non-residential markets in its United States segment.

Net sales were \$14.6 billion in the year-to-date period of fiscal 2025, an increase of \$0.3 billion, or 1.8%, compared with the same period in fiscal 2024. The factors impacting the year-to-date comparison were largely the same as those noted above for the quarter.

For further discussion on the Company's net sales, see the "Segment results" section below.

Gross profit

Gross profit in the second quarter of fiscal 2025 increased \$13 million, or 0.6%, compared with the same period in fiscal 2024, primarily reflecting increased net sales. Gross profit as a percentage of sales was 29.7% and 30.4% in the second quarters of fiscal 2025 and fiscal 2024, respectively. The decrease of 0.7% reflected the impact on margins from subdued end market demand, as well as the impact of price deflation and sales mix.

Gross profit in the year-to-date period of fiscal 2025 increased \$22 million, or 0.5%, compared with the same period in fiscal 2024. Gross profit as a percentage of sales was 29.9% and 30.3% in the year-to-date periods of fiscal 2025 and fiscal 2024, respectively. The factors impacting the year-to-date comparisons were largely the same as those noted above for the quarter.

Selling, general and administrative ("SG&A") expenses

SG&A expenses in the second quarter of fiscal 2025 increased \$71 million, or 4.8%, compared with the same period in fiscal 2024. SG&A as a percentage of sales was 22.4% and 22.0% in the second quarters of fiscal 2025 and fiscal 2024, respectively. The increase in SG&A as a percent of sales primarily reflects the impact of cost inflation, mainly on infrastructure and fleet.

SG&A expenses in the year-to-date period of fiscal 2025 increased \$144 million, or 4.8%, compared with the same period in fiscal 2024. SG&A as a percentage of sales was 21.3% and 20.7% in the year-to-date period of fiscal 2025 and fiscal 2024, respectively. The factors impacting the year-to-date comparisons were largely the same as those noted above for the quarter, as well as the impact of increased labor costs, primarily related to wage inflation, on the year-to-date comparison.

Income tax

Income tax expense was \$94 million for the second quarter of fiscal 2025, a decrease of \$17 million, or 15.3%, compared to the same period in fiscal 2024. In the year-to-date period of fiscal 2025, income tax expense was \$248 million, a decrease of \$35 million, or 12.4%, compared to the same period in fiscal 2024. In each case the decrease was due to lower income before income taxes.

The Company's effective tax rates were 25.4% and 25.6% for the second quarters of fiscal 2025 and 2024, respectively. The Company's effective tax rates were 24.9% and 25.2% for the year-to-date periods of fiscal 2025 and 2024, respectively. For each of the year-over-year comparisons, the decrease in the effective tax rate was primarily due to discrete tax benefits recorded in fiscal 2025.

Net interest expense

Net interest expense was \$48 million in the second quarter of fiscal 2025 compared with \$44 million in the same period in fiscal 2024. In the year-to-date periods, net interest expense was \$94 million in fiscal 2025 compared with \$89 million in fiscal 2024. The increase in interest expense was due to higher average borrowings over the respective periods compared with the prior year.

Net income

Net income for the second quarter and year-to-date periods of fiscal 2025 was \$276 million and \$746 million, respectively. These represented decreases in net income of \$46 million, or 14.3%, and \$95 million, or 11.3%, compared with the respective periods in fiscal 2024 due to the various elements described in the sections above.

Segment results

United States

(In millions)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Net sales	\$6,553	\$6,364	\$13,922	\$13,693
Adjusted operating profit	455	525	1,152	1,291

Net sales for the United States segment were \$6.6 billion in the second quarter of fiscal 2025, an increase of \$189 million, or 3.0%, compared to the same period in fiscal 2024. The increase in net sales was primarily driven by higher sales volume and incremental sales from acquisitions of 1.0%, partially offset by price deflation of approximately 2%, mainly within certain commodity categories. Net sales in non-residential markets increased 3.8%, mainly in connection with growth in Commercial and Civil/Infrastructure sales compared with the same period in fiscal 2024. Net sales in residential markets increased 2.2% compared with the same period in fiscal 2024 with growth across both new construction and repairs, maintenance and improvement.

Net sales were \$13.9 billion in the year-to-date period of fiscal 2025, an increase of \$0.2 billion, or 1.7%, compared with the same period in fiscal 2024. The factors impacting the year-to-date comparison were largely the same as those noted above for the quarter.

Adjusted operating profit for the United States segment was \$455 million in the second quarter of fiscal 2025, a decrease of \$70 million, or 13.3%, compared to the same period in fiscal 2024, primarily reflecting the impact of higher operating costs driven by sales volume growth and cost inflation.

Adjusted operating profit for the United States segment was \$1.2 billion in the year-to-date period of fiscal 2025, a decrease of \$0.1 billion, or 10.8%, compared to the same period in fiscal 2024. The factors impacting the year-to-date comparison were largely the same as those noted above for the quarter.

Canada

(In millions)	Three months ended		Six months ended	
	January 31,		January 31,	
	2025	2024	2025	2024
Net sales	\$319	\$309	\$722	\$688
Adjusted operating profit	11	9	34	32

Net sales for the Canada segment were \$319 million in the second quarter of fiscal 2025, an increase of \$10 million, or 3.2%, compared to the same period in fiscal 2024. This increase in net sales was primarily driven by incremental sales from an acquisition of 5.4%, price inflation of approximately 2% and higher sales volume, partially offset by the impact of foreign currency exchange rates of 5.3%.

Net sales were \$722 million in the year-to-date period of fiscal 2025, an increase of \$34 million, or 4.9%, compared with the same period in fiscal 2024. The factors impacting the year-to-date comparison were largely the same as those noted above for the quarter.

Adjusted operating profit for the Canada segment in the second quarter and year-to-date periods of fiscal 2025 increased by \$2 million compared with the respective periods in fiscal 2024 in connection with higher sales.



Non-GAAP Reconciliations and Supplementary Information

The Company reports its financial results in accordance with U.S. GAAP. However, the Company believes certain non-GAAP financial measures provide users of the Company's financial information with additional meaningful information to assist in understanding financial results and assessing the Company's performance from period to period. These non-GAAP financial measures include adjusted operating profit, adjusted net income and adjusted earnings per share ("adjusted EPS") - diluted. Management believes these measures are important indicators of operations because they exclude items that may not be indicative of our core operating results and provide a better baseline for analyzing trends in our underlying businesses, and they are consistent with how business performance is planned, reported and assessed internally by management and the Company's Board of Directors. Such non-GAAP adjustments include amortization of acquired intangible assets, discrete tax items, and any other items that are non-recurring. Non-recurring items may include various restructuring charges, gains or losses on the disposals of businesses which by their nature do not reflect primary operations, as well as certain other items deemed non-recurring in nature and/or that are not a result of the Company's primary operations. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These non-GAAP financial measures should not be considered in isolation or as a substitute for results reported under U.S. GAAP. These non-GAAP financial measures reflect an additional way of viewing aspects of operations that, when viewed with U.S. GAAP results, provide a more complete understanding of the business. The Company strongly encourages investors and shareholders to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Reconciliation of net income to adjusted operating profit

The following table reconciles net income (U.S. GAAP) to adjusted operating profit (non-GAAP):

(In millions)	Three months ended January 31,		Six months ended January 31,	
	2025	2024	2025	2024
Net income	\$276	\$322	\$746	\$841
Provision for income taxes	94	111	248	283
Interest expense, net	48	44	94	89
Other (income) expense, net	(8)	—	(13)	3
Operating profit	410	477	1,075	1,216
Corporate restructurings ⁽¹⁾	—	8	3	8
Amortization of acquired intangibles	39	35	77	69
Adjusted operating profit	\$449	\$520	\$1,155	\$1,293

- (1) For the six months ended January 31, 2025, corporate restructurings primarily related to incremental costs in connection with transition activities following the establishment of our parent company's domicile in the United States. For the three and six months ended January 31, 2024, corporate restructuring costs related to incremental costs in connection with establishing a new corporate structure to domicile our ultimate parent company in the United States.

Reconciliation of net income to adjusted net income and adjusted EPS - diluted

The following table reconciles net income (U.S. GAAP) to adjusted net income and adjusted EPS - diluted (non-GAAP):

(In millions, except per share amounts)	Three months ended			
	January 31,			
	2025		2024	
		per share ⁽¹⁾		per share ⁽¹⁾
Net income	\$276	\$1.38	\$322	\$1.58
Corporate restructurings ⁽²⁾	—	—	8	0.04
Amortization of acquired intangibles	39	0.20	35	0.17
Discrete tax adjustments ⁽³⁾	(1)	(0.01)	(2)	(0.01)
Tax impact on non-GAAP adjustments ⁽⁴⁾	(10)	(0.05)	(8)	(0.04)
Adjusted net income	\$304	\$1.52	\$355	\$1.74
Diluted weighted average shares outstanding		199.8		203.9

(In millions, except per share amounts)	Six months ended			
	January 31,			
	2025		2024	
		per share ⁽¹⁾		per share ⁽¹⁾
Net income	\$746	\$3.72	\$841	\$4.12
Corporate restructurings ⁽²⁾	3	0.02	8	0.04
Amortization of acquired intangibles	77	0.38	69	0.34
Discrete tax adjustments ⁽³⁾	(8)	(0.04)	(2)	(0.01)
Tax impact on non-GAAP adjustments ⁽⁴⁾	(20)	(0.10)	(18)	(0.09)
Adjusted net income	\$798	\$3.98	\$898	\$4.40
Diluted weighted average shares outstanding		200.5		204.2

(1) Per share on a dilutive basis.

(2) For the six months ended January 31, 2025, corporate restructurings primarily related to incremental costs in connection with transition activities following the establishment of our parent company's domicile in the United States. For the three and six months ended January 31, 2024, corporate restructuring costs related to incremental costs in connection with establishing a new corporate structure to domicile our ultimate parent company in the United States.

(3) For the three and six months ended January 31, 2025 and 2024, discrete tax adjustments mainly related to the tax treatment of certain compensation items that are not material.

(4) For the three and six months ended January 31, 2025 and 2024, the tax impact on non-GAAP adjustments primarily related to the amortization of acquired intangibles.



Liquidity and Capital Resources

The Company believes its current cash position coupled with cash flow anticipated to be generated from operations and access to capital should be sufficient to meet its operating cash requirements for the next 12 months and will also enable the Company to invest and fund acquisitions, capital expenditures, dividend payments, share repurchases, required debt payments and other contractual obligations through the next several fiscal years. The Company also anticipates that it has the ability to obtain alternative sources of financing, if necessary.

The Company's material cash requirements include contractual and other obligations arising in the normal course of business. These obligations primarily include debt service and related interest payments, operating lease obligations, required pension obligations and other purchase obligations. The nature and composition of such existing cash requirements have not materially changed from those disclosed in the Annual Report other than items updated in this Quarterly Report.

Cash flows

As of January 31, 2025 and July 31, 2024, the Company had cash and cash equivalents of \$764 million and \$571 million, respectively. In addition to cash, the Company had \$1.9 billion of available liquidity from undrawn debt facilities as of January 31, 2025.

As of January 31, 2025, the Company's total debt was \$4.3 billion. The Company anticipates that it will be able to meet its debt obligations as they become due.

Cash flows from operating activities

(In millions)	Six months ended January 31,	
	2025	2024
Net cash provided by operating activities	\$685	\$863

Net cash provided by operating activities was \$685 million and \$863 million for the year-to-date periods of fiscal 2025 and 2024, respectively. The \$178 million decrease was mainly due to lower net income (adjusted for non-cash items), as well as changes in working capital compared with the prior year. The increase in working capital was primarily driven by the timing of receivables collections year-over-year and an increase in inventory in connection with sales volume growth and consideration of customer demand, partially offset by the timing of vendor payments compared with the prior year.

Cash flows from investing activities

(In millions)	Six months ended January 31,	
	2025	2024
Net cash used in investing activities	(\$192)	(\$231)

Net cash used in investing activities was \$192 million and \$231 million for the year-to-date periods of fiscal 2025 and 2024, respectively.

Capital expenditures totaled \$158 million and \$192 million for the year-to-date periods of fiscal 2025 and 2024, respectively. These investments were primarily for strategic projects to support future growth, such as new market distribution centers, our branch network and new technology. In addition, the Company invested \$46 million and \$67 million in new acquisitions in the year-to-date period of fiscal 2025 and fiscal 2024, respectively.

Cash flows from financing activities

(In millions)	Six months ended January 31,	
	2025	2024
Net cash used in financing activities	(\$289)	(\$597)

Net cash used in financing activities was \$289 million and \$597 million for the year-to-date periods of fiscal 2025 and 2024, respectively.

Dividends paid to shareholders were \$158 million and \$305 million for the year-to-date periods of fiscal 2025 and 2024, respectively. The Company generally pays dividends in the fiscal quarter following the fiscal quarter in which the dividend was declared. However, the dividends declared in the fourth quarter of fiscal 2024 were also paid in the fourth quarter of fiscal 2024 due to the Merger. As such, no dividends were paid in the first quarter of fiscal 2025.

Share repurchases under the Company's announced share repurchase program were \$508 million and \$250 million for the year-to-date periods of fiscal 2025 and fiscal 2024, respectively.

Net proceeds from debt transactions were \$421 million compared with net payments of \$30 million for the year-to-date periods of fiscal 2025 and 2024, respectively. In the year-to-date period of fiscal 2025, the Company received net proceeds of \$746 million and \$325 million from the issuance of the 2034 Senior Notes and net borrowings under the Receivables Facility, respectively. These proceeds were partially offset by debt repayments of \$500 million and \$150 million in connection with the Company's Term Loans and the maturity of certain Private Placement Notes, respectively. In the year-to-date period of fiscal 2024, the Company repaid \$55 million in connection with the maturity of certain Private Placement Notes, which was partially offset by net proceeds of \$25 million borrowed under the Receivables Facility.

Debt facilities

The following section summarizes certain material provisions of our long-term debt facilities and current obligations. The following description is only a summary, does not purport to be complete and is qualified in its entirety by reference to the documents governing such indebtedness.

(In millions)	As of	
	January 31, 2025	July 31, 2024
Short-term debt	\$400	\$150
Long-term debt	3,949	3,774
Total debt	\$4,349	\$3,924

Private Placement Notes

In June 2015 and November 2017, Wolseley Capital, Inc., a wholly-owned subsidiary of the Company, privately placed fixed rate notes (the "Private Placement Notes"). As of January 31, 2025, \$700 million in Private Placement Notes remain outstanding.

In the second quarter of fiscal year 2025, the Company repaid \$150 million of Private Placement Notes that matured. In September 2025, an additional \$400 million of such notes will mature.

Unsecured Senior Notes

Ferguson Finance plc, a wholly-owned subsidiary of the Company, has issued \$2.35 billion in various issuances of unsecured senior notes (collectively, the "Unsecured Senior Notes").

In October 2024, Ferguson Enterprises Inc. issued \$750 million aggregate principal amount of unsecured senior notes due October 2034 (the "2034 Senior Notes"). See Note 5, *Debt* to the Condensed Consolidated Financial Statements for further discussion of the 2034 Senior Notes.

The Unsecured Senior Notes and 2034 Senior Notes (together, the “Senior Notes”) are fully and unconditionally guaranteed on a direct, unsubordinated and unsecured senior basis and generally carry the same terms and conditions with interest paid semi-annually. The Senior Notes may be redeemed, in whole or in part, (i) at 100% of the principal amount on the notes being redeemed plus a “make-whole” prepayment premium at any time prior to three months before the Senior Notes respective maturity date (the “Notes Par Call Date”) or (ii) after the Notes Par Call Date at 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest on the principal being redeemed. The Senior Notes include covenants, subject to certain exceptions, which include limitations on the granting of liens and on mergers and acquisitions.

Term Loan

The Company and Ferguson UK Holdings Limited previously maintained a Credit Agreement, dated October 7, 2022 (as amended from time to time, the “Term Loan Agreement”), providing for term loans (the “Term Loan”) in an aggregate principal amount of \$500 million. In October 2024, the Term Loan was voluntarily repaid in full using a portion of the proceeds from the issuance of the 2034 Senior Notes and the Term Loan Agreement was terminated in accordance with its terms.

Revolving Credit Facility

The Company maintains a Revolving Facility with aggregate total available credit commitments of \$1.35 billion. As of January 31, 2025, no borrowings were outstanding under the Revolving Facility.

Receivables Securitization Facility

The Company maintains a Receivables Facility with an aggregate total available amount of \$1.1 billion. The Company has the ability to increase the aggregate total available amount under the Receivables Facility up to a total of \$1.5 billion from time to time, subject to lender participation. In October 2024, the Company extended the termination date of the Receivables Facility and made other changes to the terms and conditions of the Receivables Facility. See Note 5, *Debt* to the Condensed Consolidated Financial Statements for further details of such changes.

As of January 31, 2025, \$575 million in borrowings were outstanding under the Receivables Facility.

Other

The Company was in compliance with all debt covenants that were in effect as of January 31, 2025.

See Note 5, *Debt* to the Condensed Consolidated Financial Statements and the notes to the consolidated financial statements in “Item 8. Financial Statements and Supplementary Data” of the Annual Report for further details regarding the Company’s debt.

There have been no significant changes to the Company’s policies on accounting for, valuing or managing the risk of financial instruments during the second quarter of fiscal 2025.

Guarantor Disclosures

On October 3, 2024, Ferguson Enterprises Inc. (the “Issuer”) issued and sold \$750 million aggregate principal amount of 2034 Senior Notes. The obligations under the 2034 Senior Notes are unsecured and are fully and unconditionally guaranteed on an unsecured basis by Ferguson UK Holdings Limited (the “Guarantor” and together with the Issuer, the “Obligor Group”).

The Issuer is a holding company that primarily repurchases shares and pays dividends, issues and services third-party debt obligations, and engages in certain corporate and headquarters activities, as well as holds an investment in its direct subsidiary, that primarily holds investments in and borrows from the Guarantor. The Guarantor is a holding company that primarily issues and services third-party debt obligations and holds investments in, borrows from and lends to non-guarantor subsidiary operating companies. These activities are generally funded by non-guarantor subsidiaries. The Guarantor is a private limited company incorporated under the laws of England and Wales and an indirect subsidiary of the Issuer.

Summarized Financial Information of Obligor Group

The following tables present the summarized financial information specified in Rule 1-02(bb)(1) of Regulation S-X for the Obligor Group on a combined basis, after elimination of intercompany transactions and balances between the Obligor Group, and excluding the investments in and equity in the earnings of any non-guarantor subsidiaries. The summarized financial information has been prepared in accordance with Rule 13-01 of Regulation S-X. The summarized financial information should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto included herein and the audited consolidated financial statements and notes thereto included in the Annual Report.

(In millions)	As of	
	January 31, 2025	July 31, 2024
Current assets	\$203	\$69
Non-current assets	88	59
Current liabilities	195	23
Non-current liabilities	752	500
Due from non-guarantor subsidiaries	9,884	5,474

(In millions)	Three months ended
	January 31, 2025
Net sales	\$—
Gross profit	—
Operating loss	(5)
Net loss	(67)
Other interest income, net to non-guarantor subsidiaries	344
Other income, net from non-guarantor subsidiaries ⁽¹⁾	\$4,383

(1) Includes income from intercompany transactions with non-guarantor subsidiaries, primarily from non-cash dividend transactions.

Critical accounting policies and estimates

There have been no material changes to our critical accounting policies as disclosed in the Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the quantitative and qualitative disclosures about market risk disclosed in the Annual Report.

Item 4. Controls and Procedures*Evaluation of Disclosure Controls and Procedures*

As of the end of the period covered by this Quarterly Report, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has carried out an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of January 31, 2025. The term “disclosure controls and procedures” means controls and other procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well conceived and operated, can only provide reasonable assurance that the objectives of the disclosure controls and procedures are met.

Based on their evaluation as of the end of the period covered by this Quarterly Report, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended January 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. With respect to such lawsuits, claims and proceedings, the Company records reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not expect any of its pending legal proceedings to have a material adverse effect on its results of operations, financial position or cash flows. The Company maintains liability insurance for certain risks that are subject to certain self-insurance limits.

Item 1A. Risk Factors

As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in our Annual Report. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

Issuer purchases of equity shares

The following table presents the number and average price of shares purchased in each month of the second quarter of fiscal 2025:

(In millions, except share count and per share amount)	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Program ⁽¹⁾	(d) Maximum Value of Shares that May Yet Be Purchased Under the Program ⁽¹⁾
November 1 - November 30, 2024	308,305	\$206.06	308,305	\$579
December 1 - December 31, 2024	671,421	\$198.91	671,421	\$445
January 1 - January 31, 2025	277,502	\$179.88	277,502	\$396
	<u>1,257,228</u>		<u>1,257,228</u>	

(1) In September 2021, the Company announced a program to repurchase up to \$1.0 billion of shares. In March 2022, September 2022, June 2023 and June 2024, the Company announced increases of \$1.0 billion, \$0.5 billion, \$0.5 billion and \$1.0 billion, respectively. As of January 31, 2025, the Company had completed \$3.6 billion of the total \$4.0 billion share repurchase program authorized at that time. In March 2025, the Company announced an increase of \$1.0 billion, bringing the total authorized share repurchase program to \$5.0 billion.

 **FERGUSON**

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report.

(a) Exhibits

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of Ferguson Enterprises Inc. (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K (File No. 001-42200) filed by Ferguson Enterprises Inc. with the SEC on August 1, 2024).
3.2	Amended and Restated Bylaws of Ferguson Enterprises Inc. (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K (File No. 001-42200) filed by Ferguson Enterprises Inc. with the SEC on August 1, 2024).
10.1*	Amendment to Amended & Restated Employment Agreement, dated February 1, 2025, by and between Ferguson Enterprises, LLC, on behalf of itself and Ferguson Enterprises Inc., and William Thees.
10.2*	Omnibus Amendment to Receivables Purchase Agreement and Purchase and Contribution Agreement, dated January 15, 2025, among Ferguson Receivables, LLC, as seller, Ferguson Enterprises, LLC, as servicer, the originators, the lenders as conduit purchasers and committed purchasers, letters of credit banks and facility agents party each thereto, Royal Bank of Canada, as administrative agent, and Ferguson Enterprises Inc. as parent, amending the Receivables Purchase Agreement and the Purchase and Contribution Agreement.
22.1	List of Subsidiary Guarantors (incorporated by reference to Exhibit 22.1 of the Registration Statement on Form S-3 (File No. 333-282398) filed by Ferguson Enterprises Inc. and Ferguson UK Holdings Ltd with the SEC on September 30, 2024).
31.1*	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document—this instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

March 11, 2025

Ferguson Enterprises Inc.

/s/ William Brundage
Name: William Brundage
Title: Chief Financial Officer
(Principal Financial Officer and Duly
Authorized Officer)



**AMENDMENT TO
AMENDED & RESTATED EMPLOYMENT AGREEMENT**

This Amendment (“Amendment”) to the Employment Agreement (“Agreement”), dated June 1, 2022, as previously amended and restated on August 30, 2023 and further amended on August 1, 2024, by and between Ferguson Enterprises, LLC (“FELLC”), a Virginia limited liability company, on behalf of itself and its ultimate parent company, Ferguson Enterprises Inc., a Delaware corporation (“Ferguson”; collectively, with their subsidiaries, the “Company”) and William Thees (“Executive”), is made effective on February 1, 2025 (“Effective Date”) pursuant to Section 22 of the Agreement.

The parties hereby resolve to amend the Agreement as follows:

1. Executive’s title set forth in Section 2 of the Agreement is hereby changed to “Chief Operating Officer.”

All other terms remain unchanged.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

FERGUSON ENTERPRISES, LLC:

By: /s/ Allison Stirrup
Allison Stirrup
Chief Human Resources Officer

EXECUTIVE:

By: /s/ William Thees
William Thees

**OMNIBUS AMENDMENT TO RECEIVABLES PURCHASE AGREEMENT
AND PURCHASE AND CONTRIBUTION AGREEMENT
(Ferguson Receivables, LLC)**

This **Omnibus Amendment** (this “*Amendment*”) is entered into by the undersigned parties as of January 15, 2025, and amends the Receivables Purchase Agreement dated as of July 31, 2013, as previously amended, restated, supplemented or modified through the date hereof (the “*Receivables Purchase Agreement*”), among FERGUSON RECEIVABLES, LLC, a Delaware limited liability company (the “*Seller*”), FERGUSON ENTERPRISES, LLC (“*Ferguson*”), a Virginia limited liability company (in its capacity as Servicer, the “*Servicer*”), the Originators party thereto from time to time, the Conduit Purchasers listed on Schedule I thereto from time to time, the Committed Purchasers listed on Schedule I thereto from time to time, the LC Banks listed on Schedule III thereto from time to time, the Facility Agents listed on Schedule I thereto from time to time, ROYAL BANK OF CANADA, as the administrative agent (in such capacity, the “*Administrative Agent*”) and FERGUSON ENTERPRISES INC. (successor to Ferguson plc, formerly Wolseley plc), a Delaware corporation (the “*Parent*”) and the Purchase and Contribution Agreement dated as of July 31, 2013, as previously amended, restated, supplemented or modified through the date hereof (the “*Purchase and Contribution Agreement*”), among the Seller, Ferguson and the other Originators.

PRELIMINARY STATEMENTS

- A. The Seller has requested a change in the date on which each Monthly Report is due, and the Facility Agents are willing to grant such request.
- B. The Seller and the Servicer previously notified the Administrative Agent and the Facility Agents of changes in the log-on #s for Designated Types of Excluded Receivables and have requested to evidence those changes in an amended Schedule IV to the Receivables Purchase Agreement and amended Schedule II to the Purchase and Contribution Agreement, and the Facility Agents are willing to acknowledge in this Amendment those changes.
- C. The parties to the Receivables Purchase Agreement and the Purchase and Contribution Agreement desire to enter into this Amendment to evidence their agreement to the foregoing requests.

DEFINED TERMS; REFERENCES.

Unless otherwise defined in this Amendment, each capitalized term used but not otherwise defined herein has the meaning given such term in, or by reference in, the Receivables Purchase Agreement, as amended by this Amendment. The Receivables Purchase Agreement and the Purchase and Contribution Agreement are sometimes collectively referred to herein as the “*Amendment Documents*”. Unless the context of this Amendment otherwise clearly requires, references to the plural include the singular, references to the part include the whole and the words “include”, “including” and “includes” shall be deemed to be followed by “without limitation”. Each reference to “hereof”, “hereunder”, “herein” and “hereby”, and similar terms in this Amendment refer to this Amendment as a whole and not to any particular provision of this

Amendment. All references to an Amendment Document in any other document or instrument shall be deemed to mean the applicable Amendment Document, as amended by this Amendment. This Amendment shall not constitute a novation of either Amendment Document, but shall constitute an amendment to each of them. The parties hereto agree to be bound by the terms and obligations of the Amendment Documents, as amended by this Amendment.

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

I. AMENDMENTS TO RECEIVABLES PURCHASE AGREEMENT

Effective as of the Amendment Effective Date (as defined in Section 4.1 below), the Receivables Purchase Agreement is amended as follows:

1.1 **Amendment of Monthly Report Date.** The date specified in the definition of “*Monthly Report Date*” in Section 1.01 of the Receivables Purchase Agreement is hereby changed from “20th” to “25th” and such definition now reads as follows:

“*Monthly Report Date*” shall mean the 25th calendar day of each month, or, if such day is not a Business Day, the next Business Day.

1.2 **Changes in Log-On #s for Designated Types of Excluded Receivables; Amendment of Schedule IV.** Having received notice from the Seller and the Servicer of changes in the log-on #s with respect to Obligor of Ferguson, namely, G.E. Aviation and Howmet Aerospace Inc., and Designated Types of Excluded Receivables, the Administrative Agent and the Facility Agents hereby acknowledge the changes to the relevant entries reflected in the amended Schedule IV to the Receivables Purchase Agreement attached hereto as Attachment I.

The foregoing amendments to the Receivables Purchase Agreement constitute the eighteenth amendment to the Receivables Purchase Agreement.

II. AMENDMENTS TO PURCHASE AND CONTRIBUTION AGREEMENT

Effective as of the Amendment Effective Date (as defined in Section 4.1 below), the Purchase and Contribution Agreement is amended as follows:

2.1 **Changes in Log-On #s for Designated Types of Excluded Receivables; Amendment of Schedule II.** Pursuant to this Amendment, the Administrative Agent and the Facility Agents have acknowledged the changes to the log-on #s with respect to Obligor of Ferguson, namely, G.E. Aviation and Howmet Aerospace Inc., and Designated Types of Excluded Receivables. Schedule II to the Purchase and Contribution Agreement is hereby amended by deleting it in its entirety and replacing it with Attachment I hereto.

The foregoing amendment to the Purchase and Contribution Agreement constitutes the tenth amendment to the Purchase and Contribution Agreement.

III. REPRESENTATIONS AND WARRANTIES

3.1 In order to induce the Seller, the Facility Agents, the Purchasers and the Administrative Agent to execute, deliver and perform this Amendment, each of the Seller, the Servicer, the Originators and the Parent, as to itself (and, if so specified, its Subsidiaries) hereby represents and warrants to the other parties to this Amendment as of the Amendment Effective Date that:

(a) prior to and immediately after giving effect to this Amendment, the representations and warranties of such Person (other than those representations and warranties that were made only on and as of a specified date and then as of such specified date) set forth in the Receivables Purchase Agreement and the Purchase and Contribution Agreement are true and correct in all material respects;

(b) this Amendment has been duly authorized, executed and delivered by such Person and constitutes a legal, valid and binding obligation of such Person enforceable in accordance with its terms (subject to usual and customary bankruptcy exceptions); and

(c) prior to and immediately after giving effect to this Amendment, no Termination Event or Potential Termination Event exists on and as of the date hereof.

IV. CONDITIONS TO EFFECTIVENESS

4.1 The effectiveness of this Amendment shall occur on the date (the "*Amendment Effective Date*") when the Administrative Agent and the Facility Agents shall have received duly executed counterparts of this Amendment from each party hereto.

V. AFFIRMATION OF RATIFICATION

5.1 The Parent hereby (a) agrees and acknowledges that the execution, delivery, and performance of this Amendment shall not in any way release, diminish, impair, reduce, or, except as expressly stated herein, otherwise affect its obligations under the Transaction Documents to which it is a party, which Transactions Documents shall remain in full force and effect, (b) ratifies and affirms its obligations under the Receivables Purchase Agreement as amended hereby and the other Transaction Documents to which it is a party, and (c) acknowledges its continued liability under the Receivables Purchase Agreement as amended hereby and the other Transaction Documents to which it is a party.

VI. MISCELLANEOUS

6.1 Article and Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment. Except as expressly amended hereby, each Amendment Document remains in full force and effect in accordance with its terms and this Amendment shall not by implication or otherwise alter, modify, amend or in any way affect any

of the other terms, conditions, obligations, covenants or agreements contained in the Amendment Documents, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

6.2 This Amendment and the rights and obligations of the parties under this Amendment shall be governed by and construed in accordance with the laws of the State of New York. The provisions of Section 11.17 (Governing Law; Submission to Jurisdiction) of the Receivables Purchase Agreement are hereby incorporated by reference.

6.3. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Pursuant to Section 11.18 of the Receivables Purchase Agreement, delivery of an Electronic Signature shall be valid and binding to the same extent as a manual, original signature and shall constitute the legal, valid and binding obligation enforceable against such party in accordance with the term herein to the same extent as if manually executed original signature. The parties acknowledge and agree that they may execute this Amendment and any Transaction Document and any variation or amendment to the same, by Electronic Signature. For the purposes of using an Electronic Signature, the parties authorize each other to the lawful processing of personal data of the signers for contract performance and their legitimate interests including contract management.

[Signatures Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the day and year first above written.

FERGUSON RECEIVABLES, LLC, as Seller

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Treasurer

FERGUSON ENTERPRISES, LLC, as an
Originator and Servicer

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

ENERGY & PROCESS CORPORATION, as
an Originator

By: /s/ Brenda L. Crowder
Name: Brenda L. Crowder
Title: Assistant Treasurer

FERGUSON FIRE & FABRICATION, INC., as an Originator

By: /s/ Brenda L. Crowder

Name: Brenda L. Crowder

Title: Assistant Treasurer

FERGUSON FIRE DESIGN, LLC, as
an Originator

By: /s/ Brenda L. Crowder

Name: Brenda L. Crowder

Title: Assistant Treasurer

S.G. TORRICE, LLC, as an Originator

By: /s/ Brenda L. Crowder

Name: Brenda L. Crowder

Title: Assistant Treasurer

FERGUSON ENTERPRISES INC., as Parent

By: /s/ Shaun McElhannon
Name: Shaun McElhannon
Title: Treasurer

ROYAL BANK OF CANADA, as a Committed Purchaser, a Facility Agent and Administrative Agent

By: /s/ Veronica L. Gallagher
Name: Veronica L. Gallagher
Title: Authorized Signatory

THUNDER BAY FUNDING, LLC, as a Conduit Purchaser

By: Royal Bank of Canada, is Attorney-in-Fact

By: /s/ Veronica L. Gallagher
Name: Veronica L. Gallagher
Title: Authorized Signatory

TRUIST BANK, as a Committed Purchaser and a Facility Agent

By: /s/ Chris Curtis
Name: Chris Curtis
Title: Managing Director

GTA FUNDING LLC, as a Conduit Purchaser

By: /s/ Kevin J. Corrigan
Name: Kevin J. Corrigan
Title: Vice President

RELIANT TRUST, as a Conduit Purchaser

By: **COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as trustee of Reliant Trust, by its U.S. Financial Services Agent, **THE TORONTO-DOMINION BANK**

By: /s/ Luna K. Mills

Name: Luna K. Mills

Title: Managing Director

THE TORONTO-DOMINION BANK, as a Committed Purchaser and a Facility Agent

By: /s/ Luna K. Mills

Name: Luna K. Mills

Title: Managing Director

SMBC NIKKO SECURITIES AMERICA, INC., as a Facility Agent

By: /s/ Takashi Fueno

Name: Takashi Fueno

Title: Managing Director

SUMITOMO MITSUI BANKING CORPORATION, as a Committed Purchaser

By: /s/ Jun Ashley

Name: Jun Ashley

Title: Director

STARBIRD FUNDING CORPORATION, as a Conduit Purchaser

By: /s/ Damian A. Perez
Name: Damian A. Perez
Title: Vice President

BNP PARIBAS, as a Committed Purchaser and a Facility Agent

By: /s/ Carl Spalding
Name: Carl Spalding
Title: Managing Director

By: /s/ Advait Joshi
Name: Advait Joshi
Title: Director

[Signature Page to Omnibus Amendment (*Ferguson Receivables, LLC January 2025*)]

**Schedule IV to Receivables Purchase Agreement
and
Schedule II to Purchase and Contribution Agreement**

Designated Excluded Receivables

**Certification of Principal Executive Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a),
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kevin Murphy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferguson Enterprises Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2025

/s/ Kevin Murphy

Name: Kevin Murphy

Title: President & Chief Executive Officer

**Certification of Principal Financial Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a),
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, William Brundage, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferguson Enterprises Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2025

/s/ William Brundage

Name: William Brundage

Title: Chief Financial Officer

**Certification of Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), I, Kevin Murphy, the President & Chief Executive Officer of Ferguson Enterprises Inc. (the "Company"), hereby certify, that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the period ended January 31, 2025 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2025

/s/ Kevin Murphy

Name: Kevin Murphy

Title: President & Chief Executive Officer

This certification accompanies the Report pursuant to Section 906 of the Act and shall not, except to the extent required by the Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), I, William Brundage, the Chief Financial Officer of Ferguson Enterprises Inc. (the "Company"), hereby certify, that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the period ended January 31, 2025 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2025

/s/ William Brundage

Name: William Brundage

Title: Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Act and shall not, except to the extent required by the Act, be deemed filed by the Company for purposes of Section 18 of the Exchange Act. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.