

**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 December 24, 2021

OR

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

For the transition period from _____ to _____

Commission file number 001-37793

Atkore Inc.

(Exact name of registrant as specified in its charter)

Delaware

**(State or other jurisdiction of
incorporation or organization)**

90-0631463

**(IRS Employer
Identification No.)**

16100 South Lathrop Avenue, Harvey, Illinois 60426

(Address of principal executive offices) (Zip Code)

708-339-1610

(Registrant's telephone number, including area code)

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, \$.01 par value per share	ATKR	New York Stock Exchange

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of January 27, 2022, there were 44,856,063 shares of the registrant's common stock, \$.01 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ATKORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<u>(in thousands, except per share data)</u>	Note	Three months ended	
		December 24, 2021	December 25, 2020
Net sales		\$ 840,801	\$ 511,082
Cost of sales		485,993	321,891
Gross profit		354,808	189,191
Selling, general and administrative		78,151	61,078
Intangible asset amortization	11	8,229	8,260
Operating income		268,428	119,853
Interest expense, net		6,918	8,254
Other income, net	5	(308)	(431)
Income before income taxes		261,818	112,030
Income tax expense	6	56,975	26,964
Net income		<u>\$ 204,843</u>	<u>\$ 85,066</u>
Net income per share			
Basic	7	\$ 4.38	\$ 1.78
Diluted	7	\$ 4.32	\$ 1.75

See Notes to unaudited condensed consolidated financial statements.

ATKORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in thousands)	Note	Three months ended	
		December 24, 2021	December 25, 2020
Net income		\$ 204,843	\$ 85,066
Other comprehensive (loss) income, net of tax:			
Change in foreign currency translation adjustment		(1,458)	7,051
Change in unrecognized loss related to pension benefit plans	4	125	262
Total other comprehensive (loss) income	8	(1,333)	7,313
Comprehensive income		<u>\$ 203,510</u>	<u>\$ 92,379</u>

See Notes to unaudited condensed consolidated financial statements.

ATKORE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands, except share and per share data)	Note	December 24, 2021	September 30, 2021
Assets			
Current Assets:			
Cash and cash equivalents		\$ 498,959	\$ 576,289
Accounts receivable, less allowance for current and expected credit losses of \$2,847 and \$2,510, respectively		541,685	524,926
Inventories, net	9	362,099	285,989
Prepaid expenses and other current assets		45,906	34,248
Total current assets		1,448,649	1,421,452
Property, plant and equipment, net	10	276,858	275,622
Intangible assets, net	11	251,375	241,204
Goodwill	11	211,928	199,048
Right-of-use assets, net		40,884	41,113
Deferred tax assets	6	35,045	29,693
Other long-term assets		2,554	1,967
Total Assets		<u>\$ 2,267,293</u>	<u>\$ 2,210,099</u>
Liabilities and Equity			
Current Liabilities:			
Accounts payable		233,921	243,164
Income tax payable		74,508	72,953
Accrued compensation and employee benefits		29,805	57,437
Customer liabilities		98,563	80,324
Lease obligations		11,652	11,785
Other current liabilities		51,570	59,273
Total current liabilities		500,019	524,936
Long-term debt	12	758,924	758,386
Long-term lease obligations		30,076	30,236
Deferred tax liabilities	6	18,141	16,746
Pension liabilities		3,168	3,819
Other long-term liabilities		14,344	11,240
Total Liabilities		1,324,672	1,345,363
Equity:			
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 45,394,463 and 45,997,159 shares issued and outstanding, respectively		455	461
Treasury stock, held at cost, 290,600 and 290,600 shares, respectively		(2,580)	(2,580)
Additional paid-in capital		485,839	506,921
Retained earnings		488,966	388,660
Accumulated other comprehensive loss	8	(30,059)	(28,726)
Total Equity		942,621	864,736
Total Liabilities and Equity		<u>\$ 2,267,293</u>	<u>\$ 2,210,099</u>

See Notes to unaudited condensed consolidated financial statements.

ATKORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)	Note	Three months ended	
		December 24, 2021	December 25, 2020
Operating activities:			
Net income		\$ 204,843	\$ 85,066
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		20,046	19,044
Deferred income taxes	6	(5,720)	1,117
Stock-based compensation		3,427	5,522
Amortization of right-of-use assets		3,124	3,352
Other non-cash adjustments to net income		4,050	1,703
Changes in operating assets and liabilities, net of effects from acquisitions			
Accounts receivable		(12,301)	(45,382)
Inventories		(75,091)	(20,326)
Prepaid expenses and other current assets		(11,591)	(2,692)
Accounts payable		(13,335)	13,060
Accrued and other liabilities		(23,171)	3,280
Other, net		2,911	22,532
Net cash provided by operating activities		97,192	86,276
Investing activities:			
Capital expenditures		(9,358)	(8,229)
Proceeds from sale of properties and equipment		432	1,122
Acquisition of businesses, net of cash acquired		(36,098)	(7,186)
Other, net		—	35
Net cash used in investing activities		(45,024)	(14,258)
Financing activities:			
Repayments of long-term debt	12	—	(40,000)
Issuance of common stock, net of shares withheld for tax		(24,505)	(3,927)
Repurchase of common stock		(104,543)	(35,037)
Other, net		—	(17)
Net cash used for financing activities		(129,048)	(78,981)
Effects of foreign exchange rate changes on cash and cash equivalents		(450)	2,912
Decrease in cash and cash equivalents		(77,330)	(4,051)
Cash and cash equivalents at beginning of period		576,289	284,471
Cash and cash equivalents at end of period		\$ 498,959	\$ 280,420
Supplementary Cash Flow information			
Capital expenditures, not yet paid		\$ 1,501	\$ 306
Operating lease right-of-use assets obtained in exchange for lease liabilities		\$ 1,066	\$ 850
Acquisitions of businesses, not yet paid		\$ 2,864	\$ —

See Notes to unaudited condensed consolidated financial statements.

ATKORE INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(in thousands)	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount	Amount				
Balance as of September 30, 2021	45,997	\$ 461	\$ (2,580)	\$ 506,921	\$ 388,660	\$ (28,726)	\$ 864,736
Net income	—	—	—	—	204,843	—	204,843
Other comprehensive loss	—	—	—	—	—	(1,333)	(1,333)
Stock-based compensation	—	—	—	3,427	—	—	3,427
Issuance of common stock, net of shares withheld for tax	355	4	—	(24,509)	—	—	(24,505)
Repurchase of common stock	(958)	(10)	—	—	(104,537)	—	(104,547)
Balance as of December 24, 2021	45,394	\$ 455	\$ (2,580)	\$ 485,839	\$ 488,966	\$ (30,059)	\$ 942,621

(in thousands)	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount	Amount				
Balance as of September 30, 2020	47,407	\$ 475	\$ (2,580)	\$ 487,223	\$ (64,154)	\$ (42,554)	\$ 378,410
Net income	—	—	—	—	85,066	—	85,066
Other comprehensive income	—	—	—	—	—	7,313	7,313
Stock-based compensation	—	—	—	5,522	—	—	5,522
Issuance of common stock, net of shares withheld for tax	358	3	—	(3,930)	—	—	(3,927)
Repurchase of common stock	(1,140)	(11)	—	—	(35,026)	—	(35,037)
Balance as of December 25, 2020	46,625	\$ 467	\$ (2,580)	\$ 488,815	\$ (14,114)	\$ (35,241)	\$ 437,347

See Notes to unaudited condensed consolidated financial statements.

ATKORE INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(dollars and shares in thousands, except per share data)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Organization and Ownership Structure — Atkore Inc. (the “Company”, “Atkore” or “AI”) is a leading manufacturer of Electrical products primarily for the non-residential construction and renovation markets and Safety & Infrastructure solutions for the construction and industrial markets. Atkore was incorporated in the State of Delaware on November 4, 2010 under the name Atkore International Group, Inc. Atkore is the sole stockholder of Atkore International Holdings Inc. (“AIH”), which in turn is the sole stockholder of Atkore International Inc. (“AII”).

The Electrical segment manufactures high quality products used in the construction of electrical power systems including conduit, cable, and installation accessories. This segment serves contractors, in partnership with the electrical wholesale channel.

The Safety & Infrastructure segment designs and manufactures solutions including metal framing, mechanical pipe, perimeter security, and cable management for the protection and reliability of critical infrastructure. These solutions are marketed to contractors, original equipment manufacturers and end users.

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements of the Company included herein have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). These unaudited condensed consolidated financial statements have been prepared in accordance with the Company’s accounting policies and on the same basis as those financial statements included in the Company’s latest Annual Report on Form 10-K for the year ended September 30, 2021, filed with the U.S. Securities and Exchange Commission (the “SEC”) on November 18, 2021, and should be read in conjunction with those consolidated financial statements and the notes thereto. Certain information and disclosures normally included in the Company’s annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC.

The unaudited condensed consolidated financial statements include the assets and liabilities used in operating the Company’s business. All intercompany balances and transactions have been eliminated in consolidation. The results of companies acquired or disposed of are included in the unaudited condensed consolidated financial statements from the effective date of acquisition or up to the date of disposal.

These statements include all adjustments (consisting of normal recurring adjustments) that the Company considered necessary to present a fair statement of its results of operations, financial position and cash flows. The results reported in these unaudited condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

Fiscal Periods — The Company has a fiscal year that ends on September 30. The Company’s fiscal quarters typically end on the last Friday in December, March and June as it follows a 4-5-4 calendar.

Use of Estimates — The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclose contingent assets and liabilities at the date of the condensed consolidated financial statements and report the associated amounts of revenues and expenses. Actual results could differ materially from these estimates.

Recent Accounting Pronouncements

A summary of recently adopted accounting guidance is as follows. Adoption dates are on the first day of the fiscal year indicated below, unless otherwise specified.

ASU	Description of ASU	Impact to Atkore	Adoption Date
2019-12 Simplifying the accounting for income taxes (Topic 740)	The ASU eliminates certain existing exceptions related to the general approach in ASC 740 relating to franchise taxes, reducing complexity in the interim period accounting for year to date loss limitations and changes in tax laws and clarifying the accounting for transactions outside of a business combination that result in a step up in the tax basis of goodwill.	The Company adopted this standard in the first quarter of 2022. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.	2022

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company's revenue arrangements primarily consist of a single performance obligation to transfer promised goods which is satisfied at a point in time when title, risks and rewards of ownership, and subsequently control have transferred to the customer. This generally occurs when the product is shipped to the customer, with an immaterial amount of transactions in which control transfers upon delivery. The Company primarily offers assurance-type standard warranties that do not represent separate performance obligations.

The Company has certain arrangements that require it to estimate at the time of sale the amounts of variable consideration that should not be recorded as revenue as certain amounts are not expected to be collected from customers, as well as an estimate of the value of products to be returned. The Company principally relies on historical experience, specific customer agreements, and anticipated future trends to estimate these amounts at the time of sale and to reduce the transaction price. These arrangements include sales discounts and allowances, volume rebates, and returned goods.

The Company records amounts billed to customers for reimbursement of shipping and handling costs within revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of goods sold. Sales taxes and other usage-based taxes are excluded from revenue. The Company does not evaluate whether the selling price includes a financing interest component for contracts that are less than a year. The Company also expenses costs incurred to obtain a contract, primarily sales commissions, as all obligations will be settled in less than one year.

The Company typically receives payment 30 to 60 days from the point it has satisfied the related performance obligation. See Note 16, "Segment Information" for revenue disaggregated by geography and product categories.

3. ACQUISITIONS

From time to time, the Company enters into strategic acquisitions in an effort to better service existing customers and to obtain new customers.

Fiscal 2022

On December 21, 2021, Atkore HDPE, LLC and Allied Tube and Conduit Corporation, wholly-owned subsidiaries of the Company acquired the assets of Four Star Industries LLC ("Four Star"), for a purchase price of \$23,195. Four Star is a manufacturer of high density polyethylene (HDPE) conduit, primarily serving the telecommunications, utility, infrastructure and datacom markets. As a result of the acquisition, the Company preliminarily recognized \$7,138 of goodwill, \$11,946 of identifiable intangible assets and \$4,111 of working capital and other net other tangible assets. As of December 24, 2021, the purchase price allocation has not been finalized as the Company is finalizing working capital, intangible asset and fixed asset fair values.

On December 20, 2021, Columbia-MBF Inc., a wholly-owned subsidiary of the Company acquired all of the outstanding stock of Sasco Tubes & Roll Forming Inc. ("Sasco"), for a purchase price of \$15,767, of which \$12,903 was paid at closing and additional purchase price payable of \$2,864 was accrued. Sasco is a Canadian manufacturer of metal framing and related products serving the electrical, mechanical, construction and solar industries. As a result of the acquisition, the Company preliminarily recognized \$6,033 of goodwill, \$6,715 of identifiable intangible assets and \$3,019 of working capital and other net other tangible assets. As of December 24, 2021, the purchase price allocation has not been finalized as the Company is finalizing working capital, intangible asset and fixed asset fair values.

Fiscal 2021

On February 24, 2021, Atkore Southwest, LLC, a wholly-owned subsidiary of the Company acquired the assets of FRE Composites USA Inc. and separately the Company acquired all of the outstanding stock of FRE Composites Inc., collectively described as FRE Composites Group ("FRE Composites"), for a purchase price of \$36,993, net of cash received. FRE Composites is a leading manufacturer of fiberglass conduit for the electrical and industrial market. The purchase price was allocated to tangible and intangible assets acquired and liabilities assumed, based on their fair values.

On October 22, 2020, Atkore Plastics Southeast, LLC, a wholly-owned subsidiary of the Company acquired the assets of Queen City Plastics, Inc. ("Queen City Plastics"), a leading manufacturer of PVC conduit, elbows and fittings for the electrical market. The purchase price was allocated to tangible assets acquired and liabilities assumed based on their fair values. The purchase price of \$6,214 was deemed immaterial to the Company.

The following section provides purchase price allocation disclosures and other financial disclosures for significant acquisitions for the applicable fiscal years.

The purchase price for FRE Composites, which was finalized during the fourth quarter of fiscal 2021, was allocated to tangible and intangible assets acquired and liabilities assumed, based on their fair values. The following table summarizes the Level 3 fair values assigned to the net assets acquired and liabilities assumed as of the acquisition date for fiscal 2021:

(in thousands)	FRE Composites
Fair value of consideration transferred:	
Cash consideration	\$ 36,993
Fair value of assets acquired and liabilities assumed:	
Cash	437
Accounts receivable	2,163
Inventories	3,355
Intangible assets	18,300
Fixed assets	8,509
Accounts payable	(1,186)
Income taxes	(4,293)
Other	(240)
Net assets acquired	27,045
Excess purchase price attributed to goodwill acquired	<u>\$ 9,948</u>

The Company estimates \$1.6 million of the goodwill recognized on the FRE acquisition is deductible for tax purposes. Goodwill recognized from the acquisitions in fiscal 2021 and fiscal 2022 consists largely of the synergies and economies of scale from integrating this company with existing businesses.

The following table summarizes the fair value of intangible assets as of the acquisition date:

(\$ in thousands)	FRE Composites	Weighted Average Useful Life (Years)
	Fair Value	
Customer relationships	\$ 14,700	12
Other	3,600	6
Total intangible assets	<u>\$ 18,300</u>	

Net sales and net income of both the above acquisitions are included in the condensed consolidated statement of operations for the post-acquisition periods. Due to the immaterial nature of these acquisitions, both individually and in the aggregate, the Company did not include the full year pro forma results of operations for the acquisition year or previous years.

4. POSTRETIREMENT BENEFITS

The Company provides pension benefits through a number of noncontributory and contributory defined benefit retirement plans covering eligible U.S. employees. As of September 30, 2017, all defined pension benefit plans were frozen, whereby participants no longer accrue credited service. The net periodic benefit credit was as follows:

<u>(in thousands)</u>	Note	Three months ended	
		December 24, 2021	December 25, 2020
Interest cost		\$ 739	\$ 682
Expected return on plan assets		(1,348)	(1,606)
Amortization of actuarial loss		158	333
Net periodic benefit credit	5	<u>\$ (451)</u>	<u>\$ (591)</u>

5. OTHER INCOME, NET

Other income, net consisted of the following:

(in thousands)	Three months ended	
	December 24, 2021	December 25, 2020
Undesignated foreign currency derivative instruments	(176)	2,617
Foreign exchange loss (gain) on intercompany loans	319	(2,457)
Pension-related benefits	(451)	(591)
Other income, net	<u>\$ (308)</u>	<u>\$ (431)</u>

6. INCOME TAXES

For the three months ended December 24, 2021 and December 25, 2020, the Company's effective tax rate attributable to income before income taxes was 21.8% and 24.1%, respectively. For the three months ended December 24, 2021 and December 25, 2020, the Company's income tax expense was \$56,975 and \$26,964 respectively. The decrease in the current period effective tax rate was primarily driven by an increase in the excess tax benefit associated with stock compensation.

A valuation allowance has been recorded against certain net operating losses in certain foreign jurisdictions. A valuation allowance is recorded when it is determined to be more likely than not that these assets will not be fully realized in the foreseeable future. The realization of deferred tax assets is dependent upon whether the Company can generate future taxable income in the appropriate character and jurisdiction to utilize the assets. The amount of the deferred tax assets considered realizable is subject to adjustment in future periods.

The Company recognizes the benefits of uncertain tax positions taken or expected to be taken in tax returns in the provision for income taxes only for those positions that we have determined are more likely than not to be realized upon examination. We record interest and penalties related to unrecognized tax benefits as a component of income tax expense. During the three months ended December 24, 2021, the balance of unrecognized tax benefits increased by \$1,218 primarily due to the accrual of state reserves.

For the three months ended December 24, 2021, the Company made no additional provision for U.S. or non-U.S. income taxes for unrecognized deferred tax liabilities for temporary differences related to basis differences in investments in subsidiaries, as the investments are essentially permanent in duration.

7. EARNINGS PER SHARE

The Company calculates basic and diluted earnings per common share using the two-class method. Under the two-class method, net earnings are allocated to each class of common stock and participating securities as if all of the net earnings for the period had been distributed. The Company's participating securities consist of share-based payment awards that contain a non-forfeitable right to receive dividends and therefore are considered to participate in undistributed earnings with common stockholders.

Basic earnings per common share excludes dilution and is calculated by dividing the net earnings allocated to common stock by the weighted-average number of common stock outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocated to common stock by the weighted-average number of shares outstanding for the period, as adjusted for the potential dilutive effect of non-participating share-based awards.

The following table sets forth the computation of basic and diluted earnings per share:

(in thousands, except per share data)	Three months ended	
	December 24, 2021	December 25, 2020
Numerator:		
Net income	\$ 204,843	\$ 85,066
Less: Undistributed earnings allocated to participating securities	3,642	1,656
Net income available to common shareholders	<u>\$ 201,201</u>	<u>\$ 83,410</u>
Denominator:		
Basic weighted average common shares outstanding	45,980	46,917
Effect of dilutive securities: Non-participating employee stock options ⁽¹⁾	595	630
Diluted weighted average common shares outstanding	46,575	47,547
Basic earnings per share	\$ 4.38	\$ 1.78
Diluted earnings per share	<u>\$ 4.32</u>	<u>\$ 1.75</u>

(1) Stock options to purchase approximately 0.0 million and 0.1 million shares of common stock were outstanding during the three months ended December 24, 2021 and December 25, 2020, respectively, but were not included in the calculation of diluted earnings per share as the impact of these options would have been anti-dilutive.

8. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the changes in accumulated other comprehensive loss by component for the three months ended December 24, 2021 and December 25, 2020.

(in thousands)	Defined Benefit Pension Items	Currency Translation Adjustments	Total
Balance as of September 30, 2021	\$ (19,318)	\$ (9,408)	\$ (28,726)
Other comprehensive loss before reclassifications	—	(1,458)	(1,458)
Amounts reclassified from accumulated other comprehensive income, net of tax	125	—	125
Net current period other comprehensive (loss) income	125	(1,458)	(1,333)
Balance as of December 24, 2021	<u>\$ (19,193)</u>	<u>\$ (10,866)</u>	<u>\$ (30,059)</u>

(in thousands)	Defined Benefit Pension Items	Currency Translation Adjustments	Total
Balance as of September 30, 2020	\$ (30,761)	\$ (11,793)	\$ (42,554)
Other comprehensive income before reclassifications	—	7,051	7,051
Amounts reclassified from accumulated other comprehensive income, net of tax	262	—	262
Net current period other comprehensive income	262	7,051	7,313
Balance as of December 25, 2020	<u>\$ (30,499)</u>	<u>\$ (4,742)</u>	<u>\$ (35,241)</u>

9. INVENTORIES, NET

A majority of the Company's inventories are recorded at the lower of cost (primarily last in, first out, or "LIFO") or market or net realizable value, as applicable. Approximately 82% and 81% of the Company's inventories were valued at the

lower of LIFO cost or market at December 24, 2021 and September 30, 2021, respectively. Interim LIFO determinations, including those at December 24, 2021, are based on management's estimates of future inventory levels and costs for the remainder of the current fiscal year.

(in thousands)	December 24, 2021	September 30, 2021
Purchased materials and manufactured parts, net	\$ 102,737	\$ 105,460
Work in process, net	57,595	35,043
Finished goods, net	201,767	145,486
Inventories, net	<u>\$ 362,099</u>	<u>\$ 285,989</u>

Total inventories would be \$135,488 higher and \$108,911 higher than reported as of December 24, 2021 and September 30, 2021, respectively, if the first-in, first-out method was used for all inventories. As of December 24, 2021, and September 30, 2021, the excess and obsolete inventory reserve was \$15,421 and \$11,780, respectively.

10. PROPERTY, PLANT AND EQUIPMENT

As of December 24, 2021, and September 30, 2021, property, plant and equipment and accumulated depreciation were as follows:

(in thousands)	December 24, 2021	September 30, 2021
Land	\$ 22,965	\$ 23,043
Buildings and related improvements	136,860	136,680
Machinery and equipment	379,146	372,503
Leasehold improvements	9,835	9,720
Software	28,317	28,288
Construction in progress	48,447	43,055
Property, plant and equipment, at cost	625,570	613,289
Accumulated depreciation	(348,712)	(337,667)
Property, plant and equipment, net	<u>\$ 276,858</u>	<u>\$ 275,622</u>

Depreciation expense for the three months ended December 24, 2021 and December 25, 2020 totaled \$11,817 and \$10,783 respectively.

11. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill are as follows:

(in thousands)	Electrical	Safety & Infrastructure	Total
Balance as of September 30, 2021	\$ 155,471	\$ 43,577	\$ 199,048
Goodwill acquired during year	7,138	6,033	13,171
Exchange rate effects	(325)	34	(291)
Balance as of December 24, 2021	<u>\$ 162,284</u>	<u>\$ 49,644</u>	<u>\$ 211,928</u>

Goodwill balances as of October 1, 2021 and December 24, 2021 include \$3,924 and \$43,000 of accumulated impairment losses within the Electrical and Safety & Infrastructure segments, respectively.

The Company assesses the recoverability of goodwill and indefinite-lived trade names on an annual basis in accordance with ASC 350, "Intangibles - Goodwill and Other." The measurement date is the first day of the fourth fiscal quarter, or more frequently, if events or circumstances indicate that it is more likely than not that the fair value of a reporting unit or the respective indefinite-lived trade name is less than the carrying value.

The following table provides the gross carrying value, accumulated amortization and net carrying value for each major class of intangible asset:

		December 24, 2021			September 30, 2021		
(\$ in thousands)	Weighted Average Useful Life (Years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets:							
Customer relationships	11	\$ 387,626	\$ (243,020)	\$ 144,606	\$ 371,048	\$ (234,946)	\$ 136,102
Other	7	25,339	(11,450)	13,889	23,633	(11,411)	12,222
Total		412,965	(254,470)	158,495	394,681	(246,357)	148,324
Indefinite-lived intangible assets:							
Trade names		92,880	—	92,880	92,880	—	92,880
Total		\$ 505,845	\$ (254,470)	\$ 251,375	\$ 487,561	\$ (246,357)	\$ 241,204

Other intangible assets consist of definite-lived trade names, technology, non-compete agreements and backlogs. Amortization expense for the three months ended December 24, 2021 and December 25, 2020 was \$8,229 and \$8,260, respectively. Expected amortization expense for intangible assets for the remainder of fiscal 2022 and over the next five years and thereafter is as follows:

(in thousands)	
Remaining 2022	\$ 30,399
2023	37,191
2024	31,548
2025	17,575
2026	15,810
2027	13,261
Thereafter	12,711

Actual amounts of amortization may differ from estimated amounts due to additional intangible asset acquisitions, impairment of intangible assets and other events.

12. DEBT

Debt as of December 24, 2021 and September 30, 2021 was as follows:

(in thousands)	December 24, 2021		September 30, 2021	
Senior Secured Term Loan Facility due May 26, 2028		371,167		371,095
Senior Notes due June 2031		400,000		400,000
Deferred financing costs		(12,243)		(12,709)
Total debt	\$	758,924	\$	758,386
Long-term debt	\$	758,924	\$	758,386

The asset-based credit facility (the “ABL Credit Facility”) has aggregate commitments of \$325,000. AII is the borrower under the ABL Credit Facility which is guaranteed by the Company and all other subsidiaries of the Company (other than AII) that are guarantors of the Senior Notes. AII’s availability under the ABL Credit Facility was \$315,499 as of December 24, 2021 and September 30, 2021.

13. FAIR VALUE MEASUREMENTS

Certain assets and liabilities are required to be recorded at fair value on a recurring basis.

The Company uses forward currency contracts to hedge the effects of foreign exchange relating to certain of the Company’s intercompany balances denominated in a foreign currency. These derivative instruments are not formally designated as hedges by the Company and the terms of these instruments range from six months to nine months. Short-term forward currency contracts are recorded in either other current assets or other current liabilities and long-term forward currency contracts are recorded in either other long-term assets or other long-term liabilities in the condensed consolidated balance sheet. The fair value gains and losses are included in other income, net within the condensed consolidated statements of operations. See Note 5, “Other Income, net” for further detail.

The total notional amounts of undesignated forward currency contracts were £37.4 million and £37.4 million as of December 24, 2021 and September 30, 2021, respectively. Cash flows associated with derivative financial instruments are recognized in the operating section of the condensed consolidated statements of cash flows. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The following table presents the Company’s assets and liabilities measured at fair value:

(in thousands)	December 24, 2021		September 30, 2021	
	Level 1	Level 2	Level 1	Level 2
Assets				
Cash equivalents	\$ 314,155	\$ —	\$ 489,987	\$ —
Forward currency contracts	—	304	—	127
Liabilities				
Forward currency contracts	—	\$ 163	—	183

The Company’s remaining financial instruments consist primarily of cash, accounts receivable and accounts payable whose carrying value approximate their fair value due to their short-term nature.

The estimated fair value of financial instruments not carried at fair value in the condensed consolidated balance sheets were as follows:

(in thousands)	December 24, 2021		September 30, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Secured Term Loan Facility due May 26, 2028	\$ 373,000	\$ 371,601	\$ 373,000	\$ 371,486
Senior Notes due June 2031	\$ 400,000	\$ 410,864	\$ 400,000	\$ 415,828
Total Debt	\$ 773,000	\$ 782,465	\$ 773,000	\$ 787,314

In determining the approximate fair value of its long-term debt, the Company used the trading values among financial institutions, and these values fall within Level 2 of the fair value hierarchy. The carrying value of the ABL Credit Facility approximates fair value due to it being a market-linked variable rate debt.

14. COMMITMENTS AND CONTINGENCIES

The Company has obligations related to commitments to purchase certain goods. As of December 24, 2021, such obligations were \$361,295 for the rest of fiscal year 2022 and \$9,789 for fiscal year 2023 and beyond. These amounts represent open purchase orders for materials used in production.

Insurable Liabilities — The Company maintains policies with various insurance companies for its workers' compensation, product, property, general, auto, and executive liability risks. The insurance policies that the Company maintains have various retention levels and excess coverage limits. The establishment and update of liabilities for unpaid claims, including claims incurred but not reported, is based on management's estimate as a result of the assessment by the Company's claim administrator of each claim and an independent actuarial valuation of the nature and severity of total claims. The Company utilizes a third-party claims administrator to pay claims, track and evaluate actual claims experience, and ensure consistency in the data used in the actuarial valuation.

Legal Contingencies — Historically, a number of lawsuits have been filed against the Company and the Company has also received other claim demand letters alleging that the Company's anti-microbial coated steel sprinkler pipe, which the Company has not manufactured or sold for several years, is incompatible with chlorinated polyvinyl chloride and caused stress cracking in such pipe manufactured by third parties when installed together in the same sprinkler system, which the Company refers to collectively as the "Special Products Claims." During fiscal 2019, after a court judgment was issued in one case between the Company and Tyco International Ltd. ("Tyco"), the Company's former parent, regarding the indemnification of expenses, fees and settlement amounts relating to the incompatibility issue, the Company and Tyco entered into a global settlement regarding the issue. The Company agreed to fund the total settlement in exchange for Tyco's agreement to cap the Company's Special Products Claim deductible at \$12,000, as opposed to the \$13,000 cap negotiated within the original indemnity agreement. In conjunction with the payment of that settlement, Tyco and the Company examined the Company's total Special Products Claim payments and agreed that with that settlement payment and payment of a few other legal fee invoices, all of which have now been paid, the Company had met its \$12,000 deductible obligation related to these Special Products Claims. Tyco, now Johnson Controls, Inc. ("JCI"), has a contractual obligation to indemnify the Company in respect of all remaining and future claims of incompatibility between the Company's antimicrobial coated steel sprinkler pipe and CPVC pipe used in the same sprinkler system. JCI is currently defending the Company in the Special Product Claims and since 2019 has defended and indemnified the Company on Special Products Claims as required.

At this time, the Company does not expect the outcome of the Special Products Claims proceedings, either individually or in the aggregate, to have a material adverse effect on its business, financial condition, results of operations or cash flows, and the Company believes that its reserves are adequate for all remaining contingencies for Special Products Claims.

In addition to the matters discussed above, from time to time, the Company is subject to a number of disputes, administrative proceedings and other claims arising out of the ordinary conduct of the Company's business. These matters generally relate to disputes arising out of the use or installation of the Company's products, product liability litigation, contract disputes, patent infringement accusations, employment matters, personal injury claims and similar matters. On the basis of information currently available to the Company, it does not believe that existing proceedings and claims will have a material adverse effect on its business, financial condition, results of operations or cash flows. However, litigation is unpredictable, and the Company could incur judgments or enter into settlements for current or future claims that could adversely affect its business, financial condition, results of operations or cash flows.

15. GUARANTEES

The Company had outstanding letters of credit totaling \$9,501 supporting workers' compensation and general liability insurance policies as of December 24, 2021. The Company also had surety bonds primarily related to performance guarantees on supply agreements and construction contracts, and payment of duties and taxes totaling \$1,852 as of December 24, 2021.

In disposing of assets or businesses, the Company often provides representations, warranties and indemnities to cover various risks including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities and legal fees related to periods prior to disposition. The Company does not have the ability to estimate the potential liability from such indemnities because they relate to unknown conditions. However, the Company has no reason to believe that

these uncertainties would have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

In the normal course of business, the Company is liable for product performance and contract completion. In the opinion of management, such obligations will not have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

16. SEGMENT INFORMATION

The Electrical segment manufactures high quality products used in the construction of electrical power systems including conduit, cable and installation accessories. This segment serves contractors in partnership with the electrical wholesale channel.

The Safety & Infrastructure segment designs and manufactures solutions including metal framing, mechanical pipe, perimeter security and cable management for the protection and reliability of critical infrastructure. These solutions are marketed to contractors, original equipment manufacturers and end users.

Both segments use Adjusted EBITDA as the primary measure of profit and loss. Segment Adjusted EBITDA is income (loss) before income taxes, adjusted to exclude unallocated expenses, depreciation and amortization, interest expense, net, restructuring charges, stock-based compensation, loss on extinguishment of debt, certain legal matters, transaction costs and other items, such as inventory reserves and adjustments, loss on disposal of property, plant and equipment, insurance recovery related to damages of property, plant and equipment, release of indemnified uncertain tax positions, and realized or unrealized gain (loss) on foreign currency impacts of intercompany loans and related forward currency derivatives.

Intersegment transactions primarily consist of product sales at designated transfer prices on an arm's-length basis. Gross profit earned and reported within the segment is eliminated in the Company's consolidated results. Certain manufacturing and distribution expenses are allocated between the segments on a pro rata basis due to the shared nature of activities. Recorded amounts represent a proportional amount of the quantity of product produced for each segment. Certain assets, such as machinery and equipment and facilities, are not allocated to each segment despite serving both segments. These shared assets are reported within the Safety & Infrastructure segment. The Company allocates certain corporate operating expenses that directly benefit our operating segments, such as insurance and information technology, on a basis that reasonably approximates an estimate of the use of these services.

(in thousands)	Three months ended					
	December 24, 2021			December 25, 2020		
	External Net Sales	Intersegment Sales	Adjusted EBITDA	External Net Sales	Intersegment Sales	Adjusted EBITDA
Electrical	\$ 640,344	\$ 1,339	\$ 279,547	\$ 386,320	\$ 825	\$ 133,273
Safety & Infrastructure	200,457	53	27,432	124,762	3	14,252
Eliminations	—	(1,392)	—	—	(828)	—
Consolidated operations	<u>\$ 840,801</u>	<u>\$ —</u>		<u>\$ 511,082</u>	<u>\$ —</u>	

Presented below is a reconciliation of operating Segment Adjusted EBITDA to Income before income taxes:

(in thousands)	Three months ended	
	December 24, 2021	December 25, 2020
Operating segment Adjusted EBITDA		
Electrical	\$ 279,547	\$ 133,273
Safety & Infrastructure	27,432	14,252
Total	\$ 306,979	\$ 147,525
Unallocated expenses (a)	(13,969)	(10,535)
Depreciation and amortization	(20,046)	(19,044)
Interest expense, net	(6,918)	(8,254)
Stock-based compensation	(3,427)	(5,522)
Other (b)	(801)	7,860
Income before income taxes	<u>\$ 261,818</u>	<u>\$ 112,030</u>

(a) Represents unallocated selling, general and administrative activities and associated expenses including, in part, executive, legal, finance, human resources, information technology, business development and communications, as well as certain costs and earnings of employee-related benefits plans, such as stock-based compensation and a portion of self-insured medical costs.

(b) Represents other items, such as inventory reserves and adjustments, loss on disposal of property, plant and equipment, insurance recovery related to damages of property, plant and equipment, release of indemnified uncertain tax positions, realized or unrealized gain (loss) on foreign currency impacts of intercompany loans and related forward currency derivatives, gain on purchase of business, restructuring costs and transaction costs.

The Company's net sales by geography were as follows for the three months ended December 24, 2021 and December 25, 2020:

(in thousands)	Three months ended	
	December 24, 2021	December 25, 2020
United States	\$ 757,398	\$ 454,764
Other Americas	22,487	6,773
Europe	50,454	39,354
Asia-Pacific	10,462	10,191
Total	<u>\$ 840,801</u>	<u>\$ 511,082</u>

The table below shows the amount of net sales from external customers for each of the Company's product categories which accounted for 10% or more of consolidated net sales in either period for the three months ended December 24, 2021 and December 25, 2020:

(in thousands)	Three months ended	
	December 24, 2021	December 25, 2020
Metal Electrical Conduit and Fittings	\$ 149,876	\$ 124,829
Electrical Cable & Flexible Conduit	115,695	73,512
Plastic Pipe and Conduit	290,179	140,535
Other Electrical products	84,594	47,444
Electrical	640,344	386,320
Mechanical Pipe	111,243	65,511
Other Safety & Infrastructure products	89,214	59,251
Safety & Infrastructure	200,457	124,762
Net sales	<u>\$ 840,801</u>	<u>\$ 511,082</u>

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

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in this report. The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and included or referenced elsewhere in this report, particularly in the sections entitled "Forward-Looking Statements" and "Risk Factors."

Impacts of COVID-19

The outbreak of the novel coronavirus ("COVID-19") has continued to spread and is currently classified as a pandemic which is contributing to significant volatility and uncertainty in markets and the global economy. This heightened volatility and uncertainty makes it difficult for us to predict the extent of COVID-19's impact on our operations going forward.

As of the date of this filing, customers and end markets face some uncertainty and delays in the timing of work. In particular, some construction site closures or project delays have occurred, and job sites have had to adjust to increased physical distancing and health-related precautions. Given the continued volatility within the economic impacts of the pandemic it is too difficult to make any judgment on how significant COVID-19 effects could become.

Factors that contribute to our ability to adjust to the outbreak include currently being deemed an "essential business," benefiting from mostly localized supply chains, and continuing to take actions within our control to minimize the disruptive impacts of the outbreak. However, there can be no assurance that we will not be materially and adversely impacted in the future. The extent to which COVID-19 will impact our business will depend on future developments and public health advancements, which are highly uncertain and cannot be predicted with confidence.

Currently, we have no COVID-19 related facility closures as we look to serve our current levels of demand. In response to COVID-19, we have implemented a variety of countermeasures to promote the health and safety of our employees during this pandemic, including health screening, physical distancing practices, enhanced cleaning, use of personal protective equipment, and remote work capabilities.

Results of Operations

The consolidated results of operations for the three months ended December 24, 2021 and December 25, 2020 were as follows:

(\$ in thousands)	Three months ended				
	December 24, 2021	December 25, 2020	Change	% Change	
Net sales	\$ 840,801	\$ 511,082	\$ 329,719	64.5 %	
Cost of sales	485,993	321,891	164,102	51.0 %	
Gross profit	354,808	189,191	165,617	87.5 %	
Selling, general and administrative	78,151	61,078	17,073	28.0 %	
Intangible asset amortization	8,229	8,260	(31)	(0.4)%	
Operating income	268,428	119,853	148,575	124.0 %	
Interest expense, net	6,918	8,254	(1,336)	(16.2)%	
Other income, net	(308)	(431)	123	(28.5)%	
Income before income taxes	261,818	112,030	149,788	133.7 %	
Income tax expense	56,975	26,964	30,011	111.3 %	
Net income	\$ 204,843	\$ 85,066	\$ 119,777	140.8 %	

Net sales

	% Change
Volume	(9.9) %
Average selling prices	72.0 %
Foreign exchange	0.2 %
Acquisitions	2.1 %
Other	0.1 %
Net sales	<u>64.5 %</u>

Net sales increased by \$329.7 million, or 64.5%, to \$840.8 million for the three months ended December 24, 2021, compared to \$511.1 million for the three months ended December 25, 2020. The increase in net sales is primarily attributed to increased average selling prices across the Company's products of \$368.0 million and increased net sales of \$10.7 million due to the acquisitions of Queen City Plastics and FRE Composites Group in the prior year. These increases are offset by decreased sales volume of \$50.7 million across varying product categories within both the Electrical and the Safety & Infrastructure segments. Pricing for PVC products, as well as other parts of the business, is expected to return to more normal historical levels over time, but that time is uncertain.

Cost of sales

	% Change
Volume	(10.5)%
Average input costs	53.5 %
Foreign exchange	0.2 %
Acquisitions	1.8 %
Other	6.0 %
Cost of sales	<u>51.0 %</u>

Cost of sales increased by \$164.1 million, or 51.0%, to \$486.0 million for the three months ended December 24, 2021 compared to \$321.9 million for the three months ended December 25, 2020. The increase was primarily due to higher input costs of steel, copper and PVC resin of \$172.2 million and the prior year acquisitions of Queen City Plastics and FRE Composites Group of \$5.7 million partially offset by lower sales volume of \$33.6 million across varying product categories within both the Electrical and the Safety & Infrastructure segments.

Selling, general and administrative

Selling, general and administrative expenses increased by \$17.1 million, or 28.0%, to \$78.2 million for the three months ended December 24, 2021 compared to \$61.1 million for the three months ended December 25, 2020. The increase was primarily due to higher sales commission expense of \$8.0 million, increased general spending on business improvement initiatives, including digital initiatives, of \$3.6 million, and higher variable compensation of \$2.1 million.

Intangible asset amortization

Intangible asset amortization expense remained fairly consistent to \$8.2 million for the three months ended December 24, 2021 compared to \$8.3 million for the three months ended December 25, 2020.

Interest expense, net

Interest expense, net decreased by \$1.3 million, or 16.2% to \$6.9 million for the three months ended December 24, 2021 compared to \$8.3 million for the three months ended December 25, 2020. The decrease is primarily due to interest expense being derived from a lower average principal balance resulting from the Company's fiscal 2021 debt restructuring transactions.

Other income, net

Other income, net remained consistent at \$0.3 million for the three months ended December 24, 2021 compared to \$0.4 million for the three months ended December 25, 2020.

Income tax expense

The Company's income tax rate decreased to 21.8% for the three months ended December 24, 2021 compared to 24.1% for the three months ended December 25, 2020. The decrease in the current period effective tax rate was primarily driven by an increase in the excess tax benefit associated with stock compensation.

Segment Results

The Electrical segment manufactures high quality products used in the construction of electrical power systems including conduit, cable and installation accessories. This segment serves contractors in partnership with the electrical wholesale channel.

The Safety & Infrastructure segment designs and manufactures solutions including metal framing, mechanical pipe, perimeter security and cable management for the protection and reliability of critical infrastructure. These solutions are marketed to contractors, original equipment manufacturers and end users.

Both segments use Adjusted EBITDA as the primary measure of profit and loss. Segment Adjusted EBITDA is income (loss) before income taxes, adjusted to exclude unallocated expenses, depreciation and amortization, interest expense, net, restructuring charges, stock-based compensation, loss on extinguishment of debt, certain legal matters, transaction costs and other items, such as inventory reserves and adjustments, loss on disposal of property, plant and equipment, insurance recovery related to damages of property, plant and equipment, release of indemnified uncertain tax positions, and realized or unrealized gain (loss) on foreign currency impacts of intercompany loans and related forward currency derivatives. We define segment Adjusted EBITDA margin as segment Adjusted EBITDA as a percentage of segment Net sales.

Electrical

(\$ in thousands)	Three months ended				% Change
	December 24, 2021	December 25, 2020	Change		
Net sales	\$ 641,683	\$ 387,145	\$ 254,538		65.7 %
Adjusted EBITDA	\$ 279,547	\$ 133,273	\$ 146,274		109.8 %
Adjusted EBITDA margin	43.6 %	34.4 %			

Net sales

	% Change
Volume	(6.0) %
Average selling prices	68.6 %
Foreign exchange	0.3 %
Acquisitions	2.8 %
Net sales	65.7 %

Net sales increased by \$254.5 million, or 65.7%, to \$641.7 million for the three months ended December 24, 2021 compared to \$387.1 million for the three months ended December 25, 2020. The increase in net sales is primarily attributed to increased average selling prices of \$265.8 million across the Electrical product lines and increased net sales of \$10.6 million from the prior period acquisitions of Queen City Plastics and FRE Composites Group. These increases were partially offset by decreased sales volume of \$23.4 million. Pricing for PVC products, as well as other parts of the business, is expected to return to more normal historical levels over time, but that time is uncertain.

Adjusted EBITDA

Adjusted EBITDA for the three months ended December 24, 2021 increased by \$146.3 million, or 109.8%, to \$279.5 million from \$133.3 million for the three months ended December 25, 2020. Adjusted EBITDA margins increased to 43.6% for the three months ended December 24, 2021 compared to 34.4% for the three months ended December 25, 2020. The increase in Adjusted EBITDA and Adjusted EBITDA margins was largely due to higher average selling prices over input costs.

Safety & Infrastructure

(\$ in thousands)	Three months ended			
	December 24, 2021	December 25, 2020	Change	% Change
Net sales	\$ 200,510	\$ 124,765	\$ 75,745	60.7 %
Adjusted EBITDA	\$ 27,432	\$ 14,252	\$ 13,180	92.5 %
Adjusted EBITDA margin	13.7 %	11.4 %		

Net sales

	% Change
Volume	(22.0)%
Average selling prices	81.9 %
Acquisitions	0.1 %
Other	0.7 %
Net sales	60.7 %

Net sales increased by \$75.7 million, or 60.7%, for the three months ended December 24, 2021 to \$200.5 million compared to \$124.8 million for the three months ended December 25, 2020. The increase is primarily attributed to increased average selling prices of \$102.2 million driven by higher input costs of steel partially offset by lower volumes of \$27.4 million primarily driven by decreases in the mechanical pipe product line.

Adjusted EBITDA

Adjusted EBITDA increased by \$13.2 million, or 92.5%, to \$27.4 million for the three months ended December 24, 2021 compared to \$14.3 million for the three months ended December 25, 2020. Adjusted EBITDA margins increased to 13.7% for the three months ended December 24, 2021 compared to 11.4% for the three months ended December 25, 2020. The Adjusted EBITDA increase is primarily due to the price increases, partially offset by lower volume, discussed above.

Liquidity and Capital Resources

We believe we have sufficient liquidity to support our ongoing operations and to invest in future growth and create value for stockholders. Our cash and cash equivalents were \$499.0 million as of December 24, 2021, of which \$54.6 million was held at non-U.S. subsidiaries. Those cash balances at foreign subsidiaries may be subject to withholding or local country taxes if the Company's intention to permanently reinvest such income were to change and cash was repatriated to the United States.

In general, we require cash to fund working capital investments, acquisitions, capital expenditures, debt repayment, interest payments, taxes and share repurchases. We have access to the ABL Credit Facility to fund operational needs. As of December 24, 2021, there were no outstanding borrowings under the ABL Credit Facility and \$9.5 million of letters of credit issued under the ABL Credit Facility. The borrowing base was estimated to be \$325.0 million and approximately \$315.5 million was available under the ABL Credit Facility as of December 24, 2021. Outstanding letters of credit count as utilization of the commitments under the ABL Credit Facility and reduce the amount available for borrowings.

The agreements governing the Senior Secured Term Loan Facility and the ABL Credit Facility (collectively, the "Credit Facilities") contain covenants that limit or restrict AII's ability to incur additional indebtedness, repurchase debt, incur liens, sell assets, make certain payments (including dividends) and enter into transactions with affiliates. AII has been in compliance with the covenants under the agreements for all periods presented.

We may from time to time repurchase our debt or take other steps to reduce our debt. These actions may include open market repurchases, negotiated repurchases or opportunistic refinancing of debt. The amount of debt, if any, that may be repurchased or refinanced will depend on market conditions, trading levels of our debt, our cash position, compliance with debt covenants and other considerations.

Our use of cash may fluctuate during the year and from year to year due to differences in demand and changes in economic conditions primarily related to the prices of the commodities we purchase.

Capital expenditures have historically been necessary to expand and update the production capacity and improve the productivity of our manufacturing operations.

Our ongoing liquidity needs are expected to be funded by cash on hand, net cash provided by operating activities and, as required, borrowings under the ABL Credit Facility. We expect that cash provided from operations and available capacity under the ABL Credit Facility will provide sufficient funds to operate our business, make expected capital expenditures and meet our liquidity requirements for at least the next twelve months, including payments of interest and principal on our debt.

Limitations on distributions and dividends by subsidiaries

AI, AII, and AIH are each holding companies, and as such have no independent operations or material assets other than ownership of equity interests in their respective subsidiaries. Each company depends on its respective subsidiaries to distribute funds to it so that it may pay obligations and expenses, including satisfying obligations with respect to indebtedness. The ability of our subsidiaries to make distributions and dividends to us depends on their operating results, cash requirements and financial and general business conditions, as well as restrictions under the laws of our subsidiaries' jurisdictions.

The agreements governing the Credit Facilities significantly restrict the ability of our subsidiaries, including AII, to pay dividends, make loans or otherwise transfer assets from AII and, in turn, to us. Further, AII's subsidiaries are permitted under the terms of the Credit Facilities to incur additional indebtedness that may restrict or prohibit the making of distributions, the payment of dividends or the making of loans by such subsidiaries to AII and, in turn, to us. The Senior Secured Term Loan Facility requires AII to meet a certain consolidated coverage ratio on an incurrence basis in connection with additional indebtedness. The ABL Credit Facility contains limits on additional indebtedness based on various conditions for incurring the additional debt. AII has been in compliance with the covenants under the agreements for all periods presented.

The table below summarizes cash flow information derived from our statements of cash flows for the periods indicated:

(in thousands)	Three months ended	
	December 24, 2021	December 25, 2020
Cash flows provided by (used in):		
Operating activities	\$ 97,192	\$ 86,276
Investing activities	(45,024)	(14,258)
Financing activities	(129,048)	(78,981)

Operating activities

During the three months ended December 24, 2021, the Company was provided \$97.2 million by operating activities compared to \$86.3 million during the three months ended December 25, 2020. The \$10.9 million increase in cash provided was primarily due to higher cash flows from the increase in operating income of \$148.6 million. This was partially offset by a \$57.0 million increase in cash used in working capital primarily due to higher inventory build during the first quarter of fiscal 2022.

Investing activities

During the three months ended December 24, 2021, the Company used \$45.0 million in investing activities compared to \$14.3 million during the three months ended December 25, 2020. The increase in cash used in investing activities is primarily due to the acquisitions of Sasco and Four Star for total cash paid of \$36.1 million during the three months ended December 24, 2021.

Financing Activities

During the three months ended December 24, 2021, the Company used \$129.0 million in financing activities compared to \$79.0 million used during the three months ended December 25, 2020. The increase in cash used in financing activities is primarily due to \$69.5 million more cash used to repurchase common stock during the three months ended December 24, 2021 compared to the same period in the prior year.

Contractual Obligations and Commitments

There have been no material changes in our contractual obligations and commitments since the filing of our Annual Report on Form 10-K.

Changes in Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates since the filing of our Annual Report on Form 10-K.

Recent Accounting Standards

See Note 1, “Basis of Presentation and Summary of Significant Accounting Policies” to our unaudited condensed consolidated financial statements.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements and cautionary statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management’s beliefs and assumptions and information currently available to management. Some of the forward-looking statements can be identified by the use of forward-looking terms such as “believes,” “expects,” “may,” “will,” “shall,” “should,” “would,” “could,” “seeks,” “aims,” “projects,” “is optimistic,” “intends,” “plans,” “estimates,” “anticipates” or other comparable terms. Forward-looking statements include, without limitation, all matters that are not historical facts. They appear in a number of places throughout this Quarterly Report on Form 10-Q and include, without limitation, statements regarding our intentions, beliefs, assumptions or current expectations concerning, among other things, financial position; results of operations; cash flows; prospects; growth strategies or expectations; customer retention; the outcome (by judgment or settlement) and costs of legal, administrative or regulatory proceedings, investigations or inspections, including, without limitation, collective, representative or class action litigation; and the impact of prevailing economic conditions.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of the market in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report. In addition, even if our results of operations, financial condition and cash flows, and the development of the market in which we operate, are consistent with the forward-looking statements contained in this Quarterly Report, those results or developments may not be indicative of results or developments in subsequent periods. A number of important factors, including, without limitation, the risks and uncertainties discussed or referenced under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, could cause actual results and outcomes to differ materially from those reflected in the forward-looking statements. Additional factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation:

- declines in, and uncertainty regarding, the general business and economic conditions in the United States and international markets in which we operate;
- weakness or another downturn in the United States non-residential construction industry;
- widespread outbreak of diseases, such as the novel coronavirus (COVID-19) pandemic;
- changes in prices of raw materials;
- pricing pressure, reduced profitability, or loss of market share due to intense competition;
- availability and cost of third-party freight carriers and energy;
- high levels of imports of products similar to those manufactured by us;
- changes in federal, state, local and international governmental regulations and trade policies;
- adverse weather conditions;
- increased costs relating to future capital and operating expenditures to maintain compliance with environmental, health and safety laws;
- reduced spending by, deterioration in the financial condition of, or other adverse developments, including inability or unwillingness to pay our invoices on time, with respect to one or more of our top customers;

- increases in our working capital needs, which are substantial and fluctuate based on economic activity and the market prices for our main raw materials, including as a result of failure to collect, or delays in the collection of, cash from the sale of manufactured products;
- work stoppage or other interruptions of production at our facilities as a result of disputes under existing collective bargaining agreements with labor unions or in connection with negotiations of new collective bargaining agreements, as a result of supplier financial distress, or for other reasons;
- changes in our financial obligations relating to pension plans that we maintain in the United States;
- reduced production or distribution capacity due to interruptions in the operations of our facilities or those of our key suppliers;
- loss of a substantial number of our third-party agents or distributors or a dramatic deviation from the amount of sales they generate;
- security threats, attacks, or other disruptions to our information systems, or failure to comply with complex network security, data privacy and other legal obligations or the failure to protect sensitive information;
- possible impairment of goodwill or other long-lived assets as a result of future triggering events, such as declines in our cash flow projections or customer demand and changes in our business and valuation assumptions;
- safety and labor risks associated with the manufacture and in the testing of our products;
- product liability, construction defect and warranty claims and litigation relating to our various products, as well as government inquiries and investigations, and consumer, employment, tort and other legal proceedings;
- our ability to protect our intellectual property and other material proprietary rights;
- risks inherent in doing business internationally;
- changes in foreign laws and legal systems, including as a result of Brexit;
- our inability to introduce new products effectively or implement our innovation strategies;
- our inability to continue importing raw materials, component parts or finished goods;
- the incurrence of liabilities and the issuance of additional debt or equity in connection with acquisitions, joint ventures or divestitures and the failure of indemnification provisions in our acquisition agreements to fully protect us from unexpected liabilities;
- failure to manage acquisitions successfully, including identifying, evaluating, and valuing acquisition targets and integrating acquired companies, businesses or assets;
- the incurrence of additional expenses, increases in the complexity of our supply chain and potential damage to our reputation with customers resulting from regulations related to “conflict minerals”;
- disruptions or impediments to the receipt of sufficient raw materials resulting from various anti-terrorism security measures;
- restrictions contained in our debt agreements;
- failure to generate cash sufficient to pay the principal of, interest on, or other amounts due on our debt;
- challenges attracting and retaining key personnel or high-quality employees;
- future changes to tax legislation;
- failure to generate sufficient cash flow from operations or to raise sufficient funds in the capital markets to satisfy existing obligations and support the development of our business; and
- other risks and factors described in this Quarterly Report and from time to time in documents that we file with the SEC.

You should read this Quarterly Report completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements attributable to us or persons acting on our behalf that are made in this Quarterly Report are qualified in their entirety by these cautionary statements. These forward-looking statements are made only as of the date of this Quarterly Report, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, and changes in future operating results over time or otherwise.

Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the quantitative and qualitative disclosures about market risks previously disclosed in our Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this Quarterly Report. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes to our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act during the most recent fiscal quarter 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

For a discussion of certain litigation involving the Company, see Note 14, “Commitments and Contingencies” to our unaudited condensed consolidated financial statements.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K.

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

Issuer Purchases of Equity Securities

On November 16, 2021, the board of directors approved a share repurchase program, under which the Company may repurchase up to \$400.0 million of its outstanding common stock. As of December 24, 2021, there was \$295.5 million of purchases remaining under the plan. The share repurchase program will be funded from the Company’s available cash balances. This share repurchase program does not obligate the Company to acquire any particular amount of common stock, and it may be terminated at any time at the Company’s discretion.

The following table shows our purchases of our common stock under this plan during fiscal 2021 (in thousands, except per share data):

Period (4-5-4 calendar)	Total Number Of Shares Purchased	Avg Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Value of Shares that May Yet Be Purchased Under the Program
October 1, 2021 to October 22, 2021	—	\$ —	—	\$ —
October 23, 2021 to November 26, 2021	—	\$ —	—	\$ —
November 27, 2021 to December 24, 2021	958	\$ 109.14	958	\$ 295,489
Total	<u>958</u>		<u>958</u>	

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

- 31.1# [Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a - 14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2# [Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a - 14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1# [Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2# [Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS# XBRL Instance Document (formatted as inline XBRL)
- 101.SCH# XBRL Taxonomy Schema Linkbase Document (formatted as inline XBRL)
- 101.CAL# XBRL Taxonomy Calculation Linkbase Document
- 101.DEF# XBRL Taxonomy Definition Linkbase Document
- 101.LAB# XBRL Taxonomy Labels Linkbase Document
- 101.PRE# XBRL Taxonomy Presentation Linkbase Document
- 104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)
 - # Filed 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.

ATKORE INC.

(Registrant)

By: /s/ David P. Johnson

Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Date: January 31, 2022

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William E. Waltz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atkore 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.

Dated: January 31, 2022

/s/ William E. Waltz

William E. Waltz

President and Chief Executive Officer (Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David P. Johnson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atkore 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.

Dated: January 31, 2022

/s/ David P. Johnson

David P. Johnson

Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, William E. Waltz, the Chief Executive Officer of Atkore Inc., certify that (i) the Quarterly Report on Form 10-Q for the quarter ended December 24, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Atkore Inc.

Dated: January 31, 2022 /s/ William E. Waltz
 William E. Waltz
 President and Chief Executive Officer (Principal Executive Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David P. Johnson, the Chief Financial Officer of Atkore Inc., certify that (i) the Quarterly Report on Form 10-Q for the quarter ended December 24, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Atkore Inc.

Dated: January 31, 2022

/s/ David P. Johnson

David P. Johnson

Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)