

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 March 31, 2023
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 May 4, 2023, there were 38,559,667 shares of the registrant's common stock, \$0.01 par value per share, outstanding.

TABLE OF CONTENTS

	<u>Page No.</u>
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	<u>2</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>5</u>
<u>Condensed Consolidated Statement of Changes in Shareholders' Equity</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>24</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>34</u>
<u>Item 4. Controls and Procedures</u>	<u>34</u>
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>36</u>
<u>Item 1A. Risk Factors</u>	<u>36</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>36</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>36</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>36</u>
<u>Item 5. Other Information</u>	<u>36</u>
<u>Item 6. Exhibits</u>	<u>37</u>
<u>Signatures</u>	<u>38</u>

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

ATKORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands, except per share data)	Note	Three months ended		Six months ended	
		March 31, 2023	March 25, 2022	March 31, 2023	March 25, 2022
Net sales		\$ 895,934	\$ 982,573	\$ 1,729,755	\$ 1,823,374
Cost of sales		543,052	566,157	1,042,520	1,052,150
Gross profit		352,882	416,416	687,235	771,224
Selling, general and administrative		98,201	88,918	188,178	167,069
Intangible asset amortization	11	14,790	8,701	27,586	16,930
Operating income		239,891	318,797	471,471	587,225
Interest expense, net		8,475	7,514	17,963	14,432
Other (income) and expense, net	5	3,858	(807)	3,899	(1,115)
Income before income taxes		227,558	312,090	449,609	573,908
Income tax expense	6	53,364	78,613	101,923	135,588
Net income		<u>\$ 174,194</u>	<u>\$ 233,477</u>	<u>\$ 347,686</u>	<u>\$ 438,320</u>
Net income per share					
Basic	7	\$ 4.37	\$ 5.14	\$ 8.63	\$ 9.51
Diluted	7	\$ 4.31	\$ 5.08	\$ 8.52	\$ 9.39

See Notes to unaudited condensed consolidated financial statements.

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

(in thousands)	Note	Three months ended		Six months ended	
		March 31, 2023	March 25, 2022	March 31, 2023	March 25, 2022
Net income		\$ 174,194	\$ 233,477	\$ 347,686	\$ 438,320
Other comprehensive (loss) income, net of tax:					
Change in foreign currency translation adjustment		2,462	(2,554)	13,724	(4,012)
Change in unrecognized loss related to pension benefit plans	4	201	125	263	250
Total other comprehensive (loss) income	8	2,663	(2,429)	13,987	(3,762)
Comprehensive income		<u>\$ 176,857</u>	<u>\$ 231,048</u>	<u>\$ 361,673</u>	<u>\$ 434,558</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	March 31, 2023	September 30, 2022
Assets			
Current Assets:			
Cash and cash equivalents		\$ 354,342	\$ 388,751
Accounts receivable, less allowance for current and expected credit losses of \$2,415 and \$2,544, respectively		533,712	528,904
Inventories, net	9	416,050	454,511
Prepaid expenses and other current assets		95,379	80,654
Total current assets		1,399,483	1,452,820
Property, plant and equipment, net	10	443,291	390,220
Intangible assets, net	11	424,910	382,706
Goodwill	11	310,686	289,330
Right-of-use assets, net		95,950	71,035
Deferred tax assets	6	2,025	9,409
Other long-term assets		3,344	3,476
Total Assets		<u>\$ 2,679,689</u>	<u>\$ 2,598,996</u>
Liabilities and Equity			
Current Liabilities:			
Accounts payable		258,051	244,100
Income tax payable		4,760	5,521
Accrued compensation and employee benefits		34,037	61,273
Customer liabilities		69,095	99,447
Lease obligations		14,566	13,789
Other current liabilities		87,396	77,781
Total current liabilities		467,905	501,911
Long-term debt	12	761,612	760,537
Long-term lease obligations		81,767	57,975
Deferred tax liabilities	6	16,283	15,640
Other long-term liabilities		13,327	13,146
Total Liabilities		1,340,894	1,349,209
Equity:			
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 38,937,691 and 41,351,350 shares issued and outstanding, respectively		390	415
Treasury stock, held at cost, 260,900 and 260,900 shares, respectively		(2,580)	(2,580)
Additional paid-in capital		497,810	500,117
Retained earnings		879,334	801,981
Accumulated other comprehensive loss	8	(36,159)	(50,146)
Total Equity		1,338,795	1,249,787
Total Liabilities and Equity		<u>\$ 2,679,689</u>	<u>\$ 2,598,996</u>

See Notes to unaudited condensed consolidated financial statements.

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

		Six months ended	
(in thousands)	Note	March 31, 2023	March 25, 2022
Operating activities:			
Net income		\$ 347,686	\$ 438,320
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		54,566	40,040
Deferred income taxes	6	6,910	(4,270)
Stock-based compensation		12,133	9,555
Amortization of right-of-use assets		8,234	6,489
Other non-cash adjustments to net income		(4,562)	7,474
Changes in operating assets and liabilities, net of effects from acquisitions			
Accounts receivable		(502)	(95,016)
Inventories		47,126	(127,790)
Prepaid expenses and other current assets		(8,961)	(14,490)
Accounts payable		(2,279)	19,617
Accrued and other liabilities		(61,771)	(37,972)
Income taxes		5,860	(80,415)
Other, net		(1,044)	(383)
Net cash provided by operating activities		403,396	161,159
Investing activities:			
Capital expenditures		(72,690)	(25,343)
Proceeds from sale of properties and equipment		1	642
Acquisition of businesses, net of cash acquired		(83,385)	(36,098)
Net cash used in investing activities		(156,074)	(60,799)
Financing activities:			
Issuance of common stock, net of shares withheld for tax		(14,434)	(24,399)
Repurchase of common stock		(269,168)	(261,173)
Finance lease payments		(660)	—
Net cash used for financing activities		(284,262)	(285,572)
Effects of foreign exchange rate changes on cash and cash equivalents		2,531	(678)
Decrease in cash and cash equivalents		(34,409)	(185,890)
Cash and cash equivalents at beginning of period		388,751	576,289
Cash and cash equivalents at end of period		\$ 354,342	\$ 390,399
Supplementary Cash Flow information			
Capital expenditures, not yet paid		\$ 8,129	\$ 4,815
Operating lease right-of-use assets obtained in exchange for lease liabilities		\$ 30,430	\$ 1,148
Acquisitions of businesses, not yet paid		\$ 14,125	\$ 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, 2022	41,351	\$ 415	\$ (2,580)	\$ 500,117	\$ 801,981	\$ (50,146)	\$ 1,249,787
Net income	—	—	—	—	173,492	—	173,492
Other comprehensive loss	—	—	—	—	—	11,324	11,324
Stock-based compensation	—	—	—	5,270	—	—	5,270
Issuance of common stock, net of shares withheld for tax	200	1	—	(14,776)	—	—	(14,775)
Repurchase of common stock	(1,683)	(16)	—	—	(150,040)	—	(150,056)
Balance as of December 30, 2022	<u>39,868</u>	<u>\$ 400</u>	<u>\$ (2,580)</u>	<u>\$ 490,611</u>	<u>\$ 825,433</u>	<u>\$ (38,822)</u>	<u>\$ 1,275,042</u>
Net income	—	—	—	—	174,194	—	174,194
Other comprehensive loss	—	—	—	—	—	2,663	2,663
Stock-based compensation	—	—	—	6,863	—	—	6,863
Issuance of common stock, net of shares withheld for tax	44	—	—	336	—	—	336
Repurchase of common stock	(974)	(10)	—	—	(120,293)	—	(120,303)
Balance as of March 31, 2023	<u>38,938</u>	<u>\$ 390</u>	<u>\$ (2,580)</u>	<u>\$ 497,810</u>	<u>\$ 879,334</u>	<u>\$ (36,159)</u>	<u>\$ 1,338,795</u>

(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 income	—	—	—	—	—	(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
Net income	—	—	—	—	233,477	—	233,477
Other comprehensive (loss)	—	—	—	—	—	(2,429)	(2,429)
Stock-based compensation	—	—	—	6,128	—	—	6,128
Issuance of common stock, net of shares withheld for tax	24	—	—	103	—	—	103
Repurchase of common stock	(1,539)	(15)	—	—	(156,611)	—	(156,626)
Balance as of March 25, 2022	43,879	\$ 440	\$ (2,580)	\$ 492,070	\$ 565,832	\$ (32,488)	\$1,023,274

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. As of December 20, 2022, Atkore was the sole stockholder of Atkore International Holdings Inc. (“AIH”), which in turn was the sole stockholder of Atkore International Inc. (“All”). On December 28, 2022, AIH merged into All, with All being the surviving entity. Accordingly, Atkore is now the sole stockholder of All.

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, 2022, filed with the U.S. Securities and Exchange Commission (the “SEC”) on November 18, 2022, 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

Atkore has not adopted any accounting standards in the current fiscal year. There are no accounting standards with adoption dates in the next fiscal year that are applicable to the Company.

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.

Under the Inflation Reduction Act of 2022 ("IRA"), the Company is eligible for tax credits related to the manufacturing and selling of components used in the solar energy industry. These tax credits are transferable under the IRA and are accounted for under a government grant accounting model. The Company has contractual arrangements with some customers who purchase these components to transfer a portion of these tax credits to those customers. Pursuant to such contractual arrangements, the Company identifies two separate performance obligations under these contracts with the first being to transfer the promised goods and the second being to transfer the defined portion of the tax credits earned. The Company allocates the total value of these transactions between the two performance obligations. As a result of this allocation, the Company recognizes a reduction to revenue, similar to a rebate. Separately, the Company recognizes the benefit of the credit generated as a reduction of cost of sales. The solar tax credit receivable is recorded in Prepaid Expenses and Other Current Assets whereas the liability to transfer the defined portion of the tax credits is recorded in Other Current Liabilities.

For the six months ended March 31, 2023, the Company has recognized a reduction of revenue of \$4,349 and a reduction of cost of sales of \$6,010. As of March 31, 2023, the Company has a \$6,209 liability for credits to be transferred and a solar tax credit receivable of \$7,870. As of March 31, 2023, all activity related to the solar tax credits is within the Safety & Infrastructure segment.

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 its obligations related to these items within the Customer Liabilities line on the balance sheet.

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 2023

On November 7, 2022, Atkore HDPE, LLC, a wholly-owned subsidiary of the Company, acquired the assets of Elite Polymer Solutions ("Elite"), for a purchase price of \$90,230, of which \$75,981 was paid at closing and an additional purchase price payable of \$14,000 was accrued. As of the end of the second quarter of fiscal 2023, an additional \$249 working capital true up payment has been made. Elite is a manufacturer of high density polyethylene (HDPE) conduit, primarily serving the telecommunications, utility, and transportation markets. As a result of the acquisition, the Company preliminarily recognized \$18,604 of goodwill, \$68,480 of identifiable intangible assets, of which \$68,200 relates to customer relationships with an estimated useful life of 8 years, and \$3,146 of working capital and other net tangible assets. As of March 31, 2023, the purchase price allocation has not been finalized as the Company is finalizing working capital, inventory, intangible assets, deferred tax assets and liabilities and fixed asset fair values.

The acquisition in fiscal 2023 was funded using cash-on-hand. The Company incurred approximately \$257 in acquisition-related expenses for this acquisition, which was recorded as a component of selling, general and administrative expenses.

Net sales and net income of the above acquisition are included in the condensed consolidated financial statement of operations for the post-acquisition period. Due to the immaterial nature of this acquisition, the Company did not include the pro forma results of operations for this acquisition for the current period or the previous interim period.

Fiscal 2022

On August 31, 2022, Atkore International Inc., and Atkore HDPE, LLC, wholly-owned subsidiaries of the Company, acquired the outstanding stock of two separate, but related, companies doing business as Cascade Poly Pipe & Conduit ("Cascade") and Northwest Polymers, for a total purchase price of \$62,100, of which \$52,738 was paid at closing and an additional purchase price payable of \$9,362 was accrued. As of the end of the second quarter of fiscal 2023, the Company paid \$3,111 of the accrued purchase price. Cascade is a manufacturer specializing in smooth wall HDPE conduit made from recycled materials, primarily serving the telecommunications, utility and datacom markets. Northwest Polymers is a leading recycler of PVC, HDPE and other plastics and a strategic supply partner to Cascade and other manufacturers. The purchase price allocation has not been finalized as the Company is finalizing working capital, inventory, intangible assets, deferred tax assets and liabilities and fixed asset fair values.

On June 22, 2022, Atkore International Inc., a wholly-owned subsidiary of the Company acquired all of the outstanding stock of United Poly Systems, LLC ("United Poly"), for a purchase price of \$227,420. United Poly is a manufacturer of high density polyethylene ("HDPE") pressure pipe and conduit, primarily serving the telecommunications, water infrastructure, renewables and energy markets. The purchase price allocation has not been finalized as the Company is finalizing working capital, inventory, intangible asset, deferred tax asset and liabilities and fixed asset fair values.

On May 19, 2022, Allied Tube and Conduit Corporation, wholly-owned subsidiary of the Company acquired the assets of Talon Products, LLC ("Talon"), for a purchase price of \$4,193. Included in Talon's purchase price is a purchase price payable of \$402. Talon is a manufacturer of non-metallic, injection molded cable cleats, primarily serving the power distribution markets. The Company finalized the purchase price allocation of Talon in the fourth quarter of 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. The Company finalized the purchase price allocation of Four Star in the third quarter of fiscal 2022.

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 \$16,184, of which \$13,320 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. The Company finalized the purchase price allocation of Sasco in the third quarter of fiscal 2022.

The acquisitions in fiscal 2022 were funded using cash-on-hand. The Company incurred approximately \$3,424 in acquisition-related expenses for these acquisitions, which were recorded as a component of selling, general and administrative expenses.

The purchase price 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 2022:

(in thousands)	United Poly	Other	Total
Fair value of consideration transferred:			
Cash consideration	\$ 227,420	\$ 93,044	\$ 320,464
Purchase price payable	—	12,628	12,628
Working Capital Adjustment	—	668	668
Total consideration transferred	\$ 227,420	\$ 106,340	\$ 333,760
Fair value of assets acquired and liabilities assumed:			
Cash	11,514	126	11,640
Accounts receivable	23,679	9,291	32,970
Inventories	13,455	8,111	21,566
Intangible assets	128,840	54,330	183,170
Fixed assets	13,648	8,533	22,181
Accounts payable	(11,940)	(5,086)	(17,026)
Income taxes	(15,542)	(2,075)	(17,617)
Other	(1,740)	245	(1,495)
Net assets acquired	161,914	73,475	235,389
Excess purchase price attributed to goodwill acquired	\$ 65,506	\$ 32,865	\$ 98,371

The Company estimates \$31.1 million of the goodwill recognized by the fiscal 2022 acquisitions is deductible for tax purposes, \$11.7 million that relates to United Poly and \$19.4 million that relates to Cascade and Northwest Polymer. The Company estimates Goodwill recognized from the acquisitions in 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:

	United Poly		Other	
	Fair Value	Weighted Average Useful Life (Years)	Fair Value	Weighted Average Useful Life (Years)
(in thousands)				
Customer relationships	\$ 111,700	11	\$ 50,020	9
Other	17,140	8	4,310	8
Total intangible assets	<u>\$ 128,840</u>		<u>\$ 54,330</u>	

Net sales and net income of the acquired companies are included in the consolidated statement of operations for the post-acquisition period. Due to the immaterial nature of the acquisitions acquired in the first quarter of fiscal 2022, the Company did not include the pro forma results of operations for these acquisitions for the current period or the previous interim period.

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:

	Note	Three months ended		Six months ended	
		March 31, 2023	March 25, 2022	March 31, 2023	March 25, 2022
(in thousands)					
Interest cost		\$ 1,294	\$ 739	\$ 2,588	\$ 1,478
Expected return on plan assets		(1,257)	(1,348)	(2,514)	(2,696)
Amortization of actuarial loss		167	158	333	316
Net periodic benefit cost (credit)	5	<u>\$ 204</u>	<u>\$ (451)</u>	<u>\$ 407</u>	<u>\$ (902)</u>

5. OTHER (INCOME) AND EXPENSE, NET

Other (income) and expense, net consisted of the following:

	Three months ended		Six months ended	
	March 31, 2023	March 25, 2022	March 31, 2023	March 25, 2022
(in thousands)				
Undesignated foreign currency derivative instruments	\$ —	\$ (634)	\$ —	\$ (810)
Loss on assets held for sale	3,658	—	3,658	—
Foreign exchange loss (gain) on intercompany loans	(4)	278	(166)	597
Pension-related benefits	204	(451)	407	(902)
Other (income) and expense, net	<u>\$ 3,858</u>	<u>\$ (807)</u>	<u>\$ 3,899</u>	<u>\$ (1,115)</u>

The Company recognized an impairment of \$3,658 on assets related to the Company's operations in Russia. As of March 31, 2023, the Company is finalizing plans to exit its operations in Russia and expects to sell the related business at a loss, which resulted in the impairment charge taken during the quarter.

6. INCOME TAXES

For the three months ended March 31, 2023 and March 25, 2022, the Company's effective tax rate attributable to income before income taxes was 23.5% and 25.2%, respectively. For the three months ended March 31, 2023 and March 25, 2022, the Company's income tax expense was \$53,364 and \$78,613 respectively. The decrease in the current period effective tax rate was driven by a decrease in state tax expense and an increase in the excess tax benefit associated with stock compensation.

For the six months ended March 31, 2023 and March 25, 2022, the Company's effective tax rate attributable to income before income taxes was 22.7% and 23.6%, respectively. For the six months ended March 31, 2023 and March 25, 2022, the Company's income tax expense was \$101,923 and \$135,588 respectively. The decrease in the current period effective tax rate was driven by a decrease in state tax expense partially offset by a decrease 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.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was enacted into law. The IRA contains significant tax law changes, including a corporate alternative minimum tax of 15% on adjusted financial statement income, which if applicable for the Company would be effective beginning October 1, 2023, a 1% excise tax on stock repurchases and various tax incentives which include, but are not limited to, credits related to the manufacturing of solar powered energy, both of which have taken effect as of January 1, 2023.

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		Six months ended	
	March 31, 2023	March 25, 2022	March 31, 2023	March 25, 2022
Numerator:				
Net income	\$ 174,194	\$ 233,477	\$ 347,686	\$ 438,320
Less: Undistributed earnings allocated to participating securities	2,819	3,577	5,377	7,256
Net income available to common shareholders	<u>\$ 171,375</u>	<u>\$ 229,900</u>	<u>\$ 342,309</u>	<u>\$ 431,064</u>
Denominator:				
Basic weighted average common shares outstanding	39,212	44,700	39,648	45,318
Effect of dilutive securities: Non-participating employee stock options ⁽¹⁾	537	580	534	588
Diluted weighted average common shares outstanding	39,749	45,280	40,182	45,906
Basic earnings per share	\$ 4.37	\$ 5.14	\$ 8.63	\$ 9.51
Diluted earnings per share	<u>\$ 4.31</u>	<u>\$ 5.08</u>	<u>\$ 8.52</u>	<u>\$ 9.39</u>

(1) Stock options to purchase shares of common stock that would have been anti-dilutive are not included in the calculation. There were no anti-dilutive options outstanding during the three months ended March 31, 2023 and March 25, 2022. Additionally, there were no anti-dilutive options outstanding during the six months ended March 31, 2023 and March 25, 2022, respectively.

8. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables present the changes in accumulated other comprehensive loss by component for the three months ended March 31, 2023 and March 25, 2022.

(in thousands)	Defined Benefit Pension Items	Currency Translation Adjustments	Total
Balance as of December 30, 2022	\$ (16,733)	\$ (22,089)	\$ (38,822)
Other comprehensive loss before reclassifications	—	2,462	2,462
Amounts reclassified from accumulated other comprehensive income, net of tax	201	—	201
Net current period other comprehensive income (loss)	201	2,462	2,663
Balance as of March 31, 2023	<u>\$ (16,532)</u>	<u>\$ (19,627)</u>	<u>\$ (36,159)</u>

(in thousands)	Defined Benefit Pension Items	Currency Translation Adjustments	Total
Balance as of December 24, 2021	\$ (19,193)	\$ (10,866)	\$ (30,059)
Other comprehensive income before reclassifications	—	(2,554)	(2,554)
Amounts reclassified from accumulated other comprehensive income, net of tax	125	—	125
Net current period other comprehensive income	125	(2,554)	(2,429)
Balance as of March 25, 2022	<u>\$ (19,068)</u>	<u>\$ (13,420)</u>	<u>\$ (32,488)</u>

The following tables present the changes in accumulated other comprehensive loss by component for the six months ended March 31, 2023 and March 25, 2022.

(in thousands)	Defined Benefit Pension Items	Currency Translation Adjustments	Total
Balance as of September 30, 2022	\$ (16,795)	\$ (33,351)	\$ (50,146)
Other comprehensive loss before reclassifications	—	13,724	13,724
Amounts reclassified from accumulated other comprehensive income, net of tax	263	—	263
Net current period other comprehensive income (loss)	263	13,724	13,987
Balance as of March 31, 2023	<u>\$ (16,532)</u>	<u>\$ (19,627)</u>	<u>\$ (36,159)</u>

(in thousands)	Defined Benefit Pension Items	Currency Translation Adjustments	Total
Balance as of September 30, 2021	\$ (19,318)	\$ (9,408)	\$ (28,726)
Other comprehensive income before reclassifications	—	(4,012)	(4,012)
Amounts reclassified from accumulated other comprehensive income, net of tax	250	—	250
Net current period other comprehensive income	250	(4,012)	(3,762)
Balance as of March 25, 2022	<u>\$ (19,068)</u>	<u>\$ (13,420)</u>	<u>\$ (32,488)</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 81% and 82% of the Company's inventories were valued at the lower of LIFO cost or market at March 31, 2023 and September 30, 2022, respectively. Interim LIFO determinations, including those at March 31, 2023, are based on management's estimates of future inventory levels and costs for the remainder of the current fiscal year.

(in thousands)	March 31, 2023	September 30, 2022
Purchased materials and manufactured parts, net	\$ 144,945	\$ 166,038
Work in process, net	48,966	61,182
Finished goods, net	222,139	227,291
Inventories, net	<u>\$ 416,050</u>	<u>\$ 454,511</u>

Total inventories would be \$20,883 higher and \$64,550 higher than reported as of March 31, 2023 and September 30, 2022, respectively, if the first-in, first-out method was used for all inventories. As of March 31, 2023, and September 30, 2022, the excess and obsolete inventory reserve was \$21,070 and \$18,996, respectively.

10. PROPERTY, PLANT AND EQUIPMENT

As of March 31, 2023, and September 30, 2022, property, plant and equipment and accumulated depreciation were as follows:

(in thousands)	March 31, 2023	September 30, 2022
Land	\$ 26,950	\$ 22,113
Buildings and related improvements	176,252	172,633
Machinery and equipment	446,075	427,460
Leasehold improvements	15,067	10,512
Software	41,693	36,884
Construction in progress	145,554	99,491
Property, plant and equipment, at cost	<u>851,591</u>	<u>769,093</u>
Accumulated depreciation	(408,300)	(378,873)
Property, plant and equipment, net	<u>\$ 443,291</u>	<u>\$ 390,220</u>

Depreciation expense for the three months ended March 31, 2023 and March 25, 2022 totaled \$13,808 and \$11,293 respectively. Depreciation expense for the six months ended March 31, 2023 and March 25, 2022 totaled \$26,980 and \$23,110 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, 2022	\$ 236,708	\$ 52,622	\$ 289,330
Goodwill acquired during year	18,604	14	18,618
Impairment	(1,771)	—	(1,771)
Exchange rate effects	4,437	72	4,509
Balance as of March 31, 2023	<u>\$ 257,978</u>	<u>\$ 52,708</u>	<u>\$ 310,686</u>

Goodwill balances as of March 31, 2023 included \$5,695 and \$43,000 of accumulated impairment losses within the Electrical and Safety & Infrastructure segments, respectively. As described in Note 5, "Other (Income) and Expense, net", the Company is finalizing plans to exit operations in Russia and expects to sell the related business at a loss. The Company recognized an impairment of \$3,658, which includes \$1,771 of impaired goodwill that was allocated from the reporting unit on a relative fair value basis.

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:

		March 31, 2023			September 30, 2022		
(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	\$ 597,410	\$ (291,104)	\$ 306,306	\$ 532,768	\$ (267,940)	\$ 264,828
Other	8	43,781	(17,988)	25,793	35,681	(10,602)	25,079
Total		641,191	(309,092)	332,099	568,449	(278,542)	289,907
Indefinite-lived intangible assets:							
Trade names		92,811	—	92,811	92,799	—	92,799
Total		\$ 734,002	\$ (309,092)	\$ 424,910	\$ 661,248	\$ (278,542)	\$ 382,706

Other intangible assets consist of definite-lived trade names, technology, non-compete agreements and backlogs. Amortization expense for the three months ended March 31, 2023 and March 25, 2022 was \$14,790 and \$8,701, respectively. Amortization expense for the six months ended March 31, 2023 and March 25, 2022 was \$27,586 and \$16,930, respectively. Expected amortization expense for intangible assets for the remainder of fiscal 2023 and over the next five years and thereafter is as follows:

(in thousands)	
Remaining 2023	\$ 30,130
2024	54,502
2025	43,427
2026	40,825
2027	39,689
2028	29,459
Thereafter	94,067

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 March 31, 2023 and September 30, 2022 was as follows:

(in thousands)	March 31, 2023	September 30, 2022
Senior Secured Term Loan Facility due May 26, 2028	\$ 371,524	\$ 371,381
Senior Notes due June 2031	400,000	400,000
Deferred financing costs	(9,912)	(10,844)
Long-term debt	<u>\$ 761,612</u>	<u>\$ 760,537</u>

The asset-based credit facility (the “ABL Credit Facility”) has aggregate commitments of \$325,000. All is the borrower under the ABL Credit Facility which is guaranteed by the Company and all other subsidiaries of the Company (other than All) that are guarantors of the Senior Notes. All’s availability under the ABL Credit Facility was \$322,406 as of March 31, 2023 and \$312,905 as of September 30, 2022.

New Senior Secured Term Loan Facility - On May 26, 2021, the Company entered into a new \$400.0 million senior secured term loan facility (the “New Senior Secured Term Loan Facility”). The New Senior Secured Term Loan Facility will mature on May 26, 2028 and borrowings thereunder initially bearing interest at the rate of either (x) the London Inter-Bank Offered Rate (“LIBOR”) (with a floor of 0.50%) plus 2.00%, or (y) an alternate base rate (with a floor of 1.50%) plus 1.00%. The New Senior Secured Term Loan Facility has an annual amortization rate of 1.00%.

On March 15, 2023, the Company entered into an amendment to the New Senior Secured Term Loan Facility to implement a forward-looking interest rate based on the Secured Overnight Financing Rate (“SOFR”) in lieu of LIBOR, consisting of an applicable margin of 2.00% and a credit spread adjustment of (i) 0.11448% for a one-month interest period, (ii) 0.26161% for a three-month interest period and (iii) 0.42826% for a six-month interest period.

ABL Credit Facility — On August 28 2020, All amended the ABL Credit Facility (the “Amended ABL Credit Facility”). The amendment, among other things, extended the maturity of the facility to August 28, 2023, and increased the interest rate margins applicable to loans under the facility to (i) in the case of United States dollar-denominated loans, either (x) LIBOR plus an applicable margin ranging from 1.75% to 2.25%, or (y) an alternate base rate plus an applicable margin ranging from 0.75% to 1.25%, each based on available loan commitments or (ii) in the case of Canadian dollar-denominated loans, either (x) the BA rate plus an applicable margin ranging from 1.75% to 2.25% or (y) a Canadian prime rate plus an applicable margin ranging from 0.75% to 1.25%, each based on available loan commitments. The Amended ABL Credit Facility bears a commitment fee, payable quarterly in arrears, of 0.375% per annum. The Amended ABL Credit Facility also bears customary letter of credit fees. The revisions to the ABL Credit Facility were accounted for as a debt extinguishment, resulting in immediate expensing of unamortized financing costs of \$273 for the year ended September 30, 2020.

On May 26, 2021, the Company entered into an amendment to the Amended ABL Credit Facility. The amendment (i) extends the maturity of the facility to the earlier of five years from entering into the amendment or 91 days prior to the maturity date of the New Senior Secured Term Loan Facility if at least \$100.0 million of obligations remain outstanding under the New Senior Secured Term Loan Facility on such date (ii) decreases the interest rate margins applicable to loans under the facility to (a) in the case of United States dollar-denominated loans, either (x) LIBOR plus an applicable margin ranging from 1.25% to 1.75%, or (y) an alternate base rate plus an applicable margin ranging from 0.25% to 0.75% or (b) in the case of Canadian dollar-denominated loans, either (x) the bankers acceptance rate plus an applicable margin ranging from 1.25% to 1.75% or (y) a Canadian prime rate plus an applicable margin ranging from 0.25% to 0.75%. (iii) decreases the fee payable with respect to unutilized availability under the facility from 0.375% to 0.30%, and depending on the remaining availability under the Amended ABL Credit Facility the rate may decrease to 0.25% and (iv) made certain other changes agreed upon by the lenders under the Amended ABL Credit Facility.

Further, on March 24, 2023, the Company entered into an amendment to the Amended ABL Credit Facility to implement a forward-looking interest rate based on SOFR in lieu of LIBOR, consisting of an applicable margin ranging from 1.25% to 1.75% and a credit spread adjustment of 0.10%.

13. FAIR VALUE MEASUREMENTS

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

The Company periodically uses forward currency contracts to hedge the effects of foreign exchange relating to intercompany balances denominated in a foreign currency. These derivative instruments are not formally designated as a hedge by the Company. 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) and expense, net within the condensed consolidated statements of operations. See Note 5, "Other (Income) and Expense, net" for further detail.

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 Company had no active forward currency contracts or other derivative instruments as of March 31, 2023 or September 30, 2022, with the last such contract having expired in the third quarter of fiscal 2022.

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

(in thousands)	March 31, 2023		September 30, 2022	
	Level 1	Level 2	Level 1	Level 2
Assets				
Cash equivalents	\$ 260,644	\$ —	\$ 291,757	\$ —

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)	March 31, 2023		September 30, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Secured Term Loan Facility due May 26, 2028	\$ 373,000	\$ 374,399	\$ 373,000	\$ 370,203
Senior Notes due June 2031	400,000	355,748	400,000	318,912
Total Debt	\$ 773,000	\$ 730,147	\$ 773,000	\$ 689,115

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 March 31, 2023, such obligations were \$243,801 for the rest of fiscal year 2023 and \$10,463 for fiscal year 2024 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." Tyco International Ltd. ("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. When Special Products Claims arise, JCI has defended and indemnified the Company as required.

As of the date of this filing, no Special Product Claims are currently pending against the Company as JCI has resolved all claims at their sole cost and expense. Accordingly, 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 and other product liabilities.

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 \$2,594 supporting workers' compensation and general liability insurance policies as of March 31, 2023. The Company also had surety bonds primarily related to performance guarantees on supply agreements and construction contracts, and payment of duties and taxes totaling \$26,394 as of March 31, 2023.

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, stock-based compensation, loss on extinguishment of debt, certain legal matters, and other items, such as inventory reserves and adjustments, (gain) 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, loss on assets held for sale, restructuring costs and transaction costs.

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					
	March 31, 2023			March 25, 2022		
	External Net Sales	Intersegment Sales	Adjusted EBITDA	External Net Sales	Intersegment Sales	Adjusted EBITDA
Electrical	\$ 680,955	\$ 10	\$ 256,883	\$ 758,347	\$ 1,530	\$ 330,970
Safety & Infrastructure	214,979	75	33,194	224,226	59	28,917
Eliminations	—	(85)		—	(1,589)	
Consolidated operations	<u>\$ 895,934</u>	<u>\$ —</u>		<u>\$ 982,573</u>	<u>\$ —</u>	

(in thousands)	Six months ended					
	March 31, 2023			March 25, 2022		
	External Net Sales	Intersegment Sales	Adjusted EBITDA	External Net Sales	Intersegment Sales	Adjusted EBITDA
Electrical	\$ 1,319,660	\$ 10	\$ 500,720	\$ 1,398,691	\$ 2,869	\$ 610,517
Safety & Infrastructure	410,095	218	66,597	424,683	112	56,349
Eliminations	—	(228)		—	(2,981)	
Consolidated operations	<u>\$ 1,729,755</u>	<u>\$ —</u>		<u>\$ 1,823,374</u>	<u>\$ —</u>	

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

(in thousands)	Three months ended		Six months ended	
	March 31, 2023	March 25, 2022	March 31, 2023	March 25, 2022
Operating segment Adjusted EBITDA				
Electrical	\$ 256,883	\$ 330,970	\$ 500,720	\$ 610,517
Safety & Infrastructure	33,194	28,917	66,597	56,349
Total	\$ 290,077	\$ 359,887	\$ 567,317	\$ 666,866
Unallocated expenses (a)	(14,036)	(13,721)	(27,431)	(27,690)
Depreciation and amortization	(28,598)	(19,994)	(54,566)	(40,040)
Interest expense, net	(8,475)	(7,514)	(17,963)	(14,432)
Stock-based compensation	(6,863)	(6,128)	(12,133)	(9,555)
Other (b)	(4,547)	(440)	(5,615)	(1,241)
Income before income taxes	<u>\$ 227,558</u>	<u>\$ 312,090</u>	<u>\$ 449,609</u>	<u>\$ 573,908</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, release of indemnified uncertain tax positions, gain on purchase of business, loss on assets held for sale, realized or unrealized gain (loss) on foreign currency impacts of intercompany loans and related forward currency derivatives, and restructuring charges.

The Company's net sales by geography were as follows for the three months ended and the six months ended March 31, 2023 and March 25, 2022:

(in thousands)	Three months ended		Six months ended	
	March 31, 2023	March 25, 2022	March 31, 2023	March 25, 2022
United States	\$ 799,562	\$ 895,585	\$ 1,549,649	\$ 1,652,983
Other Americas	23,063	24,649	43,617	47,136
Europe	61,789	52,709	113,819	103,162
Asia-Pacific	11,520	9,630	22,670	20,093
Total	<u>\$ 895,934</u>	<u>\$ 982,573</u>	<u>\$ 1,729,755</u>	<u>\$ 1,823,374</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 and the six months ended March 31, 2023 and March 25, 2022:

	Three months ended		Six months ended	
	March 31, 2023	March 25, 2022	March 31, 2023	March 25, 2022
(in thousands)				
Metal Electrical Conduit and Fittings	\$ 128,322	\$ 153,049	\$ 239,480	\$ 302,925
Electrical Cable & Flexible Conduit	129,785	137,244	253,511	252,939
Plastic Pipe and Conduit	323,139	374,775	639,304	663,764
Other Electrical products	99,709	93,279	187,365	179,063
Electrical	680,955	758,347	1,319,660	1,398,691
Mechanical Pipe	98,727	112,818	177,501	224,061
Other Safety & Infrastructure products	116,252	111,408	232,594	200,622
Safety & Infrastructure	214,979	224,226	410,095	424,683
Net sales	<u>\$ 895,934</u>	<u>\$ 982,573</u>	<u>\$ 1,729,755</u>	<u>\$ 1,823,374</u>

17. SUBSEQUENT EVENTS

Subsequent to quarter end, the Company has repurchased 0.8 million shares at a cost of \$102.5 million as of May 9, 2023.

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."

Incremental Market Uncertainties

Recent events, including central bank interest rate increases, inflation and the Russia-Ukraine conflict, are creating additional uncertainty in the global economy, generally, and in the markets we operate in. The Russia-Ukraine conflict and other factors have had and will continue to have adverse effects on global supply chains, which may impact some aspects of our business. Furthermore, we are mindful of the effects that adverse weather can have on our domestic supply chain.

RESULTS OF OPERATIONS

The consolidated results of operations for the three months ended March 31, 2023 and March 25, 2022 were as follows:

(in thousands)	Three months ended			
	March 31, 2023	March 25, 2022	Change	% Change
Net sales	\$ 895,934	\$ 982,573	\$ (86,639)	(8.8)%
Cost of sales	543,052	566,157	(23,105)	(4.1)%
Gross profit	352,882	416,416	(63,534)	(15.3)%
Selling, general and administrative	98,201	88,918	9,283	10.4 %
Intangible asset amortization	14,790	8,701	6,089	70.0 %
Operating income	239,891	318,797	(78,906)	(24.8)%
Interest expense, net	8,475	7,514	961	12.8 %
Other (income) and expense, net	3,858	(807)	4,665	(578.1)%
Income before income taxes	227,558	312,090	(84,532)	(27.1)%
Income tax expense	53,364	78,613	(25,249)	(32.1)%
Net income	<u>\$ 174,194</u>	<u>\$ 233,477</u>	<u>\$ (59,283)</u>	<u>(25.4)%</u>

Net sales

	% Change
Volume	4.2 %
Average selling prices	(17.1)%
Foreign exchange	(0.6)%
Acquisitions	5.0 %
Other	(0.3)%
Net sales	<u>(8.8)%</u>

Net sales decreased by \$86.6 million, or 8.8%, to \$895.9 million for the three months ended March 31, 2023, compared to \$982.6 million for the three months ended March 25, 2022. The decrease in net sales is primarily attributed to decreased average selling prices across the Company's products of \$168.7 million as a result of expected pricing normalization. This decrease was partially offset by increased net sales of \$49.5 million from companies acquired during fiscal 2022 and fiscal 2023 and increased sales volume of \$40.9 million.

Cost of sales

	% Change
Volume	6.8 %
Average input costs	(16.3)%
Foreign exchange	(0.9)%
Acquisitions	6.7 %
Other	(0.4)%
Cost of sales	(4.1)%

Cost of sales decreased by \$23.1 million, or 4.1%, to \$543.1 million for the three months ended March 31, 2023 compared to \$566.2 million for the three months ended March 25, 2022. The decrease was primarily due to lower input costs of steel, copper and PVC resin of \$91.8 million. This was partially offset by recent acquisitions during fiscal 2022 and fiscal 2023 of \$37.7 million and higher sales volume of \$38.3 million.

Selling, general and administrative

Selling, general and administrative expenses increased by \$9.3 million, or 10.4%, to \$98.2 million for the three months ended March 31, 2023 compared to \$88.9 million for the three months ended March 25, 2022. The increase was primarily due to increased general spending on business improvement initiatives of \$8.2 million, recent acquisitions in fiscal 2022 and 2023 of \$4.4 million and \$5.6 million spread across a variety of other spend categories, partially offset by lower variable compensation and commissions of \$8.8 million and by lower transaction costs of \$0.1 million.

Intangible asset amortization

Intangible asset amortization expense increased to \$14.8 million for the three months ended March 31, 2023 compared to \$8.7 million for the three months ended March 25, 2022. Increased amortization expense resulted from additional intangible assets acquired in business combinations in fiscal 2022 and 2023.

Interest expense, net

Interest expense, net increased by \$1.0 million, or 12.8% to \$8.5 million for the three months ended March 31, 2023 compared to \$7.5 million for the three months ended March 25, 2022. The increase is primarily due to increased interest rates on the Company's Senior Secured Term Loan Facility.

Other (income) and expense, net

Other (income) and expense, net increased to \$3.9 million other expense for the three months ended March 31, 2023 compared to \$0.8 million other income for the three months ended March 25, 2022. The increase in expense is primarily due to impairments recognized in connection with the Company's plans to exit from operations in Russia of \$3.7 million.

Income tax expense

The Company's income tax rate decreased to 23.5% for the three months ended March 31, 2023 compared to 25.2% for the three months ended March 25, 2022. The decrease in the current period

effective tax rate was driven by a decrease in state tax expense and 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, stock-based compensation, loss on extinguishment of debt, certain legal matters, and other items, such as inventory reserves and adjustments, (gain) 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, loss on assets held for sale, restructuring costs and transaction costs. We define segment Adjusted EBITDA margin as segment Adjusted EBITDA as a percentage of segment Net sales.

Electrical

(in thousands)	Three months ended			
	March 31, 2023	March 25, 2022	Change	% Change
Net sales	\$ 680,965	\$ 759,877	\$ (78,912)	(10.4)%
Adjusted EBITDA	\$ 256,883	\$ 330,970	\$ (74,087)	(22.4)%
Adjusted EBITDA margin	37.7 %	43.6 %		

Net sales

	% Change
Volume	(0.6)%
Average selling prices	(15.2)%
Foreign exchange	(0.7)%
Acquisitions	6.3 %
Other	(0.2)%
Net sales	(10.4)%

Net sales decreased by \$78.9 million, or 10.4%, to \$681.0 million for the three months ended March 31, 2023 compared to \$759.9 million for the three months ended March 25, 2022. The decrease in net sales is primarily attributed to decreased average selling prices of \$115.0 million as a result of expected pricing normalization, decreased sales volume of \$4.9 million and the unfavorable impact of foreign exchange rates of \$5.4 million. These decreases were partially offset by increased net sales of \$47.9 million from companies acquired during fiscal 2022 and fiscal 2023.

Adjusted EBITDA

Adjusted EBITDA for the three months ended March 31, 2023 decreased by \$74.1 million, or 22.4%, to \$256.9 million from \$331.0 million for the three months ended March 25, 2022. Adjusted EBITDA margins decreased to 37.7% for the three months ended March 31, 2023 compared to 43.6% for the

three months ended March 25, 2022. The decrease in Adjusted EBITDA and Adjusted EBITDA margins was largely due to lower average selling prices over input costs.

Safety & Infrastructure

(in thousands)	Three months ended			
	March 31, 2023	March 25, 2022	Change	% Change
Net sales	\$ 215,054	\$ 224,285	\$ (9,231)	(4.1)%
Adjusted EBITDA	\$ 33,194	\$ 28,917	\$ 4,277	14.8 %
Adjusted EBITDA margin	15.4 %	12.9 %		

Net sales

	% Change
Volume	20.3 %
Average selling prices	(23.9)%
Acquisitions	0.7 %
Other	(1.2)%
Net sales	(4.1)%

Net sales decreased by \$9.2 million, or 4.1%, for the three months ended March 31, 2023 to \$215.1 million compared to \$224.3 million for the three months ended March 25, 2022. The decrease is primarily attributed to decreased average selling prices of \$53.7 million driven by lower input costs of steel partially offset by higher volumes of \$45.8 million, primarily in the mechanical tube, construction and metal framing product lines, and increased net sales of \$1.6 million from companies acquired during fiscal 2022.

Adjusted EBITDA

Adjusted EBITDA increased by \$4.3 million, or 14.8%, to \$33.2 million for the three months ended March 31, 2023 compared to \$28.9 million for the three months ended March 25, 2022. Adjusted EBITDA margins increased to 15.4% for the three months ended March 31, 2023 compared to 12.9% for the three months ended March 25, 2022. The Adjusted EBITDA increase is primarily due to increased volume.

The consolidated results of operations for the six months ended March 31, 2023 and March 25, 2022 were as follows:

(in thousands)	Six months ended			
	March 31, 2023	March 25, 2022	Change	% Change
Net sales	\$ 1,729,755	\$ 1,823,374	\$ (93,619)	(5.1)%
Cost of sales	1,042,520	1,052,150	(9,630)	(0.9)%
Gross profit	687,235	771,224	(83,989)	(10.9)%
Selling, general and administrative	188,178	167,069	21,109	12.6 %
Intangible asset amortization	27,586	16,930	10,656	62.9 %
Operating income	471,471	587,225	(115,754)	(19.7)%
Interest expense, net	17,963	14,432	3,531	24.5 %
Other (income) and expense, net	3,899	(1,115)	5,014	(449.7)%
Income before income taxes	449,609	573,908	(124,299)	(21.7)%
Income tax expense	101,923	135,588	(33,665)	(24.8)%
Net income	<u>\$ 347,686</u>	<u>\$ 438,320</u>	<u>\$ (90,634)</u>	<u>(20.7)%</u>

Net sales

	% Change
Volume	4.7 %
Average selling prices	(15.1)%
Foreign exchange	(0.7)%
Acquisitions	6.0 %
Net sales	<u>(5.1)%</u>

Net sales decreased by \$93.6 million, or 5.1%, to \$1,729.8 million for the six months ended March 31, 2023, compared to \$1,823.4 million for the six months ended March 25, 2022. The decrease in net sales is primarily attributed to decreased average selling prices of \$277.0 million, the unfavorable impact of foreign exchange rates of \$13.0 million. These decreases are offset by increased net sales of \$110.8 million from companies acquired during fiscal 2022 and fiscal 2023 and increased sales volume of \$86.4 million across varying product categories within both the Electrical and the Safety & Infrastructure segments.

Cost of sales

	% Change
Volume	6.2 %
Average input costs	(14.4)%
Foreign exchange	(1.1)%
Acquisitions	7.7 %
Other	0.7 %
Cost of sales	<u>(0.9)%</u>

Cost of sales decreased by \$9.6 million, or 0.9% to \$1,042.5 million for the six months ended March 31, 2023 compared to \$1,052.2 million for the six months ended March 25, 2022. The decrease in cost of sales was primarily due to lower input costs for steel, copper and resin of \$153.7 million. This was partially offset by recent acquisitions in fiscal 2022 and fiscal 2023 of \$82.7 million and by higher sales volume of \$66.3 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 \$21.1 million, or 12.6% to \$188.2 million for the six months ended March 31, 2023 compared to \$167.1 million for the six months ended March 25, 2022. The increase was primarily due to increased general spending on business improvement initiatives of \$13.9 million, recent acquisitions in fiscal 2022 and 2023 of \$10.0 million, and \$7.6 million spread across a variety of other spend categories. These increases were partially offset by lower commissions and variable compensation of \$9.9 million and lower transaction costs of \$0.5 million.

Intangible asset amortization

Intangible asset amortization expense increased to \$27.6 million for the six months ended March 31, 2023 compared to \$16.9 million for the six months ended March 25, 2022. Increased amortization expense resulted from additional intangible assets acquired in business combinations in fiscal 2022 and 2023.

Interest expense, net

Interest expense, net, increased by \$3.5 million, or 24.5% to \$18.0 million for the six months ended March 31, 2023 compared to \$14.4 million for the six months ended March 25, 2022. The increase is primarily due to increased interest rates on the Company's Senior Secured Term Loan Facility.

Other (income) and expense, net

Other (income) and expense, net increased to \$3.9 million of other expense for the six months ended March 31, 2023 compared to \$1.1 million of other income for the six months ended March 25, 2022. The increase in expense is primarily due to impairments recognized in connection with the Company's plans to exit from operations in Russia of \$3.7 million.

Income tax expense

The Company's income tax rate decreased to 22.7% for the six months ended March 31, 2023 compared to 23.6% for the six months ended March 25, 2022. The decrease in the current period effective tax rate was driven by a decrease in state tax expense partially offset by a decrease in the excess tax benefit associated with stock compensation.

SEGMENT RESULTS

Electrical

(in thousands)	Six months ended			
	March 31, 2023	March 25, 2022	Change	% Change
Net sales	\$ 1,319,670	\$ 1,401,560	\$ (81,890)	(5.8)%
Adjusted EBITDA	\$ 500,720	\$ 610,517	\$ (109,797)	(18.0)%
Adjusted EBITDA margin	37.9 %	43.6 %		

Net sales

	% Change
Volume	0.9 %
Average selling prices	(12.9)%
Foreign exchange	(0.9)%
Acquisitions	7.3 %
Other	(0.2)%
Net sales	(5.8)%

Net sales decreased by \$81.9 million, or 5.8%, to \$1,319.7 million for the six months ended March 31, 2023 compared to \$1,401.6 million for the six months ended March 25, 2022. The decrease in net sales is primarily attributed to decreased average selling prices of \$181.7 million and the unfavorable impact of foreign exchange rates of \$13.0 million. These decreases were partially offset by companies acquired during fiscal 2022 and fiscal 2023 of \$103.1 million and increased sales volume of \$12.5 million.

Adjusted EBITDA

Adjusted EBITDA for the six months ended March 31, 2023 decreased by \$109.8 million, or 18.0%, to \$500.7 million from \$610.5 million for the six months ended March 25, 2022. Adjusted EBITDA margins decreased to 37.9% for the six months ended March 31, 2023 compared to 43.6% for the six months ended March 25, 2022. The decrease in Adjusted EBITDA and Adjusted EBITDA margins was largely due to lower average selling prices over input costs.

Safety & Infrastructure

(in thousands)	Six months ended			
	March 31, 2023	March 25, 2022	Change	% Change
Net sales	\$ 410,313	\$ 424,795	\$ (14,482)	(3.4)%
Adjusted EBITDA	\$ 66,597	\$ 56,349	\$ 10,248	18.2 %
Adjusted EBITDA margin	16.2 %	13.3 %		

Net sales

	Change (%)
Volume	17.3 %
Average selling prices	(22.4)%
Acquisitions	1.8 %
Other	(0.1)%
Net sales	(3.4)%

Net sales decreased by \$14.5 million, or 3.4%, for the six months ended March 31, 2023 to \$410.3 million compared to \$424.8 million for the six months ended March 25, 2022. The decrease is primarily attributed to decreased average selling prices of \$95.3 million. This was partially offset by higher volumes of \$73.9 million and net sales of \$7.7 million from companies acquired during fiscal 2022.

Adjusted EBITDA

Adjusted EBITDA increased \$10.2 million, or 18.2%, to \$66.6 million for the six months ended March 31, 2023 compared to \$56.3 million for the six months ended March 25, 2022. Adjusted EBITDA margins increased to 16.2% for the six months ended March 31, 2023 compared to 13.3% for the six months ended March 25, 2022. The Adjusted EBITDA increase is primarily due to increased volume.

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 \$354.3 million as of March 31, 2023, of which \$67.2 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 March 31, 2023, there were no outstanding borrowings under the ABL Credit Facility and \$2.6 million of letters of credit issued under the ABL Credit Facility. The borrowing base was estimated to be \$325.0 million and approximately \$322.4 million was available under the ABL Credit Facility as of March 31, 2023. 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 All's ability to incur additional indebtedness, repurchase debt, incur liens, sell assets, make certain payments (including dividends) and enter into transactions with affiliates. All 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.

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

Limitations on distributions and dividends by subsidiaries

AI and All 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 All, to pay dividends, make loans or otherwise transfer assets from All and, in turn, to us. Further, All'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 All and, in turn, to us. The Senior Secured Term Loan Facility requires All 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. All 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)	Six months ended	
	March 31, 2023	March 25, 2022
Cash flows provided by (used in):		
Operating activities	\$ 403,396	\$ 161,159
Investing activities	(156,074)	(60,799)
Financing activities	(284,262)	(285,572)

Operating activities

During the six months ended March 31, 2023, the Company was provided \$403.4 million by operating activities compared to \$161.2 million during the six months ended March 25, 2022. The \$242.2 million increase in cash provided was primarily due to \$228.6 million decrease in cash used in working capital primarily due to lower inventory and accounts receivable as well as \$39.5 million of tax impacts, partially offset by decreased operating income.

Investing activities

During the six months ended March 31, 2023, the Company used \$156.1 million in investing activities compared to \$60.8 million during the six months ended March 25, 2022. Cash used in acquisitions increased in fiscal 2022 by \$47.3 million primarily as a result of the acquisition of Elite Polymer in the first quarter of fiscal 2023. The remaining increase in cash used in investing activities was driven by \$47.3 million of additional capital expenditures.

Financing Activities

During the six months ended March 31, 2023, the Company used \$284.3 million in financing activities compared to \$285.6 million used during the six months ended March 25, 2022. The decrease in cash used in financing activities is primarily due to \$10.0 million less in issuance of common stock, net of shares withheld for tax partially offset by \$8.0 million more cash used to repurchase common stock during the six months ended March 31, 2023 compared to the same period in the prior year.

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 disclosed in the Company's filings with the U.S. Securities and Exchange Commission, including but not limited to the Company's most recent Annual Reports on Form 10-K and reports on Form 10-Q and Form 8-K, 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;
- pricing pressure, reduced profitability, or loss of market share due to intense competition;
- availability and cost of third-party freight carriers and energy;
- changes in prices of raw materials;
- 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;
- widespread outbreak of diseases;
- 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. On April 26, 2022, the board of directors approved an amendment to the aforementioned plan, extending it to a total repurchase of the Company's outstanding common stock of \$800.0 million. On November 11, 2022, the board of directors approved an amendment to the aforementioned plan, extending it to a total repurchase authorization of the Company's outstanding stock of \$1,300.0 million. The share repurchase program will be funded from the Company's available cash balances. As of March 31, 2023, there was \$530.9 million of purchases remaining under the plan. 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 2023 (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
December 31, 2022 to January 27, 2023	734	\$ 119.31	734	\$ 562,387
January 28, 2023 to March 3, 2023	119	\$ 126.12	119	\$ 547,388
March 4, 2023 to March 31, 2023	121	\$ 136.02	121	\$ 530,927
Total	<u>974</u>		<u>974</u>	

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

10.1# [Amendment Number One to Term Loan Credit Agreement, dated as of March 15, 2023, by and among Atkore Inc., as parent, Atkore International Inc., as borrower, the several lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and collateral agent.](#)

10.2# [Amendment Number Two to Credit Agreement, dated as of March 24, 2023, among Atkore International Inc., the subsidiaries of Atkore International Inc., the lenders and other financial institutions party thereto and Wells Fargo Bank, National Association, as swingline lender, issuing lender, administrative agent and collateral agent](#)

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)

Date: May 9, 2023

By: /s/ David P. Johnson

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

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: May 9, 2023

/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: May 9, 2023

/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 March 31, 2023, 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: May 9, 2023

/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 March 31, 2023, 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: May 9, 2023

/s/ David P. Johnson

David P. Johnson

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