

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

FORM 10-Q

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

For the quarterly period ended December 27, 2024
OR

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

For the transition period from _____ to _____
Commission file number 001-37793



Atkore Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

90-0631463
(IRS Employer
Identification No.)

16100 South Lathrop Avenue, Harvey, Illinois 60426
(Address of principal executive offices) (Zip Code)
708-339-1610
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, \$.01 par value per share	ATKR	New York Stock Exchange

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

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

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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

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

As of January 29, 2025, there were 34,398,716 shares of the registrant's common stock, \$0.01 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

ATKORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

		Three months ended	
(in thousands, except per share data)	Note	December 27, 2024	December 29, 2023
Net sales		\$ 661,597	\$ 798,481
Cost of sales		490,509	507,941
Gross profit		171,088	290,540
Selling, general and administrative		91,451	100,615
Intangible asset amortization	11	11,699	14,467
Operating income		67,938	175,458
Interest expense, net		8,209	7,793
Other expense, net	5	1,133	12
Income before income taxes		58,596	167,653
Income tax expense	6	12,260	29,272
Net income		<u>\$ 46,336</u>	<u>\$ 138,381</u>
Net income per share			
Basic	7	\$ 1.32	\$ 3.66
Diluted	7	\$ 1.31	\$ 3.61

See Notes to unaudited condensed consolidated financial statements.

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

		Three months ended	
		December 27, 2024	December 29, 2023
(in thousands)	Note		
Net income		\$ 46,336	\$ 138,381
Other comprehensive income, net of tax:			
Change in foreign currency translation adjustment		(17,532)	9,727
Change in unrecognized loss related to pension benefit plans	4	42	53
Total other comprehensive income	8	(17,490)	9,780
Comprehensive income		<u>\$ 28,846</u>	<u>\$ 148,161</u>

See Notes to unaudited condensed consolidated financial statements.

ATKORE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands, except share and per share data)	Note	December 27, 2024	September 30, 2024
Assets			
Current Assets:			
Cash and cash equivalents		\$ 310,444	\$ 351,385
Accounts receivable, less allowance for current and expected credit losses of \$5,584 and \$6,322, respectively		473,096	489,926
Inventories, net	9	526,261	524,695
Prepaid expenses and other current assets		173,749	158,382
Total current assets		1,483,550	1,524,388
Property, plant and equipment, net	10	655,283	652,093
Intangible assets, net	11	326,944	340,431
Goodwill	11	310,969	314,000
Right-of-use assets, net		175,259	180,656
Deferred tax assets	6	502	554
Other long-term assets		9,238	9,281
Total Assets		<u>\$ 2,961,745</u>	<u>\$ 3,021,403</u>
Liabilities and Equity			
Current Liabilities:			
Accounts payable		241,093	262,201
Income tax payable		1,232	2,000
Accrued compensation and employee benefits		30,540	44,723
Customer liabilities		133,265	108,782
Lease obligations		23,342	22,038
Other current liabilities		59,848	71,122
Total current liabilities		489,320	510,866
Long-term debt	12	765,375	764,838
Long-term lease obligations		158,474	164,328
Deferred tax liabilities	6	25,600	26,574
Other long-term liabilities		15,628	14,897
Total Liabilities		1,454,397	1,481,503
Equity:			
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 34,398,716 and 34,859,033 shares issued and outstanding, respectively		345	350
Additional paid-in capital		509,487	509,254
Retained earnings		1,034,100	1,049,390
Accumulated other comprehensive loss	8	(36,584)	(19,094)
Total Equity		1,507,348	1,539,900
Total Liabilities and Equity		<u>\$ 2,961,745</u>	<u>\$ 3,021,403</u>

See Notes to unaudited condensed consolidated financial statements.

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

(in thousands)	Note	Three months ended	
		December 27, 2024	December 29, 2023
Operating activities:			
Net income		\$ 46,336	\$ 138,381
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		29,333	29,020
Deferred income taxes	6	(73)	(1,668)
Stock-based compensation		6,097	4,757
Amortization of right-of-use assets		8,690	6,140
Other non-cash adjustments to net income		173	2,074
Changes in operating assets and liabilities, net of effects from acquisitions			
Accounts receivable		11,733	43,837
Inventories		(3,072)	2,015
Prepaid expenses and other current assets		(10,061)	(9,140)
Accounts payable		(6,963)	(42,014)
Accrued and other liabilities		(7,294)	(15,946)
Income taxes		(6,085)	(260)
Other, net		5,560	910
Net cash provided by operating activities		74,374	158,106
Investing activities:			
Capital expenditures		(41,295)	(44,331)
Acquisition of businesses, net of cash acquired	3	—	(5,973)
Other, net		158	—
Net cash used in investing activities		(41,137)	(50,304)
Financing activities:			
Issuance of common stock, net of shares withheld for tax		(5,864)	(21,299)
Repurchase of common stock		(50,011)	(96,428)
Finance lease payments		(672)	(427)
Dividends paid to shareholders		(11,121)	—
Net cash used for financing activities		(67,668)	(118,154)
Effects of foreign exchange rate changes on cash and cash equivalents		(6,510)	3,160
Decrease in cash and cash equivalents		(40,941)	(7,192)
Cash and cash equivalents at beginning of period		351,385	388,114
Cash and cash equivalents at end of period		\$ 310,444	\$ 380,922
Supplementary Cash Flow information			
Capital expenditures, not yet paid		\$ 2,191	\$ 5,030
Operating lease right-of-use assets obtained in exchange for lease liabilities		\$ 1,791	\$ 24,752

See Notes to unaudited condensed consolidated financial statements.

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount				
(in thousands)						
Balance as of September 30, 2024	34,858	\$ 350	\$ 509,254	\$ 1,049,390	\$ (19,094)	\$ 1,539,900
Net income	—	—	—	46,336	—	46,336
Other comprehensive Income	—	—	—	—	(17,490)	(17,490)
Stock-based compensation	—	—	6,097	—	—	6,097
Issuance of common stock, net of shares withheld for tax	99	1	(5,864)	—	—	(5,863)
Repurchase of common stock	(559)	(6)	—	(50,506)	—	(50,512)
Dividends declared	—	—	—	(11,120)	—	(11,120)
Balance as of December 27, 2024	<u>34,398</u>	<u>\$ 345</u>	<u>\$ 509,487</u>	<u>\$ 1,034,100</u>	<u>\$ (36,584)</u>	<u>\$ 1,507,348</u>

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount				
(in thousands)						
Balance as of September 30, 2023	37,317	\$ 375	\$ 506,783	\$ 994,901	\$ (33,940)	\$ 1,468,119
Net income	—	—	—	138,381	—	138,381
Other comprehensive income	—	—	—	—	9,780	9,780
Stock-based compensation	—	—	4,757	—	—	4,757
Issuance of common stock, net of shares withheld for tax	309	3	(21,302)	—	—	(21,299)
Repurchase of common stock	(721)	(7)	—	(97,385)	—	(97,392)
Balance as of December 29, 2023	<u>36,905</u>	<u>\$ 370</u>	<u>\$ 490,238</u>	<u>\$ 1,035,897</u>	<u>\$ (24,160)</u>	<u>\$ 1,502,345</u>

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, 2024, filed with the U.S. Securities and Exchange Commission (the “SEC”) on November 21, 2024, and should be read in conjunction with those consolidated financial statements and the notes thereto. Certain information and disclosures normally included in the Company’s annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC.

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

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

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

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

Recent Accounting Pronouncements

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

ASU	Description of ASU	Impact to Atkore	Adoption Date
<i>2023-07 Segment Reporting (Topic 280); Improvements to Reportable Segment Disclosures</i>	The ASU requires companies to provide additional segment disclosures including disclosing title and position of the chief operating decision maker ("CODM"), disclosure of significant segment expenses provided to and reviewed by the CODM, and that public entities provide all annual disclosures about a reportable segment's profit or loss and assets required by Topic 280 in interim periods.	The Company will adopt the standard in fiscal 2025 and include the disclosures required by the ASU within the Segment Footnote of the annual report and quarterly reports beginning in fiscal 2026.	2025
<i>2023-09 Income Taxes (Topic 740); Improvements to Income Tax Disclosures</i>	The ASU requires companies to provide additional tax disclosures including specific categories in the rate reconciliations and reconciling items that meet a quantitative threshold. Additional disclosures are also required for income tax paid and the disaggregation of domestic and foreign income tax expense.	The Company will adopt the standard in fiscal 2026 and include the disclosures required by the ASU within the Income Tax Footnote of the annual report.	2026
<i>2024-03 Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)</i>	The ASU requires companies to disclose, in the notes to the financial statements, specified information about certain costs and expenses. The amendments in this update do not change or remove current expense disclosure requirements presented on the face of the income statement. However the amendments require the disaggregation on certain expense captions into specified categories in the notes to financial statements and inclusion of certain current disclosures in the same tabular format as the other disaggregation requirements in the amendments.	The Company will adopt the standard in fiscal 2027 and include the disclosures required by the ASU within the annual report and quarterly reports beginning in fiscal 2027.	2027

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 when they meet certain criteria. When credits do not meet the transferability criteria, the benefit is recognized within income tax expense in accordance with ASC 740, "Income Taxes." Beginning in fiscal 2024, the Company has concluded that the credits generated are transferable. As such, the benefit of the solar energy tax credits is recognized as a reduction of cost of sales.

The Company has contractual arrangements with certain customers to transfer a portion of the tax credits or to otherwise provide a rebate based on an agreed-upon value of the tax credits generated. Pursuant to such contractual arrangements, if the tax credits will be transferred to the customer, the Company identifies two separate performance obligations: (1) transfer the promised goods; and (2) transfer of 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. For arrangements with no transfer of tax credits there is only a single performance obligation to transfer the promised goods and a rebate, which is recognized as a reduction of revenue, is granted based on the agreed-upon value of the tax credits generated.

The solar energy tax credit receivable is recorded in Prepaid Expenses and Other Current Assets and the liability to transfer the defined portion of the tax credits or the economic value is recorded in Customer Liabilities.

For the three months ended December 27, 2024, the Company has recognized a reduction of revenue of \$12,345 for the economic value of tax credits to be transferred and a benefit to cost of sales of \$14,100. As of December 27, 2024, the Company has a liability of \$13,670 for credits to be transferred or the value thereof. As of December 27, 2024, all activity related to the solar energy 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. During the three months ended December 29, 2023, the Company paid out \$5,973 of accrued purchase price primarily related to the fiscal 2022 acquisition of Cascade Poly Pipe & Conduit and Northwest Polymers. No acquisition activity occurred during the three months ended December 27, 2024.

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:

(in thousands)	Note	Three months ended	
		December 27, 2024	December 29, 2023
Interest cost		\$ 1,139	\$ 1,316
Expected return on plan assets		(1,081)	(841)
Amortization of actuarial loss		52	67
Net periodic benefit cost	5	<u>\$ 110</u>	<u>\$ 542</u>

5. OTHER EXPENSE, NET

Other expense, net consisted of the following:

(in thousands)		Three months ended	
		December 27, 2024	December 29, 2023
Loss (Gain) on assets held for sale		\$ 68	\$ (64)
Foreign exchange loss (gain) on intercompany loans		1,021	(198)
Pension-related benefits		44	274
Other expense, net		<u>\$ 1,133</u>	<u>\$ 12</u>

In fiscal 2023, the Company initiated plans to exit operations in Russia and expects to sell the related business at a loss. Accordingly, the Company recognized an impairment of the related assets in fiscal 2023 and continues to recognize any incremental losses on those assets.

6. INCOME TAXES

In December 2021, the Organization for Economic Cooperation and Development ("OECD") published a proposal for the establishment of a global minimum tax rate of 15% ("Pillar Two"). The OECD has since issued administrative guidance providing transition and safe harbor rules around the implementation of the Pillar Two global minimum tax. A number of countries have proposed or enacted legislation to implement core elements of the Pillar Two proposal effective for tax years beginning on or after January 1, 2024. The Company does not expect the changes to have a material impact on the income tax provision for fiscal year 2025. The Company continues to assess the potential impact of Pillar Two and monitor developments in legislation, regulation, and interpretive guidance in this area.

For the three months ended December 27, 2024 and December 29, 2023, the Company's effective tax rate attributable to income before income taxes was 20.9% and 17.5%, respectively. For the three months ended December 27, 2024 and December 29, 2023, the Company's income tax expense was \$12,260 and \$29,272 respectively. The increase in the current period effective tax rate was driven 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.

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:

	Three months ended	
(in thousands, except per share data)	December 27, 2024	December 29, 2023
Numerator:		
Net income	\$ 46,336	\$ 138,381
Less: Undistributed earnings allocated to participating securities	557	2,072
Net income available to common shareholders	<u>\$ 45,779</u>	<u>\$ 136,309</u>
Denominator:		
Basic weighted average common shares outstanding	34,794	37,242
Effect of dilutive securities: Non-participating employee stock options ⁽¹⁾	246	503
Diluted weighted average common shares outstanding	<u>35,040</u>	<u>37,745</u>
Basic earnings per share	\$ 1.32	\$ 3.66
Diluted earnings per share	<u>\$ 1.31</u>	<u>\$ 3.61</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 December 27, 2024 and December 29, 2023.

8. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the changes in accumulated other comprehensive loss by component for the three months ended December 27, 2024 and December 29, 2023.

(in thousands)	Defined Benefit Pension Items	Currency Translation Adjustments	Total
Balance as of September 30, 2024	\$ (10,408)	\$ (8,686)	\$ (19,094)
Other comprehensive income before reclassifications	—	(17,532)	(17,532)
Amounts reclassified from accumulated other comprehensive income, net of tax	42	—	42
Net current period other comprehensive income	42	(17,532)	(17,490)
Balance as of December 27, 2024	<u>\$ (10,366)</u>	<u>\$ (26,218)</u>	<u>\$ (36,584)</u>

(in thousands)	Defined Benefit Pension Items	Currency Translation Adjustments	Total
Balance as of September 30, 2023	\$ (10,801)	\$ (23,139)	\$ (33,940)
Other comprehensive income before reclassifications	—	9,727	9,727
Amounts reclassified from accumulated other comprehensive income, net of tax	53	—	53
Net current period other comprehensive income	53	9,727	9,780
Balance as of December 29, 2023	<u>\$ (10,748)</u>	<u>\$ (13,412)</u>	<u>\$ (24,160)</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% of the Company's inventories were valued at the lower of LIFO cost or market at each of December 27, 2024 and September 30, 2024. Interim LIFO determinations, including those at December 27, 2024, are based on management's estimates of future inventory levels and costs for the remainder of the current fiscal year.

(in thousands)	December 27, 2024	September 30, 2024
Purchased materials and manufactured parts, net	\$ 151,438	\$ 153,290
Work in process, net	64,810	74,158
Finished goods, net	310,013	297,247
Inventories, net	<u>\$ 526,261</u>	<u>\$ 524,695</u>

Total inventories would be \$21,017 lower and \$14,425 lower than reported as of December 27, 2024 and September 30, 2024, respectively, if the first-in, first-out method was used for all inventories. As of December 27, 2024, and September 30, 2024, the excess and obsolete inventory reserve was \$26,773 and \$29,176, respectively.

10. PROPERTY, PLANT AND EQUIPMENT

As of December 27, 2024, and September 30, 2024, property, plant and equipment and accumulated depreciation were as follows:

<u>(in thousands)</u>	December 27, 2024	September 30, 2024
Land	\$ 28,990	\$ 29,401
Buildings and related improvements	192,044	192,569
Machinery and equipment	604,032	596,748
Leasehold improvements	22,683	22,814
Software	60,383	57,363
Construction in progress	254,821	248,128
Property, plant and equipment, at cost	1,162,953	1,147,023
Accumulated depreciation	(507,670)	(494,930)
Property, plant and equipment, net	<u>\$ 655,283</u>	<u>\$ 652,093</u>

Depreciation expense for the three months ended December 27, 2024 and December 29, 2023 totaled \$17,634 and \$14,553 respectively.

11. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill are as follows:

<u>(in thousands)</u>	Electrical	Safety & Infrastructure	Total
Balance as of September 30, 2024	\$ 261,284	\$ 52,716	\$ 314,000
Exchange rate effects	(2,625)	(406)	(3,031)
Balance as of December 27, 2024	<u>\$ 258,659</u>	<u>\$ 52,310</u>	<u>\$ 310,969</u>

Goodwill balances as of December 27, 2024 included \$5,645 and \$43,000 of accumulated impairment losses within the Electrical and Safety & Infrastructure segments, respectively.

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

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

(in thousands)	Weighted Average Useful Life (Years)	December 27, 2024			September 30, 2024		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets:							
Customer relationships	11	\$ 596,405	\$ (379,831)	\$ 216,574	\$ 600,317	\$ (371,600)	\$ 228,717
Other	8	43,479	(25,851)	17,628	43,968	(25,067)	18,901
Total		639,884	(405,682)	234,202	644,285	(396,667)	247,618
Indefinite-lived intangible assets:							
Trade names		92,742	—	92,742	92,813	—	92,813
Total		\$ 732,626	\$ (405,682)	\$ 326,944	\$ 737,098	\$ (396,667)	\$ 340,431

Other intangible assets consist of definite-lived trade names, technology, non-compete agreements and backlogs. Included in the table above are the effects of changes in exchange rates which were not material for the three months ended December 27, 2024. Amortization expense for the three months ended December 27, 2024 and December 29, 2023 was \$11,699 and \$14,467, respectively. Expected amortization expense for intangible assets for the remainder of fiscal 2025 and over the next five years and thereafter is as follows:

(in thousands)	
Remaining 2025	\$ 30,849
2026	40,743
2027	39,613
2028	29,336
2029	28,183
2030	24,683
Thereafter	40,795

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

12. DEBT

Debt as of December 27, 2024 and September 30, 2024 was as follows:

<u>(in thousands)</u>	December 27, 2024	September 30, 2024
ABL Credit Facility	\$ —	\$ —
Senior Secured Term Loan Facility due May 26, 2028	372,023	371,952
Senior Notes due June 2031	400,000	400,000
Deferred financing costs	(6,648)	(7,114)
Long-term debt	<u>\$ 765,375</u>	<u>\$ 764,838</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 (as defined below). All’s availability under the ABL Credit Facility was \$325,000 as of each of December 27, 2024 and September 30, 2024.

The ABL Credit Facility will mature on the earlier of five years from May 26, 2021 or 91 days prior to the maturity date of the New Senior Secured Term Loan Facility if at least \$100 million of obligations remain outstanding under the New Senior Secured Term Loan Facility on such date. The ABL Credit Facility uses a forward-looking interest rate based on the Secured Overnight Financing Rate (“SOFR”) consisting of an applicable margin ranging from 1.25% to 1.75% and a credit spread adjustment of 0.10%.

The New Senior Secured Term Loan Facility will mature on May 26, 2028 and borrowings thereunder bearing interest at the rate of forward-looking interest rate based on the “SOFR”, 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.

Senior Notes - On May 26, 2021, the Company completed the issuance and sale of the \$400.0 million aggregate principal amount of 4.25% Senior Notes due 2031 (the “Senior Notes”) in a private offering. The Senior Notes were sold only to qualified institutional buyers in compliance with Rule 144A of the Securities Act of 1933, as amended (the “Securities Act”), and to non-U.S. persons outside of the United States in compliance with Regulation S of the Securities Act.

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 expense, net within the condensed consolidated statements of operations. See Note 5, “Other 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 December 27, 2024 or September 30, 2024.

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

(in thousands)	December 27, 2024		September 30, 2024	
	Level 1	Level 2	Level 1	Level 2
Assets				
Cash equivalents	\$ 235,212	\$ —	\$ 265,077	\$ —

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

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

(in thousands)	December 27, 2024		September 30, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Secured Term Loan Facility due May 26, 2028	\$ 373,000	\$ 375,798	\$ 373,000	\$ 373,000
Senior Notes due June 2031	400,000	352,484	400,000	364,456
Total Debt	\$ 773,000	\$ 728,282	\$ 773,000	\$ 737,456

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

14. COMMITMENTS AND CONTINGENCIES

The Company has obligations related to commitments to purchase certain goods. As of December 27, 2024, such obligations were \$225,099 for the rest of fiscal year 2025 and \$16,000 for fiscal year 2026 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 the fourth quarter of fiscal 2024, the Company has been named a defendant in several putative class action lawsuits, consolidated under the caption In re: PVC Pipe Antitrust Litigation (N.D. Ill. 24-cv-07639), seeking injunctive and monetary relief on behalf of both direct and indirect purchasers of PVC water pipe and PVC conduit. The suits generally allege anticompetitive conduct related the price of PVC pipes sold in the United States between approximately 2021 and the present. Specifically, the complaints allege that the defendant PVC pipe manufacturers improperly shared otherwise confidential information through their contribution of information to, and readership of, a weekly report called "PVC & Pipe Weekly" published by defendant Oil Price Information Service, LLC ("OPIS"), as well as through direct communications with each other. The complaints claim that this conspiracy violated Section 1 of the Sherman Act and certain state laws. All cases are pending in federal court for the Northern District of Illinois. The Company believes there are defenses, both factual and legal, to the allegations in these various proceedings and the Company plans to vigorously defend itself. As these proceedings are in the early stages, it is not possible for the Company to predict any outcome or estimate the amount of loss, if any, which could be associated with any adverse decision. While the Company does not believe that any of these proceedings will have a material adverse effect on its financial condition, the Company cannot give assurance that the proceedings will not have a material effect on its results of operations.

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 no outstanding letters of credit as of December 27, 2024. The Company also had surety bonds primarily related to performance guarantees on supply agreements and construction contracts, and payment of duties and taxes totaling \$43,652 as of December 27, 2024.

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.

	Three months ended					
	December 27, 2024			December 29, 2023		
	External Net Sales	Intersegment Sales	Adjusted EBITDA	External Net Sales	Intersegment Sales	Adjusted EBITDA
(in thousands)						
Electrical	\$ 465,355	\$ —	\$ 92,387	\$ 593,660	\$ 1	\$ 204,360
Safety & Infrastructure	196,242	482	15,579	204,821	305	19,512
Eliminations	—	(482)		—	(306)	
Consolidated operations	<u>\$ 661,597</u>	<u>\$ —</u>		<u>\$ 798,481</u>	<u>\$ —</u>	

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

(in thousands)	Three months ended	
	December 27, 2024	December 29, 2023
Operating segment Adjusted EBITDA		
Electrical	\$ 92,387	\$ 204,360
Safety & Infrastructure	15,579	19,512
Total	107,966	223,872
Unallocated expenses (a)	(8,816)	(10,349)
Depreciation and amortization	(29,333)	(29,020)
Interest expense, net	(8,209)	(7,793)
Stock-based compensation	(6,097)	(4,757)
Other (b)	3,085	(4,300)
Income before income taxes	<u>\$ 58,596</u>	<u>\$ 167,653</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.

(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 (includes loss on assets held for sale in Russia. See Note 11, "Goodwill and Intangible Assets" in the form 10-Q filed November 21, 2024 for additional information), realized or unrealized gain (loss) on foreign currency impacts of intercompany loans and related forward currency derivatives, transaction and restructuring costs.

The Company's net sales by geography were as follows for the three months ended December 27, 2024 and December 29, 2023:

(in thousands)	Three months ended	
	December 27, 2024	December 29, 2023
United States	\$ 573,360	\$ 708,457
Other Americas	19,745	21,209
Europe	57,928	57,408
Asia-Pacific	10,564	11,407
Total	<u>\$ 661,597</u>	<u>\$ 798,481</u>

The table below shows the amount of net sales from external customers for each of the Company's product categories which accounted for 10% or more of consolidated net sales in either period for the three months ended December 27, 2024 and December 29, 2023:

	Three months ended	
	December 27, 2024	December 29, 2023
(in thousands)		
Metal Electrical Conduit and Fittings	\$ 102,205	\$ 139,240
Electrical Cable & Flexible Conduit	109,467	115,693
Plastic Pipe and Conduit	162,561	243,840
Other Electrical products ^(a)	91,122	94,887
Electrical	465,355	593,660
Mechanical Pipe	66,259	84,498
Other Safety & Infrastructure products ^(b)	129,983	120,323
Safety & Infrastructure	196,242	204,821
Net sales	\$ 661,597	\$ 798,481

(a) Other Electrical products includes International Cable Management, Fiberglass Conduit and Corrosion Resistant Conduit

(b) Other S&I products includes Metal Framing and Fittings, Construction Services, Perimeter Security and Cable Management

17. SUBSEQUENT EVENTS

On January 30, 2025, Atkore's Board of Directors declared a quarterly cash dividend of \$0.32 per share of common stock payable on February 28, 2025, to stockholders of record on February 18, 2025.

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 conflicts in Ukraine and the Middle East are creating additional uncertainty in the global economy, generally, and in the markets we operate in. The aforementioned conflicts 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.

Our Harvey, Illinois collective bargaining agreement with the United Steelworkers Union, which represents approximately 370 employees expired in April 2024. As of February 3, 2025, the United Steelworkers Unions employees have continued to work while negotiations for a new contract are ongoing. While both sides continue to negotiate, no assurance can be given that a mutual agreement will be reached without the United Steelworks Union approving and implementing a strike.

RESULTS OF OPERATIONS

The consolidated results of operations for the three months ended December 27, 2024 and December 29, 2023 were as follows:

(in thousands)	Three months ended			
	December 27, 2024	December 29, 2023	Change	% Change
Net sales	\$ 661,597	\$ 798,481	\$ (136,884)	(17.1)%
Cost of sales	490,509	507,941	(17,432)	(3.4)%
Gross profit	171,088	290,540	(119,452)	(41.1)%
Selling, general and administrative	91,451	100,615	(9,164)	(9.1)%
Intangible asset amortization	11,699	14,467	(2,768)	(19.1)%
Operating income	67,938	175,458	(107,520)	(61.3)%
Interest expense, net	8,209	7,793	416	5.3 %
Other expense, net	1,133	12	1,121	9,341.7 %
Income before income taxes	58,596	167,653	(109,057)	(65.0)%
Income tax expense	12,260	29,272	(17,012)	(58.1)%
Net income	\$ 46,336	\$ 138,381	\$ (92,045)	(66.5)%

Net sales

	% Change
Volume	(5.5)%
Average selling prices	(12.0)%
Other	0.4 %
Net sales	(17.1)%

Net sales decreased by \$136.9 million or 17.1% to \$661.6 million for the three months ended December 27, 2024, compared to \$798.5 million for the three months ended December 29, 2023. The decrease in net sales is primarily attributed to decreased average selling prices across the Company's products of \$96.2 million and decreased sales volume of \$43.8 million.

Cost of sales

	% Change
Volume	(6.0)%
Average input costs	1.4 %
Freight	1.0 %
Other	0.2 %
Cost of sales	(3.4)%

Cost of sales decreased by \$17.4 million, or 3.4%, to \$490.5 million for the three months ended December 27, 2024 compared to \$507.9 million for the three months ended December 29, 2023. The decrease was primarily due to decreased sales volume of \$30.9 million partially offset by increased input costs of \$7.0 million and increased freight costs of \$4.9 million.

Selling, general and administrative

Selling, general and administrative expenses decreased by \$9.2 million, or 9.1%, to \$91.5 million for the three months ended December 27, 2024 compared to \$100.6 million for the three months ended December 29, 2023. The decrease was primarily due to lower medical and insurance expense of \$6.6 million, lower commissions of \$2.9 million, lower costs across other expense categories of \$2.3 million and impacts of foreign exchange rates of \$1.7 million, partially offset by increased investments in people and software of \$3.2 million and increased stock compensation expense of \$1.1 million.

Intangible asset amortization

Intangible asset amortization expense decreased to \$11.7 million for the three months ended December 27, 2024 compared to \$14.5 million for the three months ended December 29, 2023. The decrease in amortization expense resulted from certain intangibles becoming fully amortized.

Interest expense, net

Interest expense, net increased by \$0.4 million, or 5.3% to \$8.2 million for the three months ended December 27, 2024 compared to \$7.8 million for the three months ended December 29, 2023. The increase is primarily due to increased interest rates on the Company's Senior Secured Term Loan Facility.

Other expense, net

Other expense, net increased to \$1.1 million for the three months ended December 27, 2024 compared to \$12.2 thousand other expense for the three months ended December 29, 2023. This increase is primarily due to increased foreign exchange losses of \$1.0 million on intercompany loans.

Income tax expense

The Company's income tax rate increased to 20.9% for the three months ended December 27, 2024 compared to 17.5% for the three months ended December 29, 2023. The increase in the current period effective tax rate was driven by a decrease 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			
	December 27, 2024	December 29, 2023	Change	% Change
Net sales	\$ 465,355	\$ 593,661	\$ (128,306)	(21.6)%
Adjusted EBITDA	\$ 92,387	\$ 204,360	\$ (111,973)	(54.8)%
Adjusted EBITDA margin	19.9 %	34.4 %		

Net sales

	% Change
Volume	(5.6)%
Average selling prices	(16.1)%
Other	0.1 %
Net sales	(21.6)%

Net sales decreased by \$128.3 million, or 21.6%, to \$465.4 million for the three months ended December 27, 2024 compared to \$593.7 million for the three months ended December 29, 2023. The decrease in net sales is primarily attributed to decreased average selling prices of \$95.7 million and decreased sales volume of \$33.3 million.

Adjusted EBITDA

Adjusted EBITDA for the three months ended December 27, 2024 decreased by \$112.0 million, or 54.8%, to \$92.4 million from \$204.4 million for the three months ended December 29, 2023. Adjusted EBITDA margin decreased to 19.9% for the three months ended December 27, 2024 compared to 34.4% for the three months ended December 29, 2023. The decreases in Adjusted EBITDA and Adjusted EBITDA margin were largely due to the decreases in average selling prices and sales volume.

Safety & Infrastructure

(in thousands)	Three months ended			
	December 27, 2024	December 29, 2023	Change	% Change
Net sales	\$ 196,724	\$ 205,127	\$ (8,403)	(4.1)%
Adjusted EBITDA	\$ 15,579	\$ 19,512	\$ (3,933)	(20.2)%
Adjusted EBITDA margin	7.9 %	9.5 %		

Net sales

	% Change
Volume	(5.1)%
Average selling prices	(0.3)%
Other	1.3 %
Net sales	(4.1)%

Net sales decreased by \$8.4 million, or 4.1%, for the three months ended December 27, 2024 to \$196.7 million compared to \$205.1 million for the three months ended December 29, 2023. The decrease is primarily attributed to lower sales volume of \$10.5 million.

Adjusted EBITDA

Adjusted EBITDA decreased by \$3.9 million, or 20.2%, to \$15.6 million for the three months ended December 27, 2024 compared to \$19.5 million for the three months ended December 29, 2023. Adjusted EBITDA margin decreased to 7.9% for the three months ended December 27, 2024 compared to 9.5% for the three months ended December 29, 2023. The decrease in Adjusted EBITDA and Adjusted EBITDA margin were largely due to lower sales 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 \$310.4 million as of December 27, 2024, of which \$96.3 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, share repurchases and dividend payments. We have access to the ABL Credit Facility to fund operational needs. As of December 27, 2024, there were no outstanding borrowings under the ABL Credit Facility and no letters of credit issued under the ABL Credit Facility. The borrowing base was estimated to be \$325.0 million and approximately \$325.0 million was available under the ABL Credit Facility as of December 27, 2024. 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)	Three months ended	
	December 27, 2024	December 29, 2023
Cash flows provided by (used in):		
Operating activities	\$ 74,374	\$ 158,106
Investing activities	(41,137)	(50,304)
Financing activities	(67,668)	(118,154)

Operating activities

During the three months ended December 27, 2024, the Company was provided \$74.4 million by operating activities compared to \$158.1 million during the three months ended December 29, 2023. The \$83.7 million decrease in cash provided was primarily due to decreased operating income of \$109.1 million partially offset by less working capital used of \$10.2 million and the impact of taxes of \$12.8 million.

Investing activities

During the three months ended December 27, 2024, the Company used \$41.1 million in investing activities compared to \$50.3 million during the three months ended December 29, 2023. The \$9.2 million decrease in cash used in investing activities was primarily due to a decrease of \$3.0 million in capital expenditures and proceeds from the sale of equipment of \$0.1 million. Additionally, in fiscal 2024, the Company paid \$6.0 million of purchase price payable related to the fiscal 2022 acquisition of Cascade Pipe and Poly & Conduit and Northwest Polymers. No additional activity related to acquisitions occurred during the three months ended December 27, 2024.

Financing Activities

During the three months ended December 27, 2024, the Company used \$67.7 million in financing activities compared to \$118.2 million used during the three months ended December 29, 2023. The decrease in cash used in financing activities is primarily due to \$46.4 million less cash used to repurchase common stock during the three months ended December 27, 2024 and \$15.4 million less in issuance of common stock, net of shares withheld for tax partially offset by an increase in dividends paid of \$11.1 million.

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 Report 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 and/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;
- failure to generate cash sufficient to pay dividends;
- 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 May 2, 2024, the board of directors approved a new share repurchase (the “2024 Plan”). The 2024 Plan authorizes the Company to repurchase up to \$500.0 million of its outstanding stock. The 2024 Plan will be funded from the Company’s available cash balances. As of December 27, 2024, there was \$378.1 million of purchases remaining under the 2024 Plan. The 2024 Plan 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 the 2024 Plan during the first quarter of fiscal 2025 (in thousands, except per share data):

Period (4-5-4 calendar)	Total Number Of Shares Purchased	Avg Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Value of Shares that May Yet Be Purchased Under the Program
October 1, 2024 to October 25, 2024	—	\$ —	—	\$ 428,114
October 26, 2024 to November 29, 2024	97	\$ 93.96	97	\$ 419,009
November 30, 2024 to December 27, 2024	463	\$ 88.35	463	\$ 378,114
Total	<u>560</u>		<u>560</u>	

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Item 408(a) of Regulation S-K requires the Company to disclose whether any director or officer of the issuer has adopted or terminated (i) any trading arrangement that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c); and/or (ii) any written trading arrangement that meets the requirements of a “non-Rule 10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K.

During the quarter ended December 27, 2024, no activity occurred requiring disclosure under Item 408(a) of Regulation S-K.

Item 6. Exhibits

- 10.1# [Letter Agreement, between John Pregenzer and the Company](#)
- 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
 - Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)
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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: February 3, 2025 By: /s/ John M. Deitzer

Vice President and Chief Financial Officer (Principal Financial Officer)