

REFINITIV

# DELTA REPORT

## 10-Q

EXP - EAGLE MATERIALS INC

10-Q - DECEMBER 31, 2023 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 946

CHANGES	322
DELETIONS	428
ADDITIONS	196

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

FORM 10-Q

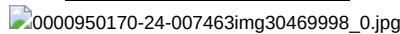
QUARTERLY REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended

September 30, December 31, 2023

Commission File Number 1-12984

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**EAGLE MATERIALS INC.**

(Exact name of registrant as specified in its charter)

Delaware (State of Incorporation)

75-2520779 (I.R.S. Employer Identification No.)

5960 Berkshire Lane, Suite 900, Dallas, Texas 75225 (Address of principal executive offices)

(214) 432-2000 (Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (par value \$.01 per share)	EXP	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 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

Yes  No

As of **October 24, 2023** **January 23, 2024**, the number of outstanding shares of common stock was:

Class	Outstanding Shares
Common Stock, \$.01 Par Value	<b>34,886,889</b> 34,450,244

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## EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF EARNINGS (unaudited)

	For the Three Months Ended		For the Six Months Ended		For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	September 30,		September 30,		2023		2022	
	2023	2022	2023	2022	2023	2022	2023	2022
(dollars in thousands, except share and per share data)								
Revenue	622,23	605,06	1,223,	1,166,	\$ 558,833	\$ 511,487	\$ 1,782,590	\$ 1,677,942
Cost of Goods Sold	413,21	410,82	838,74	821,35	378,205	352,717	1,216,949	1,174,067
Gross Profit	209,01	194,23	385,01	345,10	180,628	158,770	565,641	503,875
Equity in Earnings of Unconsolidated Joint Venture	10,346	7,156	13,505	12,254	9,285	11,377	22,790	23,631
Corporate General and Administrative Expense	(16,576)	(13,627)	(28,25)	(25,44)	(14,201)	(12,497)	(42,456)	(37,944)
Other Non-Operating Income (Loss)	1,605	(664)	1,818	(1,299)	1,019	2,210	2,837	911
Interest Expense, net	(10,204)	(8,580)	(22,44)	(15,91)	(10,128)	(8,932)	(32,571)	(24,842)
Earnings before Income Taxes	194,18	178,52	349,63	314,70	166,603	150,928	516,241	465,631
Income Taxes	9	4	8	3	129,138	117,184	400,540	361,184
Net Earnings	150,55	138,99	271,40	244,00				
EARNINGS PER SHARE	3	5	2	0				
Basic	\$ 4.29	\$ 3.74	\$ 7.72	\$ 6.50	\$ 3.75	\$ 3.23	\$ 11.47	\$ 9.72
Diluted	4.26	3.72	7.66	6.46	3.72	3.20	11.38	9.66
AVERAGE SHARES OUTSTANDING								

Basic	35,056, 973	37,140, 197	35,165 .268	37,559 .087	34,466,141	36,336,056	34,931,378	37,149,927
Diluted	35,336, 966	37,366, 879	35,433 .837	37,792 .613	34,749,721	36,605,982	35,201,658	37,395,586
<b>CASH DIVIDENDS</b>								
<b>PER SHARE</b>	<b>\$ 0.25</b>	<b>\$ 0.25</b>	<b>\$ 0.50</b>	<b>\$ 0.50</b>	<b>\$ 0.25</b>	<b>\$ 0.25</b>	<b>\$ 0.75</b>	<b>\$ 0.75</b>

See Notes to Unaudited Consolidated Financial Statements.

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#### EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (unaudited)

	For the Three Months Ended				For the Six Months Ended September				For the Three Months Ended December 31,				For the Nine Months Ended December 31,			
	September 30,		30,		2023		2022		2023		2022		2023		2022	
	(dollars in thousands)															
Net Earnings	150,55				271,40		244,00		\$ 129,138		\$ 117,184		\$ 400,540		\$ 361,184	
	\$ 3		\$ 138,995		\$ 2		\$ 0									
Net Actuarial Change in Defined Benefit Plans																
Amortization of Net Actuarial Loss	63		30		126		60		63		30		189		90	
Tax Expense	(15)		(6)		(30)		(13)		(15)		(7)		(45)		(20)	
Comprehensive	150,60				271,49		244,04		\$ 129,186		\$ 117,207		\$ 400,684		\$ 361,254	
Earnings	\$ 1		\$ 139,019		\$ 8		\$ 7									

See Notes to Unaudited Consolidated Financial Statements.

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#### EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (unaudited)

ASSETS	September 30,		March 31,		December 31,		March 31,	
	2023		2023		2023		2023	
	(dollars in thousands)				(dollars in thousands)			
Current Assets								
Cash and Cash Equivalents	\$ 47,321		\$ 15,242		\$ 48,912		\$ 15,242	

Accounts and Notes Receivable, net	244,832	195,052	192,982	195,052
Inventories	301,374	291,882	333,828	291,882
Income Tax Receivable	8,144	16,267	2,917	16,267
Prepaid and Other Assets	10,135	3,060	9,092	3,060
Total Current Assets	611,806	521,503	587,731	521,503
Property, Plant, and Equipment, net	1,676,738	1,662,061	1,667,915	1,662,061
Notes Receivable	—	7,382	—	7,382
Investment in Joint Venture	100,115	89,111	104,822	89,111
Operating Lease Right-of-Use Assets	22,068	20,759	20,670	20,759
Goodwill and Intangible Assets, net	490,180	466,043	488,088	466,043
Other Assets	16,187	14,143	21,114	14,143
<b>Total Assets</b>	<b>\$ 2,917,094</b>	<b>\$ 2,781,002</b>	<b>\$ 2,890,340</b>	<b>\$ 2,781,002</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 113,737	\$ 110,408	\$ 117,270	\$ 110,408
Accrued Liabilities	90,815	86,472	88,178	86,472
Income Tax Payable			1,848	—
Operating Lease Liabilities	8,205	6,009	8,217	6,009
Income Taxes Payable	1,778	—		
Current Portion of Long-term Debt	10,000	10,000	10,000	10,000
Total Current Liabilities	224,535	212,889	225,513	212,889
Long-term Debt	1,079,665	1,079,032	1,022,482	1,079,032
Noncurrent Operating Lease Liabilities	22,699	24,940	20,685	24,940
Other Long-term Liabilities	39,891	41,603	42,331	41,603
Deferred Income Taxes	243,670	236,844	246,168	236,844
<b>Total Liabilities</b>	<b>1,610,460</b>	<b>1,595,308</b>	<b>1,557,179</b>	<b>1,595,308</b>
<b>Stockholders' Equity</b>				
Preferred Stock, Par Value \$0.01; Authorized 5,000,000 Shares; None Issued	—	—	—	—
Common Stock, Par Value \$0.01; Authorized 100,000,000 Shares;				
Issued and Outstanding 35,031,889 and 35,768,376 Shares, respectively	350	358		
Common Stock, Par Value \$0.01; Authorized 100,000,000 Shares;				
Issued and Outstanding 34,474,435 and 35,768,376 Shares, respectively			345	358
Capital in Excess of Par Value	—	—	—	—
Accumulated Other Comprehensive Losses	(3,451)	(3,547)	(3,403)	(3,547)
Retained Earnings	1,309,735	1,188,883	1,336,219	1,188,883
<b>Total Stockholders' Equity</b>	<b>1,306,634</b>	<b>1,185,694</b>	<b>1,333,161</b>	<b>1,185,694</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2,917,094</b>	<b>\$ 2,781,002</b>	<b>\$ 2,890,340</b>	<b>\$ 2,781,002</b>

See Notes to Unaudited Consolidated Financial Statements.

**EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

	For the Six Months Ended September 30,		For the Nine Months Ended December 31,	
	2023		2022	
	(dollars in thousands)		(dollars in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Earnings	\$ 271,402	\$ 244,000	\$ 400,540	\$ 361,184
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities, Net of Effect of Non-Cash Activity				
Depreciation, Depletion, and Amortization	73,879	68,874	111,347	103,689
Deferred Income Tax Provision	6,826	6,198	9,324	7,227
Stock Compensation Expense	10,999	9,548	15,356	13,636
Equity in Earnings of Unconsolidated Joint Venture	(13,505)	(12,254)	(22,790)	(23,631)
Distributions from Joint Venture	2,500	7,500	7,000	19,000
Changes in Operating Assets and Liabilities				
Accounts and Notes Receivable	(42,398)	(50,697)	9,452	9,300
Inventories	5,317	18,101	(27,137)	(3,219)
Accounts Payable and Accrued Liabilities	3,996	1,634	3,278	(13,959)
Other Assets	(14,487)	4,589	(19,428)	4,411
Income Taxes Payable (Receivable)	8,310	2,952	13,607	2,473
Net Cash Provided by Operating Activities	<u>312,839</u>	<u>300,445</u>	<u>500,549</u>	<u>480,111</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to Property, Plant, and Equipment	(65,453)	(43,249)	(87,848)	(60,951)
Acquisition Spending	(55,053)	(158,451)	(55,053)	(158,451)
Net Cash Used in Investing Activities	<u>(120,506)</u>	<u>(201,700)</u>	<u>(142,901)</u>	<u>(219,402)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in Credit Facility	5,000	200,000		
Borrowings Under Revolving Credit Facility			222,000	200,000
Repayment of Borrowings Under Revolving Credit Facility			(272,000)	(70,000)
Repayment of Term Loan	(5,000)	(2,500)	(7,500)	(5,000)
Dividends Paid to Stockholders	(17,908)	(19,149)	(26,692)	(28,421)
Purchase and Retirement of Common Stock	(151,321)	(210,398)	(248,852)	(313,898)
Proceeds from Stock Option Exercises	11,469	735	11,560	840
Payment of Debt Issuance Costs	—	(903)	—	(903)
Shares Redeemed to Settle Employee Taxes on Stock				
Compensation	(2,494)	(1,806)	(2,494)	(1,806)
Net Cash Used in Financing Activities	<u>(160,254)</u>	<u>(34,021)</u>	<u>(323,978)</u>	<u>(219,188)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>32,079</b>	<b>64,724</b>	<b>33,670</b>	<b>41,521</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>15,242</b>	<b>19,416</b>	<b>15,242</b>	<b>19,416</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 47,321</b>	<b>\$ 84,140</b>	<b>\$ 48,912</b>	<b>\$ 60,937</b>

See Notes to Unaudited Consolidated Financial Statements.

EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (unaudited)

	Capital					Accumulated					Accumulated									
	in		Retained			Other		Common		Capital in			Other							
	Excess	of	Par	Earnings	Compre	hensive	Stock	Excess of	Par	Value	Retained	Earnings	Comprehensive	Losses	Total					
	Stock	Value		s	Losses	Total	(dollars in thousands)													
<b>Balance at March 31, 2022</b>																				
Net Earnings	\$ 387	\$ —	\$ 4	\$ 5	\$ 6	\$ 387	\$ —	\$ 1,136,344	\$ (3,175)	\$ 1,133,556										
Stock Compensation Expense	—	—	105,	—	105,	—	—	105,005	—	—	105,005									
Stock Option Exercises and Restricted Share Issuances	—	46	—	—	6	—	5,146	—	—	—	5,146									
Shares Redeemed to Settle Employee Taxes	1	666	—	—	667	1	666	—	—	—	667									
Purchase and Retirement of Common Stock	(8)	(15)	(289)	—	(612)	(8)	(4,315)	(105,289)	—	—	(109,612)									
Dividends to Shareholders	—	—	7)	—	7)	—	—	(9,507)	—	—	(9,507)									
Unfunded Pension Liability, net of tax	—	—	—	23	23	—	—	—	—	23	23									
<b>Balance at June 30, 2022</b>																				
Net Earnings	\$ 380	\$ —	\$ 3	\$ 2)	\$ 1	\$ 380	\$ —	\$ 1,126,553	\$ (3,152)	\$ 1,123,781										
Stock Compensation Expense	—	—	138,	—	138,	—	—	138,995	—	—	138,995									
Stock Option Exercise and Restricted Share Issuances	—	02	—	—	2	—	4,402	—	—	—	4,402									
Shares Redeemed to Settle Employee Taxes	—	68	—	—	68	—	68	—	—	—	68									
Purchase and Retirement of Common Stock	(9)	(30)	(9)	—	(309)	(9)	(4,161)	(96,616)	—	—	(100,786)									
Dividends to Shareholders	—	—	1)	—	1)	—	—	(9,471)	—	—	(9,471)									
Unfunded Pension Liability, net of tax	—	—	—	24	24	—	—	—	—	24	24									

Balance at September 30, 2022	1,15	1,15								
	9,46	(3,12)	6,70							
	\$ 371	\$ —	\$ 1	\$ 8)	\$ 4	\$ 371	\$ —	\$ 1,159,461	\$ (3,128)	\$ 1,156,704
Net Earnings						—	—	117,184	—	117,184
Stock Compensation Expense						—	4,088	—	—	4,088
Stock Option Exercise and Restricted Share Issuances						—	105	—	—	105
Purchase and Retirement of Common Stock						(9)	(4,193)	(99,298)	—	(103,500)
Dividends to Shareholders						—	—	(9,090)	—	(9,090)
Unfunded Pension						—	—	—	23	23
Liability, net of tax						—	—	—	23	23
Balance at December 31, 2022						\$ 362	\$ —	\$ 1,168,257	\$ (3,105)	\$ 1,165,514
	Capital in Excess of Common Stock	Accumul ated Retaine d Earning s	Other Compreh ensive Losses	Total		Capital in Common Stock	Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Losses	Total
	(dollars in thousands)					(dollars in thousands)				
Balance at March 31, 2023		1,18		1,18						
		8,88	(3,54)	5,69						
	\$ 358	\$ —	\$ 3	\$ 7)	\$ 4	\$ 358	\$ —	\$ 1,188,883	\$ (3,547)	\$ 1,185,694
Net Earnings		120,		120,						
	—	—	849	—	849	—	—	120,849	—	120,849
Stock Compensation Expense		6,4		6,45						
	—	57	—	—	7	—	6,457	—	—	6,457
Stock Option Exercises and Restricted Share Issuances		10,		10,3						
	2	383	—	—	85	2	10,383	—	—	10,385
Shares Redeemed to Settle Employee Taxes		(1,3		(1,36						
	(1)	59)	—	—	0)	(1)	(1,359)	—	—	(1,360)
Purchase and Retirement of Common Stock		(15,	(59,3	(74,7						
	(5)	481)	13)	—	99)	(5)	(15,481)	(59,313)	—	(74,799)
Dividends to Shareholders		(8,86		(8,86						
	—	—	3)	—	3)	—	—	(8,863)	—	(8,863)
Unfunded Pension										
Liability, net of tax									48	48
Balance at June 30, 2023		1,24		1,23						
		1,55	(3,49)	8,41						
	\$ 354	\$ —	\$ 6	\$ 9)	\$ 1	\$ 354	\$ —	\$ 1,241,556	\$ (3,499)	\$ 1,238,411
Net Earnings		150,		150,						
	—	—	553	—	553	—	—	150,553	—	150,553

Stock Compensation Expense	4.5	—	—	4,542	—	—	—	4,542	
Stock Option Exercise and Restricted Share Issuances	1.0	—	—	1,084	—	—	—	1,084	
Shares Redeemed to Settle Employee Taxes	(1.1)	—	—	(1.134)	—	—	—	(1.134)	
Purchase and Retirement of Common Stock	(4.4)	(73.5)	(41)	(78.0)	(4)	(4,492)	(73,541)	(78,037)	
Dividends to Shareholders	—	(8.83)	—	(8.83)	—	—	(8,833)	—	(8,833)
Unfunded Pension Liability, net of tax	—	—	—	48	—	—	—	48	48
<b>Balance at September 30, 2023</b>	<b>1,30</b>	<b>9,73</b>	<b>(3,45)</b>	<b>6,63</b>	<b>\$ 350</b>	<b>\$ —</b>	<b>\$ 1,309,735</b>	<b>\$ (3,451)</b>	<b>\$ 1,306,634</b>
<b>Net Earnings</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>129,138</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>129,138</b>
Stock Compensation Expense	—	—	—	4,357	—	—	—	4,357	
Stock Option Exercise and Restricted Share Issuances	—	—	91	—	—	—	—	91	
Purchase and Retirement of Common Stock	(5)	(4,448)	—	(94,051)	—	—	—	(98,504)	
Dividends to Shareholders	—	—	(8,603)	—	—	—	—	(8,603)	
Unfunded Pension Liability, net of tax	—	—	—	—	—	—	48	48	
<b>Balance at December 31, 2023</b>	<b>\$ 345</b>	<b>\$ —</b>	<b>\$ 1,336,219</b>	<b>\$ (3,403)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,333,161</b>	

See Notes to Unaudited Consolidated Financial Statements.

## Eagle Materials Inc. and Subsidiaries Notes to Consolidated Financial Statements

### (A) BASIS OF PRESENTATION

The accompanying Unaudited Consolidated Financial Statements as of and for the three and **six** nine months ended **September 30, 2023** **December 31, 2023**, include the accounts of Eagle Materials Inc. and its majority-owned subsidiaries (collectively, the Company, us, or we) and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. These Unaudited Consolidated Financial Statements should be read in conjunction

with the Audited Consolidated Financial Statements and the notes thereto included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 19, 2023.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading. In our opinion, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the information in the following unaudited consolidated financial statements of the Company have been included. The results of operations for interim periods are not necessarily indicative of the results for the full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Recent Accounting Pronouncements**

There have been no recent accounting pronouncements that are expected to materially affect the Company.

#### **(B) SUPPLEMENTAL CASH FLOW INFORMATION**

Supplemental cash flow information is as follows:

	For the Six Months Ended September 30,		For the Nine Months Ended December 31,	
	2023		2022	
	(dollars in thousands)		(dollars in thousands)	
<b>Cash Payments</b>				
Interest	\$ 22,298	\$ 12,940	\$ 38,797	\$ 26,526
Income Taxes	63,033	61,592	92,718	94,793
Operating Cash Flows Used for Operating Leases	4,706	4,248	7,016	6,360
<b>Non-Cash Financing Activities</b>				
Excise Tax on Share Repurchases	\$ 2,252	\$ —	\$ 3,227	\$ —
Right-of-Use Assets Acquired for Capitalized Operating Leases	6,018	—	6,018	—

#### **(C) ACQUISITION**

On May 3, 2023, we purchased the assets of a cement import terminal in Stockton, California (the Stockton Terminal Acquisition), which was accounted for under the acquisition method. The purchase price of the Stockton Terminal Acquisition was approximately \$55.1 million. The purchase price allocation has not yet been finalized.

The purchase price was funded through borrowings under our revolving credit facility. Operations related to the Stockton Terminal Acquisition are included in the Cement business in our segment reporting from May 3, 2023, through September 30, 2023 December 31, 2023.

The following table summarizes the preliminary allocation of the purchase price to the fair value of assets acquired and liabilities assumed (based on Level 3 inputs) as of September 30, 2023 December 31, 2023:

	Fair Value	Fair Value
Inventory	\$ 14,809	\$ 14,809
Prepaid and Other Current Assets	179	179

Property, Plant, and Equipment	12,737	12,737
Lease Right-of-Use Assets	1,646	1,646
Intangible Assets	16,100	16,100
Lease Obligations	(1,646)	(1,646)
Other Long-term Liabilities	(630)	(630)
Goodwill	11,858	11,858
<b>Total Estimated Purchase Price</b>	<b>\$ 55,053</b>	<b>\$ 55,053</b>
<b>Total Purchase Price</b>		<b>\$ 55,053</b>

The estimated useful lives assigned to Property, Plant, and Equipment range from 5 to 30 years, while the estimated useful lives assigned to Intangible Assets range from 2 to 15 years. All goodwill generated from the Stockton Terminal Acquisition is deductible for income tax purposes.

The following table presents the Revenue and Operating Loss related to the Stockton Terminal Acquisition that has been included in our Consolidated Statement of Earnings from May 3, 2023, through **September 30, 2023** **December 31, 2023**.

	For the Three Months Ended		For the Six Months Ended		For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023				December 31, 2023			
	(dollars in thousands)				(dollars in thousands)			
<b>Revenue</b>	\$ 13,029		\$ 19,497		\$ 11,247		\$ 32,529	
<b>Operating Loss</b>	\$ (130)		\$ (2,050)		\$ (56)		\$ (2,106)	

Operating **Loss** Earnings shown above for the three months ended **September 30, 2023** was **December 31, 2023** were affected by approximately \$0.7 million and \$1.1 million related to depreciation and amortization and the recording of acquired inventories at fair value, respectively. Operating Loss for the **six** **nine** months ended **September 30, 2023** **December 31, 2023**, was affected by approximately \$1.2 **1.9** million and \$3.9 million related to depreciation and amortization and the recording of acquired inventories at fair value, respectively.

#### (D) REVENUE

We earn Revenue primarily from the sale of products, which include cement, concrete, aggregates, gypsum wallboard, and recycled paperboard. The vast majority of Revenue from the sale of concrete, aggregates, and gypsum wallboard is originated by purchase orders from our customers, who are mostly third-party contractors and suppliers. Revenue from the sale of cement is recognized at the point-of-sale to customers under sales orders. Revenue from our Recycled Paperboard segment is generated mainly through long-term supply agreements. These agreements do not have a stated maturity date, but may be terminated by either party with a two to three-year notice period. We invoice customers upon shipment, and our collection terms range from 30 to 75 days. Revenue from the sale of cement, concrete, aggregates, and gypsum wallboard not related to long-term

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supply agreements is recognized upon shipment of the related products to customers, which is when title and ownership are transferred, and the customer is obligated to pay.

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Revenue from sales under our long-term supply agreements is also recognized upon transfer of control to the customer, which generally occurs at the time the product is shipped from the production facility or terminal location. Our long-term supply agreements with customers define, among other commitments, the volume of product that we must provide and the volume that the customer must purchase by the end of the defined periods. Pricing structures under our agreements are generally market-based, but are subject to certain contractual adjustments. Shortfall amounts, if applicable under these arrangements, are constrained and not recognized as Revenue until an agreement is reached with the customer and, therefore, are not subject to the risk of reversal.

The Company offers certain of its customers, including those with long-term supply agreements, rebates and incentives, which we treat as variable consideration. We adjust the amount of Revenue recognized for the variable consideration using the most likely amount method based on past history and projected volumes in the rebate

and incentive period. Any amounts billed to customers for taxes are excluded from Revenue.

The Company has elected to treat freight and delivery charges we pay for the delivery of goods to our customers as a fulfillment activity rather than a separate performance obligation. When we arrange for a third party to deliver products to customers, fees for shipping and handling billed to the customer are recorded as Revenue, while costs we incur for shipping and handling are recorded as expenses and included in Cost of Goods Sold.

Other Non-Operating Income includes lease and rental income, asset sale income, non-inventoried aggregates sales income, distribution center income, and trucking income, as well as other miscellaneous revenue items and costs that have not been allocated to a business segment.

See Footnote (N) to the Unaudited Consolidated Financial Statements for disaggregation of revenue by segment.

#### (E) ACCOUNTS AND NOTES RECEIVABLE

Accounts Receivable are shown net of the allowance for credit losses totaling \$7.0 million and \$6.9 million at both September 30, 2023 December 31, 2023, and March 31, 2023, respectively. We perform ongoing credit evaluations of our customers' financial condition and generally require no collateral from our customers. The allowance for credit losses is based upon an analysis of economic trends in the construction industry, detailed analysis of the expected collectability of accounts receivable that are past due, and the expected collectability of overall receivables. We have no significant credit risk concentration among our diversified customer base.

#### (F) INVENTORIES

Inventories are stated at the lower of average cost (including applicable material, labor, depreciation, and plant overhead) or net realizable value. Raw Materials and Materials-in-Progress include clinker, which is an intermediary product before it is ground into cement powder. Quantities of Raw Materials and Materials-in-Progress, Aggregates, and Coal inventories, are based on measured volumes, subject to estimation based on the size and location of the inventory piles, and are converted to tonnage using standard inventory density factors. Inventories consist of the following:

	September 30,		March 31,		December 31,		March 31,	
	2023		2023		2023		2023	
	(dollars in thousands)				(dollars in thousands)			
Raw Materials and Materials-in-Progress	\$ 96,674		\$ 96,880		\$ 104,465		\$ 96,880	
Finished Cement	42,031		46,364		55,480		46,364	
Aggregates	10,384		8,309		10,580		8,309	
Gypsum Wallboard	5,684		4,244		7,183		4,244	
Recycled Paperboard	12,021		8,651		13,471		8,651	
Repair Parts and Supplies	115,962		112,885		123,555		112,885	
Fuel and Coal	18,618		14,549		19,094		14,549	
	<b>\$ 301,374</b>		<b>\$ 291,882</b>		<b>\$ 333,828</b>		<b>\$ 291,882</b>	

#### (G) ACCRUED EXPENSES

Accrued Expenses consist of the following:

	September 30,		March 31,		December 31,		March 31,	
	2023		2023		2023		2023	
	(dollars in thousands)				(dollars in thousands)			
Payroll and Incentive Compensation	\$ 31,676		\$ 32,742		\$ 39,703		\$ 32,742	
Benefits	16,870		16,130		17,073		16,130	
Dividends	8,974		9,186		8,793		9,186	

Interest	7,478	7,163	1,297	7,163
Property Taxes	10,318	6,671	5,817	6,671
Power and Fuel	3,444	3,051	3,479	3,051
Freight	4,161	1,663	4,643	1,663
Legal and Professional	2,067	1,691	2,083	1,691
Sales and Use Tax	1,490	1,452	1,160	1,452
Other	4,337	6,723	4,130	6,723
	<b>\$ 90,815</b>	<b>\$ 86,472</b>	<b>\$ 88,178</b>	<b>\$ 86,472</b>

#### (H) LEASES

We lease certain real estate, buildings, and equipment. Certain of these leases contain escalations of rent over the term of the lease, as well as options for us to extend the term of the lease at the end of the original term. These extensions range from periods of 1 to 20 years. Our lease agreements do not contain material residual value guarantees or material restrictive covenants. In calculating the present value of future minimum lease payments, we use the rate implicit in the lease if it can be determined. Otherwise, we use our incremental borrowing rate in effect at the commencement of the lease to determine the present value of the future minimum lease payments. Additionally, we lease certain equipment under short-term leases with initial terms of less than 12 months, which are not recorded on the balance sheet.

Lease expense for our operating and short-term leases is as follows:

	For the Three Months Ended September 30,				For the Six Months Ended September 30,				For the Three Months Ended December 31,				For the Nine Months Ended December 31,			
	2023		2022		2023		2022		2023		2022		2023		2022	
	(dollars in thousands)															
Operating																
Lease Cost	\$ 1,953		\$ 1,671		\$ 4,227		\$ 3,398		\$ 1,921		\$ 1,953		\$ 6,148		\$ 5,351	
Short-term																
Lease Cost	191		126		414		275		187		135		601		410	
<b>Total Lease</b>	<b>\$ 2,144</b>		<b>\$ 1,797</b>		<b>\$ 4,641</b>		<b>\$ 3,673</b>		<b>\$ 2,108</b>		<b>\$ 2,088</b>		<b>\$ 6,749</b>		<b>\$ 5,761</b>	

The Right-of-Use Assets and Lease Liabilities are reflected on our Balance Sheet as follows:

	September 30,				March 31,				December 31,				March 31,			
	2023		2023		2023		2023		2023		2023		2023		2023	
	(dollars in thousands)															
<b>Operating Leases</b>																
Operating Lease Right-of-Use Assets	\$ 22,068		\$ 20,759		\$ 20,670		\$ 20,759		\$ 8,217		\$ 6,009		\$ 6,009			
Current Operating Lease Liabilities	\$ 8,205		\$ 6,009		\$ 22,699		\$ 24,940		\$ 20,685		\$ 24,940		\$ 24,940			
<b>Total Operating Lease Liabilities</b>	<b>\$ 30,904</b>		<b>\$ 30,949</b>		<b>\$ 28,902</b>		<b>\$ 30,949</b>									

Future payments for operating leases are as follows (dollars in thousands):

Fiscal Year	Amount	Amount
2024 (remaining six months)	\$ 4,580	
2024 (remaining three months)		\$ 2,269
2025	8,653	8,653
2026	4,776	4,776
2027	3,606	3,606
2028	2,735	2,735
Thereafter	13,665	13,664
<b>Total Lease Payments</b>	<b>\$ 38,015</b>	<b>\$ 35,703</b>
Less: Imputed Interest	(7,111)	(6,801)
<b>Present Value of Lease Liabilities</b>	<b>\$ 30,904</b>	<b>\$ 28,902</b>
<b>Weighted-Average Remaining Lease Term (in years)</b>	<b>9.2</b>	<b>9.3</b>
<b>Weighted-Average Discount Rate</b>	<b>4.19 %</b>	<b>4.17 %</b>

#### (I) SHARE-BASED EMPLOYEE COMPENSATION

On August 3, 2023, our stockholders approved the Eagle Materials Inc. 2023 Equity Incentive Plan (the 2023 Plan), which reserves 1,425,000 shares for future grants of stock awards. Under the terms of the 2023 Plan, we can issue equity awards, including stock options, restricted stock units, restricted stock, and stock appreciation rights, to employees of the Company, members of the Board of Directors, consultants, independent contractors, and agents of the Company. The Compensation Committee of our Board of Directors specifies grant terms for awards under the Plan.

##### Long-Term Compensation Plans

###### OPTIONS

In May 2023, under the 2013 ~~amended Amended~~ and ~~restated incentive plan Restated Incentive Plan~~ (the Prior Plan), the Compensation Committee of the Board of Directors approved the granting to certain officers and key employees an aggregate of 2,296 performance-vesting stock options that will be earned only if certain performance conditions are satisfied (the Fiscal 2024 Employee Performance Stock Option Award). The performance criteria for the Fiscal 2024 Employee Performance Stock Option Award are based upon the achievement of certain levels of return on equity (as defined in the option agreements), ranging from 10.0% to 20.0%, for the performance periods described in the table below. All stock options in each performance period will be earned if the return on equity is 20.0% or greater. If the return on equity is less than 20% but at least 10% in any performance period, the amount of stock options earned in such period will be reduced proportionately using straight-line interpolation, such that approximately 66.7% of the amount of stock options granted will be earned if the return on equity is 10.0%. If the Company does not achieve a return on equity of at least 10.0% during any performance period, all stock option awards for that performance period will be forfeited. The stock option performance periods are as follows:

	Options	Performance Period	Vesting Date
One-Year Performance Shares	574	April 1, 2023 to March 31, 2024	May 2024
Two-Year Performance Shares	574	April 1, 2023 to March 31, 2025	May 2025
Three-Year Performance Shares	1,148	April 1, 2023 to March 31, 2026	May 2026

The stock options have a term of 10 years from the grant date. The Compensation Committee also approved the granting of 1,914 time-vesting stock options to the same officers and key employees, which vest ratably over three years (the Fiscal 2024 Employee Time-Vesting Stock Option Award).

In August 2023, under the 2023 Plan, the Compensation Committee granted 1,348 options to members of the Board of Directors (the Fiscal 2024 Board of Directors Stock Option Award). Options granted under the Fiscal 2024 Board of Directors Stock Option Award vest one year after the grant date, and can be exercised from the date of vesting until their expiration on the tenth anniversary of the grant date.

The Fiscal 2024 Employee Performance Stock Option Award, the Fiscal 2024 Employee Time-Vesting Stock Option Award, and the Fiscal 2024 Board of Directors Stock Option Award were valued at their grant date using the Black-Scholes option pricing model. The weighted-average assumptions used in the Black-Scholes model to value the option awards for fiscal 2024 are as follows:

Dividend Yield	0.8%
Expected Volatility	38.8%
Risk-Free Interest Rate	3.7%
Expected Life	6.0 years

In addition to the stock options described above, we issue stock options to certain employees from time to time. Any options issued are valued using the Black-Scholes options pricing model on the grant date and expensed over the vesting period.

Stock option expense for all outstanding stock option awards totaled approximately \$0.5 million and \$1.0 million for the three and six months ended September 30, 2023 December 31, 2023, respectively, and \$1.1 million and \$1.9 million for the three and six months ended September 30, 2022 December 31, 2022, respectively. At September 30, 2023 December 31, 2023, there was approximately \$2.7 million of unrecognized compensation cost related to outstanding stock options, which is expected to be recognized over a weighted-average period of 2.0 years.

The following table represents stock option activity for the six months ended September 30, 2023 December 31, 2023:

		Number of Shares	Weighted- Average		Weighted- Average	
			Exercise Price	Number of Shares	Exercise Price	Number of Shares
<b>Outstanding Options at March 31, 2023</b>		436,949	\$ 89.69	436,949	\$ 89.69	
Granted		5,558	\$ 172.62	5,558	\$ 172.62	
Exercised		(130,053)	\$ 88.18	(131,099)	\$ 88.17	
Cancelled		(1,000)	\$ 73.37	(1,000)	\$ 73.37	
<b>Outstanding Options at September 30, 2023</b>		<b>311,454</b>	\$ 91.85			
<b>Options Exercisable at September 30, 2023</b>		<b>216,868</b>				
<b>Outstanding Options at December 31, 2023</b>				<b>310,408</b>	\$ 91.86	
<b>Options Exercisable at December 31, 2023</b>				<b>215,822</b>		
<b>Weighted-Average Fair Value of Options Granted</b>						
<b>During the Year</b>		<b>\$ 69.84</b>			<b>\$ 69.84</b>	

The following table summarizes information about stock options outstanding at September 30, 2023 December 31, 2023:

Range of Exercise Prices	Options Outstanding				Options Exercisable				Options Outstanding				Options Exercisable			
	Weighted- Average				Weighted- Average				Weighted- Average				Weighted- Average			
	Number of Shares	Remaining Life (in years)	Weighted- Average Exercise Price	Number of Shares	Weighted- Average Exercise Price	Number of Shares	Remaining Life (in years)	Weighted- Average Exercise Price	Number of Shares	Weighted- Average Exercise Price	Number of Shares	Remaining Life (in years)	Weighted- Average Exercise Price	Number of Shares	Weighted- Average Exercise Price	
	Outstanding	Contractual	Price	Outstanding	Price	Outstanding	Contractual	Price	Outstanding	Price	Outstanding	Contractual	Price	Outstanding	Price	
\$59.32 -	113,7			71,38	63.7											
\$81.28	90	6.15	\$ 62.53	6	\$ 3	113,490	5.91	\$ 62.49	71,086	\$ 63.67						
\$87.37 -	126,4			122,7	95.7											
\$106.24	67	4.86	\$ 95.75	51	\$ 0	125,721	4.60	\$ 95.77	122,005	\$ 95.72						
\$118.27 -	71,19			22,73	130.											
\$166.75	7	8.59	\$ 77	1	\$ 79	71,197	8.34	\$ 131.77	22,731	\$ 130.79						

311,4	216,8	88.8	310,408	5.94	\$ 91.86	215,822	\$ 88.86
54	6.19	\$ 91.85	68	\$ 5			

At **September 30, 2023** **December 31, 2023**, the aggregate intrinsic value of the outstanding and exercisable options was approximately **\$23.3** **34.4** million and **\$16.8** **24.6** million, respectively. The total intrinsic value of options exercised during the **six** **nine** months ended **September 30, 2023** **December 31, 2023**, was approximately **\$10.5** **10.6** million.

#### RESTRICTED STOCK

In May 2023, under the Prior Plan, the Compensation Committee approved the granting to certain officers and key employees an aggregate of 45,693 shares of performance-vesting restricted stock that will be earned if certain performance conditions are satisfied (the Fiscal 2024 Employee Restricted Stock Performance Award). The performance criteria for the Fiscal 2024 Employee Restricted Stock Performance Award are based upon the

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achievement of certain levels of return on equity (as defined in the award agreement), ranging from 10.0% to 20.0%, for the performance periods described in the table below. All restricted shares in each performance period will be earned if the return on equity is 20.0% or greater. If the return on equity is less than 20% but at least 10% in any performance period, the amount of shares earned in such period will be reduced proportionately using straight-line interpolation, such that approximately 66.7% of the amount of shares issued will be earned if the return on equity is 10.0%. If the Company does not achieve a return on equity of at least 10.0% during any performance period, all awards for that performance period will be forfeited. The restricted share performance periods **are** as follows:

	Shares	Performance Period	Vesting Date
One-Year Performance Shares	11,424	April 1, 2023 to March 31, 2024	May 2024
Two-Year Performance Shares	11,424	April 1, 2023 to March 31, 2025	May 2025
Three-Year Performance Shares	22,845	April 1, 2023 to March 31, 2026	May 2026

The Compensation Committee also approved the granting of 38,072 shares of time-vesting restricted stock to the same officers and key employees, which vest ratably over three years (the Fiscal 2024 Employee Restricted Stock Time-Vesting Award). The Fiscal 2024 Employee Restricted Stock Performance Award and the Fiscal 2024 Employee Restricted Stock Time-Vesting Award were valued at the closing price of the stock on the grant date and are being expensed over a three-year period.

In August 2023, under the 2023 Plan, we granted 10,755 shares of restricted stock to members of the Board of Directors (the Fiscal 2024 Board of Directors Restricted Stock Award). Restrictions on these shares will lapse one year after the grant date. The Fiscal 2024 Board of Directors Restricted Stock Award was valued at the closing price of the stock on the grant date, and is being expensed over a one-year period.

In addition to the restricted stock described above, from time to time we issue restricted stock to certain employees. These awards are valued at the closing price of the stock on the grant date and expensed over the vesting period.

The fair value of restricted stock is based on the stock price on the grant date. The following table summarizes the activity for nonvested restricted shares during the **six** **nine** months ended **September 30, 2023** **December 31, 2023**:

	Weighted-Average Grant Date Fair			Weighted-Average Grant Date Fair		
	Number of Shares	Value	Number of Shares	Value		
<b>Nonvested Restricted Stock at March 31,</b>						
2023	219,084	\$ 96.54	219,084	\$ 96.54		
Granted	97,257	\$ 169.62	97,257	\$ 169.62		
Vested	(35,958)	\$ 146.24	(35,958)	\$ 146.24		
Forfeited	(3,000)	\$ 139.03	(3,000)	\$ 139.03		
<b>Nonvested Restricted Stock at September 30, 2023</b>	<b>277,383</b>	<b>\$ 125.10</b>				

#### Nonvested Restricted Stock at December

31, 2023	277,383	\$ 125.10
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Expense related to restricted shares was approximately \$3.8 4.0 million and \$9.8 13.8 million for the three and **six** nine months ended **September 30, 2023** December 31, 2023, respectively, and \$3.3 million and \$7.6 11.0 million for the three and **six** nine months ended **September 30, 2022** December 31, 2022, respectively. At **September 30, 2023** December 31, 2023, there was approximately \$25.5 21.5 million of unearned compensation from restricted stock, which will be recognized over a weighted-average period of **1.9** 1.7 years.

The number of shares available for future grants of stock options, restricted stock units, stock appreciation rights, and restricted stock under the 2023 Plan was

1,411,810 1,411,804 at **September 30, 2023** December 31, 2023.

#### (J) COMPUTATION OF EARNINGS PER SHARE

The calculation of basic and diluted common shares outstanding is as follows:

	For the Three Months Ended		For the Six Months Ended		For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	September 30,		September 30,		2023		2023	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Weighted-Average Shares of Common Stock Outstanding</b>	35,056	37,140	35,165	37,559	34,466,141	36,336,056	34,931,378	37,149,927
<b>Effect of Dilutive Shares</b>								
Assumed Exercise of Outstanding Dilutive Options	312,06	420,19	316,16	424,48	305,842	424,949	312,723	424,642
Less Shares Repurchased from Proceeds of Assumed Exercised Options	(169,0	(310,9	(171,6	(311,3	(169,413)	(294,478)	(170,910)	(305,741)
Restricted Stock Units	136,96	117,43	124,06	120,41	147,151	139,455	128,467	126,758
6	9	5	0					
<b>Weighted-Average Common Stock and Dilutive Securities Outstanding</b>	35,336	37,366	35,433	37,792	34,749,721	36,605,982	35,201,658	37,395,586
<b>Shares Excluded Due to Anti-Dilution Effects</b>	4,884	46,750	31,586	39,703	5,558	66,802	22,145	46,736

#### (K) PENSION AND EMPLOYEE BENEFIT PLANS

We sponsor several single-employer defined benefit plans and defined contribution plans, which together cover substantially all our employees. Benefits paid under the single-employer defined benefit plans covering certain hourly employees were historically based on years of service and the employee's qualifying compensation over the last few years of employment. Over the last several years, these plans have been frozen to new participants and new benefits, with the last plan becoming frozen during fiscal 2020. Our defined benefit plans are all fully funded, with plan assets exceeding the benefit obligation at March 31, 2023. Due to the frozen status and current funding of the single-employer pension plans, our expected pension expense for fiscal 2024 is less than \$0.2 million.

#### (L) INCOME TAXES

Income Taxes for the interim periods presented have been included in the accompanying financial statements on the basis of an estimated annual effective tax rate. In addition to the amount of tax resulting from applying the estimated annual effective tax rate to pre-tax income, we will include, when appropriate, certain items treated as discrete events to arrive at an estimated overall tax amount. The effective tax rate for the **three** nine months ended **September 30, 2023** December 31, 2023, was

approximately 23.22%, which was higher than consistent with the effective tax rate of 22% for the three nine months ended September 30, 2022 December 31, 2022. The effective tax rate was higher than the U.S. Statutory rate of 21% mainly due to because of state income taxes, partially offset by a benefit recognized related to percentage depletion.

#### (M) LONG-TERM DEBT

Long-term Debt at September 30, 2023 December 31, 2023 is as follows:

	September 30,		March 31,		December 31,		March 31,	
	2023		2023		2023		2023	
	(dollars in thousands)				(dollars in thousands)			
Revolving Credit Facility	\$ 162,000		\$ 157,000		\$ 107,000		\$ 157,000	
2.500% Senior Unsecured Notes Due 2031	750,000		750,000		750,000		750,000	
Term Loan	187,500		192,500		185,000		192,500	
<b>Total Debt</b>	<b>1,099,500</b>		<b>1,099,500</b>		<b>1,042,000</b>		<b>1,099,500</b>	
Less: Current Portion of Long-term Debt	(10,000)		(10,000)		(10,000)		(10,000)	
Less: Unamortized Discounts and Debt Issuance Costs	(9,835)		(10,468)		(9,518)		(10,468)	
<b>Long-term Debt</b>	<b>\$ 1,079,665</b>		<b>\$ 1,079,032</b>		<b>\$ 1,022,482</b>		<b>\$ 1,079,032</b>	

#### Revolving Credit Facility

We have an unsecured \$750.0 million revolving credit facility (the Revolving Credit Facility). The Revolving Credit Facility includes a separate \$200.0 million term loan facility (the Term Loan) and also provides the Company the option to increase the borrowing capacity by up to \$375.0 million (for a total borrowing capacity of \$1,125.0

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million), provided the existing lenders, or new lenders, agree to such increase. The Revolving Credit Facility includes a \$40.0 million letter of credit facility and a swingline loan sub-facility of \$25.0 million, and expires on May 5, 2027.

The Revolving Credit Facility contains customary covenants for an unsecured investment-grade facility, including covenants that restrict the Company's and/or its subsidiaries' ability to incur additional debt; encumber assets; merge with or transfer or sell assets to other persons; and enter into certain affiliate transactions. The Revolving Credit Facility also requires the Company to maintain at the end of each fiscal quarter a Leverage Ratio of 3.50:1.00 or less and an Interest Coverage Ratio (both ratios, as defined in the Revolving Credit Facility) equal to or greater than 2.50 to 1.00 (collectively, the Financial Covenants).

At the Company's option, outstanding loans under the Revolving Credit Facility bear interest, at a variable rate equal to either (i) the adjusted term SOFR rate (secured overnight financing rate), plus 10 basis points, plus an agreed spread (ranging from 100 to 162.5 basis points, which is established based on the Company's credit rating); (ii) in respect of any Revolving Loans (until such time as the then-existing Benchmark (as defined in the Revolving Credit Facility) is replaced in accordance with the Revolving Credit Facility), the adjusted daily simple SOFR rate, plus 10 basis points, plus an agreed spread (ranging from 100 to 162.5 basis points, which is established based on the Company's credit rating) or (iii) an Alternate Base Rate (as defined in the Revolving Credit Facility), which is the highest of (a) the Prime Rate (as defined in the Revolving Credit Facility) in effect on any applicable day, (b) the NYFRB Rate (as defined in the Revolving Credit Facility) in effect on any applicable day, plus 1/2 of 1%, and (c) the Adjusted Term SOFR (as defined in the Revolving Credit Facility) for a one month interest period on any applicable day, or if such day is not a business day, the immediately preceding business day, plus 1.0%, in each case plus an agreed upon spread (ranging from 0 to 62.5 basis points), which is established quarterly based on the Company's credit rating. The Company is also required to pay a facility fee on unused available borrowings under the Revolving Credit Facility ranging from 9 to 22.5 basis points, which is established based on the Company's then credit rating.

The Company pays each lender a participation fee with respect to such lender's participations in letters of credit, which fee accrues at the same Applicable Rate (as defined in the Revolving Credit Facility) used to determine the interest rate applicable to Eurodollar Revolving Loans (as defined in the Revolving Credit Facility), plus a fronting fee for each letter of credit issued by the issuing bank in an amount equal to 12.5 basis points per annum on the daily maximum amount then available to be drawn under such letter of credit. The Company also pays each issuing bank such bank's standard fees with respect to issuance, amendment or extensions of letters of credit and other processing fees, and other standard costs and charges relating to such issuing bank's letters of credit from time to time.

There were \$162.0 107.0 million of outstanding borrowings under the Revolving Credit Facility, plus \$8.3 million outstanding letters of credit as of September 30, 2023 December 31, 2023, resulting in \$579.7 634.7 million of available borrowings under the Revolving Credit Facility, net of the outstanding letters of credit. We were in compliance with all Financial Covenants on September 30, 2023 December 31, 2023; therefore, the entire \$579.7 634.7 million is available for future borrowings.

#### Term Loan

On May 5, 2022, we borrowed the \$200.0 million Term Loan under the Revolving Credit Facility, and used these proceeds to, among other things, pay down a portion of the Revolving Credit Facility. The Term Loan requires quarterly principal payments of \$2.5 million, with any unpaid amounts due upon maturity on May 5, 2027. At the Company's option, principal amounts outstanding under the Term Loan bear interest as set forth in the Revolving Credit Facility (but not, for the avoidance of doubt, at a daily simple SOFR rate unless and until such time as the then-existing Benchmark (as defined in the Revolving Credit Facility) is replaced in accordance with the Revolving Credit Facility).

#### 2.500% Senior Unsecured Notes Due 2031

On July 1, 2021, we issued \$750.0 million aggregate principal amount of 2.500% senior notes due July 2031 (the 2.500% Senior Unsecured Notes). The 2.500% Senior Unsecured Notes are senior unsecured obligations of the Company and are not guaranteed by any of our subsidiaries. The 2.500% Senior Unsecured Notes were issued net of original issue discount of \$6.3 million and have an effective interest rate of approximately 2.6%. The original issue discount is being amortized by the effective interest method over the 10-year term of the notes. The 2.500% Senior Unsecured Notes are redeemable prior to April 1, 2031, at a redemption price equal to 100% of the aggregate principal amount of the 2.500% Senior Unsecured Notes being redeemed, plus the present value of remaining scheduled payments of principal and interest from the applicable redemption date to April 1, 2031, discounted to the redemption date on a semi-annual basis at the Treasury rate plus 20 basis points. The 2.500% Senior Unsecured Notes are redeemable on or after April 1, 2031, at a redemption price equal to 100% of the aggregate principal amount of the 2.500% Senior Unsecured Notes being redeemed, plus accrued and unpaid interest to, but excluding, the applicable redemption date. If we experience certain change of control triggering events, we would be required to offer to repurchase the 2.500% Senior Unsecured Notes at a purchase price equal to 101% of the aggregate principal amount of the 2.500% Senior Unsecured Notes being repurchased, plus accrued and unpaid interest to, but excluding, the applicable redemption date. The indenture governing the 2.500% Senior Unsecured Notes contains certain covenants that limit our ability to create or permit to exist certain liens; enter into sale and leaseback transactions; and consolidate, merge, or transfer all or substantially all of our assets, and provides for certain events of default that, if any occurred, would permit or require the principal of and accrued interest on the 2.500% Senior Unsecured Notes to become or be declared due and payable.

#### **(N) SEGMENT INFORMATION**

Operating segments are defined as components of an enterprise that engage in business activities that earn revenue, incur expenses, and prepare separate financial information that is evaluated regularly by our chief operating decision maker in order to allocate resources and assess performance.

Our business is organized into two sectors within which there are four reportable business segments. The Heavy Materials sector includes the Cement and Concrete and Aggregates segments. The Light Materials sector includes the Gypsum Wallboard and Recycled Paperboard segments.

Our primary products are commodities that are essential in commercial and residential construction; public construction projects; and projects to build, expand, and repair roads and highways. Demand for our products is generally cyclical and seasonal, depending on economic and geographic conditions. We distribute our products throughout most of the United States, except the Northeast, which provides us with regional economic diversification. Our operations are conducted in the U.S. and include the mining of limestone for the manufacture, production, distribution, and sale of portland cement, including portland limestone cement (a basic construction material that is the essential binding ingredient in concrete); the grinding and sale of slag; the mining of gypsum for the manufacture and sale of gypsum wallboard; the manufacture and sale of recycled paperboard to the gypsum wallboard industry and other paperboard converters; the sale of readymix concrete; and the mining and sale of aggregates (crushed stone, sand, and gravel).

We operate eight modern cement plants (one of which is operated through a joint venture located in Buda, Texas), one slag grinding facility, and over 30 cement distribution terminals. Our cement companies focus on the U.S. heartland and operate as an integrated network selling product primarily in California, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Missouri, Nebraska, Nevada, Ohio, Oklahoma, Tennessee, and Texas. We operate over 30 25 readymix concrete batch plants and five aggregates processing plants in markets that are complementary to our cement network.

We operate five gypsum wallboard plants and a recycled paperboard mill. We distribute gypsum wallboard and recycled paperboard throughout the continental U.S., with the exception of the Northeast.

We account for intersegment sales at market prices. For segment reporting purposes only, we proportionately consolidate our 50% share of the Joint Venture Revenue and Operating Earnings, consistent with the way management reports the segments within the Company for making operating decisions and assessing performance.

The following table sets forth certain financial information relating to our operations by segment. We do not allocate interest or taxes at the segment level; these costs are disclosed at the consolidated company level.

	For the Three Months Ended				For the Six Months Ended September				For the Three Months Ended December 31,				For the Nine Months Ended December 31,			
	September 30,		30,		2023		2022		2023		2022		2023		2022	
	(dollars in thousands)															
<b>Revenue</b>																
Cement	\$ 360,751	\$ 319,460	\$ 689,783	\$ 603,976					\$ 308,654	\$ 256,313	\$ 998,437	\$ 860,289				
Concrete and Aggregates	69,887	69,613	140,340	131,231					61,186	55,176	201,526	186,407				
Gypsum																
Wallboard	209,233	224,638	428,330	440,965					200,969	212,016	629,299	652,981				
Recycled Paperboard	43,016	53,673	88,344	107,746					47,053	47,774	135,397	155,520				
			1,346,7	1,283,9												
	682,887	667,384	97	18					617,862	571,279	1,964,659	1,855,197				
Less: Intersegment Revenue	(31,744)	(37,186)	(67,010)	(66,018)					(32,346)	(32,172)	(99,356)	(98,190)				
Less: Joint Venture Revenue	(28,907)	(25,130)	(56,030)	(51,445)					(26,683)	(27,620)	(82,713)	(79,065)				
			1,223,7	1,166,4												
	\$ 622,236	\$ 605,068	\$ 57	\$ 55					\$ 558,833	\$ 511,487	\$ 1,782,590	\$ 1,677,942				
<b>Intersegment Revenue</b>																
Cement	\$ 9,251	\$ 12,361	\$ 19,388	\$ 18,652					\$ 7,804	\$ 7,719	\$ 27,192	\$ 26,371				
Concrete and Aggregates	3,783	—	6,821	—					3,414	—	10,235	—				
Recycled Paperboard	18,710	24,825	40,801	47,366					21,128	24,453	61,929	71,819				
	\$ 31,744	\$ 37,186	\$ 67,010	\$ 66,018					\$ 32,346	\$ 32,172	\$ 99,356	\$ 98,190				

Cement Sales		Volume (M tons)							
Wholly Owned	1,959	1,981	3,807	3,786	1,663	1,527	5,470	5,313	
Joint Venture	170	164	335	352	161	172	496	524	
	<b>2,129</b>	<b>2,145</b>	<b>4,142</b>	<b>4,138</b>	<b>1,824</b>	<b>1,699</b>	<b>5,966</b>	<b>5,837</b>	

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	For the Three Months Ended		For the Six Months Ended		For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	September 30,		September 30,		2023		2022	
	2023	2022	2023	2022	(dollars in thousands)	(dollars in thousands)	(dollars in thousands)	(dollars in thousands)
<b>Operating Earnings</b>								
Cement	121,42		195,49	161,12				
	\$ 9	\$ 98,779	\$ 0	\$ 7	\$ 105,566	\$ 72,315	\$ 301,056	\$ 233,442
Concrete and Aggregates	4,640	7,276	11,674	13,008	1,760	2,692	13,434	15,700
Gypsum Wallboard			176,56	173,82				
	85,705	89,761	2	9	75,063	87,335	251,625	261,164
Recycled Paperboard	7,590	5,579	14,792	9,395	7,524	7,805	22,316	17,200
<b>Sub-Total</b>	<b>219,36</b>	<b>201,39</b>	<b>398,51</b>	<b>357,35</b>				
	4	5	8	9	189,913	170,147	588,431	527,506
Corporate General and Administrative Expense	(16,576)	(13,627)	(5)	(7)	(14,201)	(12,497)	(42,456)	(37,944)
Other Non-Operating Income (Loss)	1,605	(664)	1,818	(1,299)	1,019	2,210	2,837	911
Earnings Before Interest and Income Taxes	204,39	187,10	372,08	330,61				
Taxes	3	4	1	3	176,731	159,860	548,812	490,473
Interest Expense, net			(22,44)	(15,91)				
	(10,204)	(8,580)	3)	0)	(10,128)	(8,932)	(32,571)	(24,842)
<b>Earnings Before Income Taxes</b>	<b>194,18</b>	<b>178,52</b>	<b>349,63</b>	<b>314,70</b>				
Income Taxes	\$ 9	\$ 4	\$ 8	\$ 3	\$ 166,603	\$ 150,928	\$ 516,241	\$ 465,631
<b>Cement Operating Earnings</b>								
Wholly Owned	111,08		181,98	148,87				
	\$ 3	\$ 91,623	\$ 5	\$ 3	\$ 96,281	\$ 60,938	\$ 278,266	\$ 209,811
Joint Venture	10,346	7,156	13,505	12,254	9,285	11,377	22,790	23,631
	<b>121,42</b>		<b>195,49</b>	<b>161,12</b>				
	<b>\$ 9</b>	<b>\$ 98,779</b>	<b>\$ 0</b>	<b>\$ 7</b>	<b>\$ 105,566</b>	<b>\$ 72,315</b>	<b>\$ 301,056</b>	<b>\$ 233,442</b>

Capital Expenditures											
Cement	\$ 14,487	\$ 4,893	\$ 26,757	\$ 13,879	\$ 11,571	\$ 7,278	\$ 38,288	\$ 21,157			
Concrete and Aggregates	5,854	13,688	9,074	14,340	1,207	2,128	10,281	16,468			
Gypsum Wallboard	5,452	8,391	16,480	12,470	7,386	7,307	23,866	19,777			
Recycled Paperboard	2,597	1,018	5,865	1,855	1,868	463	7,733	2,318			
Corporate and Other	1,064	345	7,277	705	403	526	7,680	1,231			
	<b>\$ 29,454</b>	<b>\$ 28,335</b>	<b>\$ 65,453</b>	<b>\$ 43,249</b>	<b>\$ 22,435</b>	<b>\$ 17,702</b>	<b>\$ 87,848</b>	<b>\$ 60,951</b>			
Depreciation, Depletion, and Amortization											
Cement	\$ 22,187	\$ 20,258	\$ 43,866	\$ 40,311	\$ 22,514	\$ 20,582	\$ 66,380	\$ 60,893			
Concrete and Aggregates	4,962	4,351	9,993	8,552	4,857	4,402	14,850	12,954			
Gypsum Wallboard	5,548	5,589	11,009	11,152	5,611	5,387	16,620	16,539			
Recycled Paperboard	3,708	3,742	7,427	7,459	3,694	3,738	11,121	11,197			
Corporate and Other	792	705	1,584	1,400	792	706	2,376	2,106			
	<b>\$ 37,197</b>	<b>\$ 34,645</b>	<b>\$ 73,879</b>	<b>\$ 68,874</b>	<b>\$ 37,468</b>	<b>\$ 34,815</b>	<b>\$ 111,347</b>	<b>\$ 103,689</b>			

	September 30,		March 31,		December 31,		March 31,				
	2023		2023		2023		2023				
	(dollars in thousands)				(dollars in thousands)						
<b>Identifiable Assets</b>											
Cement	\$ 2,014,557		\$ 1,905,227		\$ 1,997,649		\$ 1,905,227				
Concrete and Aggregates	238,440		234,767		229,998		234,767				
Gypsum Wallboard	414,747		421,425		412,092		421,425				
Recycled Paperboard	168,659		163,797		168,120		163,797				
Other, net	80,691		55,786		82,481		55,786				
	<b>\$ 2,917,094</b>		<b>\$ 2,781,002</b>		<b>\$ 2,890,340</b>		<b>\$ 2,781,002</b>				

Segment Operating Earnings, including the proportionately consolidated 50% interest in the revenue and expenses of the Joint Venture, represent Revenue, less direct operating expenses, segment Depreciation, and segment Selling, General, and Administrative expenses. We account for intersegment sales at market prices. Corporate assets consist mainly of cash and cash equivalents, general office assets, and miscellaneous other assets.

The basis used to disclose Identifiable Assets; Capital Expenditures; and Depreciation, Depletion, and Amortization conforms with the equity method, and is similar to how we disclose these accounts in our Unaudited Consolidated Balance Sheets and Unaudited Consolidated Statements of Earnings.

The segment breakdown of Goodwill is as follows:

	September 30,		March 31,		December 31,		March 31,	
	2023		2023		2023		2023	
	(dollars in thousands)				(dollars in thousands)			
Cement	\$ 227,669		\$ 215,781		\$ 227,669		\$ 215,781	
Concrete and Aggregates	40,774		40,774		40,774		40,774	
Gypsum Wallboard	116,618		116,618		116,618		116,618	
Recycled Paperboard	7,538		7,538		7,538		7,538	
	<b>\$ 392,599</b>		<b>\$ 380,711</b>		<b>\$ 392,599</b>		<b>\$ 380,711</b>	

The increase in Goodwill in the Cement segment is related to the Stockton Terminal Acquisition. The purchase price allocation is still in progress, and may affect the recorded balance of Goodwill when completed.

Summarized financial information for the Joint Venture that is not consolidated is set out below. This summarized financial information includes the total amount for the Joint Venture and not our 50% interest in those amounts:

	For the Three Months Ended September		For the Six Months Ended September		For the Three Months Ended December			
	30,		30,		31,		For the Nine Months Ended December 31,	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	\$ 57,813	\$ 50,259	\$ 112,060	\$ 102,889	\$ 53,366	\$ 55,240	\$ 165,426	\$ 158,129
Gross Margin	\$ 23,509	\$ 15,977	\$ 32,047	\$ 28,003	\$ 19,465	\$ 24,716	\$ 51,512	\$ 52,718
Earnings Before Income Taxes	\$ 20,690	\$ 14,312	\$ 27,009	\$ 24,508	\$ 18,711	\$ 22,754	\$ 45,925	\$ 47,262

	September 30,		March 31,		December 31,		March 31,	
	2023		2023		2023		2023	
	(dollars in thousands)				(dollars in thousands)			
Current Assets	\$ 102,831		\$ 88,562		\$ 104,158		\$ 88,562	
Noncurrent Assets	\$ 134,254		\$ 124,503		\$ 150,950		\$ 124,503	
Current Liabilities	\$ 31,791		\$ 29,434		\$ 40,621		\$ 29,434	

## (O) INTEREST EXPENSE

The following components are included in Interest Expense, net:

	For the Three Months Ended September				For the Three Months Ended December 31,				For the Nine Months Ended December 31,			
	30,		For the Six Months Ended September 30,		2023		2022		2023		2022	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Interest Income	\$ (215)	\$ (70)	\$ (373)	\$ (82)	\$ (150)	\$ (163)	\$ (523)	\$ (245)				
Interest Expense	9,944	8,176	21,867	15,055	9,804	8,621	31,671	23,676				
Other Expenses	475	474	949	937	474	474	1,423	1,411				
Interest Expense, net	<b>\$ 10,204</b>	<b>\$ 8,580</b>	<b>\$ 22,443</b>	<b>\$ 15,910</b>	<b>\$ 10,128</b>	<b>\$ 8,932</b>	<b>\$ 32,571</b>	<b>\$ 24,842</b>				

Interest Income includes interest earned on investments of excess cash. Components of Interest Expense include interest associated with the Revolving Credit Facility, Term Loan, Senior Unsecured Notes, and commitment fees based on the unused portion of the Revolving Credit Facility. Other Expenses include amortization of debt issuance costs and Revolving Credit Facility costs.

#### **(P) COMMITMENTS AND CONTINGENCIES**

We have certain deductible limits under our workers' compensation and liability insurance policies for which reserves are established based on the undiscounted estimated costs of known and anticipated claims. We have entered into standby letter of credit agreements relating to workers' compensation, auto, and general liability self-insurance. At **September 30, 2023** **December 31, 2023**, we had contingent liabilities under these outstanding letters of credit of approximately \$8.3 million.

In the ordinary course of business, we execute contracts involving indemnifications that are both standard in the industry and specific to a transaction, such as the sale of a business. These indemnifications may include claims relating to any of the following: environmental and tax matters; intellectual property rights; governmental regulations and employment-related matters; customer, supplier, and other commercial contractual relationships; and construction contracts and financial matters. While the maximum amount to which the Company may be exposed under such agreements cannot be estimated, management believes these indemnifications will not have a material adverse effect on our consolidated financial position, results of operations, or cash flows. We currently have no outstanding guarantees.

We are currently contingently liable for performance under **\$29.0** **29.3** million in performance bonds required by certain states and municipalities, and their related agencies. The bonds are principally for certain reclamation obligations and mining permits. We have indemnified the underwriting insurance company against any exposure under the performance bonds. In our experience, no material claims have been made against these financial instruments.

#### **(Q) FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of our long-term debt has been determined using market transactions (**level 1** inputs). The fair value of our 2.500% Senior Unsecured Notes at **September 30, 2023** **December 31, 2023**, is as follows:

	Fair Value	
	(dollars in thousands)	
2.500% Senior Unsecured Notes Due 2031	\$ 582,000	
2.500% Senior Unsecured Notes Due 2031	\$ 631,000	

The carrying values of Cash and Cash Equivalents, Accounts Receivable, Accounts Payable, and Accrued Liabilities approximate their fair values at **September 30, 2023** **December 31, 2023**, due to the short-term maturities of these assets and liabilities. The fair value of our Revolving Credit Facility and Term Loan also approximates the carrying value at **September 30, 2023** **December 31, 2023**.

#### **ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

## EXECUTIVE SUMMARY

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We are a leading manufacturer of heavy construction materials and light building materials in the United States. Our primary products, Portland Cement, portland cement and Gypsum Wallboard, gypsum wallboard, are commodities that are essential in commercial and residential construction; public construction projects; and projects to build, expand, and repair roads and highways. Demand for our products is generally cyclical and seasonal, depending on economic and geographic conditions. We distribute our products throughout most of the United States, except the Northeast, which provides us with regional economic diversification. However, general economic downturns or localized downturns in the regions where we have operations may have a material adverse effect on our business, financial condition, and results of operations.

Our business is organized into two sectors: Heavy Materials, which includes the Cement and Concrete and Aggregates segments; and Light Materials, which includes the Gypsum Wallboard and Recycled Paperboard segments. Financial results and other information for the three and six nine months ended September 30, 2023 December 31, 2023 and 2022, are presented on a consolidated basis and by these business segments – Cement, Concrete and Aggregates, Gypsum Wallboard, and Recycled Paperboard.

We conduct one of our cement operations through a joint venture, Texas Lehigh Cement Company LP, which is located in Buda, Texas (the Joint Venture). We own a 50% interest in the Joint Venture and account for our interest under the equity method of accounting. We proportionately consolidate our 50% share of the Joint Venture's Revenue and Operating Earnings in the presentation of our Cement segment, which is the way management organizes the segments within the Company for making operating decisions and assessing performance.

All our business activities are conducted in the United States. These activities include the mining of limestone for the manufacture, production, distribution, and sale of portland cement, including portland limestone cement (a basic construction material that is the essential binding ingredient in concrete); the grinding and sale of slag; the mining of gypsum for the manufacture and sale of gypsum wallboard; the manufacture and sale of recycled paperboard to the gypsum wallboard industry and other paperboard converters; the sale of readymix concrete; and the mining and sale of aggregates (crushed stone, sand, and gravel).

In April 2023, we assumed operation of our quarry in Battletown, Kentucky (Battletown Aggregates). Our Battletown quarry is primarily used to supply our Kosmos Cement plant with limestone; however, beginning in April 2023, we also began selling a portion of the mined materials as aggregates. Battletown Aggregates is included in our Heavy Materials sector, in the Concrete and Aggregates business segment.

On May 3, 2023, we finalized the Stockton Terminal Acquisition. The purchase price of the Stockton Terminal Acquisition was approximately \$55.1 million. The Stockton Terminal Acquisition is included in our Heavy Materials sector, in the Cement business segment. See Footnote (B) in the Unaudited Consolidated Financial Statements for more information regarding the Stockton Terminal Acquisition.

## MARKET CONDITIONS AND OUTLOOK

During the first half nine months of fiscal 2024, our end markets generally remained resilient stable despite higher interest rates and persistent shifting economic conditions brought on by US monetary policy in response to inflation. Construction activity in most of our regional markets continued to outpace the national average. During the first half of fiscal 2024, be steady. Sales Volume in our Cement business, excluding volume related to the Stockton Acquisition, declined 5%, as did remained relatively flat for the first nine months of fiscal 2024. Sales Volume in our Gypsum Wallboard business, business declined 4% over the same time period. The decline in Sales Volume in our Cement business during the first half of fiscal 2024 was due mostly to weather conditions, while the decline in Sales Volume in Gypsum Wallboard was due to the slow down slowdown in residential construction. Despite the declines, this decline, our overall sales volume remains historically strong.

### Demand Outlook

The principal end-use market of Cement is public infrastructure (i.e. roads, bridges, and highways). Our Cement business remains in a near sold-out position. We expect position, and several factors indicate cement demand for cement to will remain strong with strong. First, the Inflation Reduction and Infrastructure Investment and Jobs Acts have resulted in increased federal funding from the Infrastructure Investments and Jobs Act for public construction and repair projects; continued high projects. At the same time, state budget allocations from state budgets for additional infrastructure projects; projects remain high. Finally, passage of the CHIPS and Science Act is leading to growth in heavy industrial and manufacturing projects. Despite underlying growth in demand, our ability to increase Cement sales volume from our existing facilities is limited, because our integrated cement sales network, which stretches across the U.S. heartland, is operating at high utilization levels.

The principal end use for Gypsum Wallboard is residential housing, consisting of new construction (both single-family and multi-family homes) as well as repair and remodel. Our Gypsum Wallboard shipments and orders, while down 5% 4% for the first six nine months of fiscal 2024, were down only 1% for the quarter ended

December 31, 2023, both compared with similar periods in the prior year, and remain historically strong. Residential construction activity remains resilient continued at a healthier pace than expected as the market balances continues to balance affordability challenges related primarily to higher interest rates with chronic supply shortages and strong demand, resultant demand for new homebuilding. Our Recycled Paperboard business sells paper primarily into the gypsum wallboard market, and demand for our paper generally follows the demand for gypsum wallboard.

#### Cost Outlook

We are well-positioned to manage our cost structure and meet our customers' needs during the second half remainder of the fiscal year. Our substantial raw material reserves for our Cement, Aggregates, and Gypsum Wallboard businesses, and their proximity to our respective manufacturing facilities, support our low-cost producer position across all our business segments.

Energy and freight costs increased in all our businesses during fiscal 2023. While In the first nine months of fiscal 2024, our natural gas costs have recently declined and freight costs have stabilized compared with the prior year; however, our solid fuel costs, which are the primary energy costs in manufacturing cement, continue to increase in fiscal 2024 compared with fiscal 2023. Our maintenance costs have increased during fiscal 2024 from fiscal 2023 due to the inflation in repair parts and contractor services, and we expect these amounts to remain elevated.

The primary raw material used to produce recycled paperboard is old corrugated containers (OCC). Prices for OCC stabilized toward the end of fiscal 2023. OCC prices increased slightly during the first half nine months of fiscal 2024, and we anticipate OCC pricing to remain relatively stable in the near term. Our current customer contracts for gypsum liner include price adjustments that partially compensate for changes in raw material fiber prices. However, because these price adjustments are not realized until future quarters, costs in our Gypsum Wallboard segment are likely to be adjusted in the period that these price changes are realized.

## RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, DECEMBER 31, 2023 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, DECEMBER 31, 2022

	For the Three Months Ended September 30,			For the Three Months Ended December 31,				
	2023		2022	Change	2023		2022	
	(dollars in thousands, except per share)				(dollars in thousands, except per share)			
Revenue	\$ 622,236	\$ 605,068		3 %	\$ 558,833	\$ 511,487		9 %
Cost of Goods Sold	(413,218)	(410,829)		1 %	(378,205)	(352,717)		7 %
Gross Profit	209,018	194,239		8 %	180,628	158,770		14 %
Equity in Earnings of Unconsolidated								
Joint Venture	10,346	7,156		45 %	9,285	11,377		(18) %
Corporate General and								
Administrative Expense	(16,576)	(13,627)		22 %	(14,201)	(12,497)		14 %
Other Non-Operating Loss	1,605	(664)		(342) %				
Other Non-Operating Income					1,019	2,210		(54) %
Interest Expense, net	(10,204)	(8,580)		19 %	(10,128)	(8,932)		13 %
Earnings Before Income Taxes	194,189	178,524		9 %	166,603	150,928		10 %
Income Tax Expense	(43,636)	(39,529)		10 %	(37,465)	(33,744)		11 %
Net Earnings	\$ 150,553	\$ 138,995		8 %	\$ 129,138	\$ 117,184		10 %
Diluted Earnings per Share	\$ 4.26	\$ 3.72		15 %	\$ 3.72	\$ 3.20		16 %

#### REVENUE

Revenue increased by **\$17.1 million** **\$47.3 million**, or **3%** **9%**, to **\$622.2 million** **\$558.3 million** for the three months ended **September 30, 2023** **December 31, 2023**. Battletown Aggregates and the Stockton Terminal Acquisition contributed **\$2.4 million** **\$2.0 million** and **\$13.0 million** **\$11.2 million** of Revenue, respectively, during the three months ended **September 30, 2023** **December 31, 2023**. Excluding Battletown Aggregates and the Stockton Terminal Acquisition, Revenue increased by **\$1.7 million** **\$34.1 million**. This was due to higher gross sales prices and Sales Volume, which positively affected Revenue by **\$43.3 million** **\$26.0 million** and **\$8.1 million**, partially offset by lower Sales Volume, which adversely affected Revenue by approximately **\$41.6 million** respectively.

#### COST OF GOODS SOLD

Cost of Goods Sold increased by **\$2.4 million** **\$25.5 million**, or **1%** **7%**, to **\$413.2 million** **\$378.2 million** for the three months ended **September 30, 2023** **December 31, 2023**. Battletown Aggregates and the Stockton Terminal Acquisition contributed **\$2.7 million** **\$2.6 million** and **\$13.2 million** **\$11.3 million** of Cost of Goods Sold, respectively, during the three months ended **September 30, 2023** **December 31, 2023**. Excluding Battletown Aggregates and the Stockton Terminal Acquisition, Cost of Goods Sold decreased increased by **\$13.5 million** **\$11.6 million**, or 3%. The decline increase was due to lower higher Sales Volume of **\$30.2 million**, partially offset by higher and increased operating costs of **\$16.7 million** **\$4.1 million** and **\$7.5 million**, respectively. Higher operating costs were primarily related to our Cement and Concrete and Aggregates businesses and are discussed further in the segment analysis.

#### GROSS PROFIT

Gross Profit increased **8%** **14%** to **\$209.0 million** **\$180.6 million** during the three months ended **September 30, 2023** **December 31, 2023**. The increase was primarily related to higher gross sales prices and Sales Volume, partially offset by lower Sales Volume and increased operating costs. The gross margin expanded to **34%** **32%**, with higher gross sales prices being partially offset by a rise in operating costs.

#### EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURE

Equity in Earnings of our Unconsolidated Joint Venture increased **\$3.1 million** decreased **\$2.1 million**, or **45%** **18%**, for the three months ended **September 30, 2023** **December 31, 2023**. The increase decrease was primarily due to higher operating expense and lower Sales Volume, which reduced earnings by approximately **\$2.2 million** and **\$0.8 million**, respectively. This was partially offset by higher gross sales prices, and Sales Volume, which increased earnings by approximately **\$2.9 million** **\$0.9 million**. The increase in operating expense was due primarily to freight, energy, and **\$0.2 million** maintenance costs of **\$0.8 million**, respectively, while operating costs remained relatively flat. **\$0.6 million**, and **\$0.4 million**, respectively.

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#### CORPORATE GENERAL AND ADMINISTRATIVE EXPENSE

Corporate General and Administrative expenses Expense increased by approximately **\$3.0 million** **\$1.7 million**, or **22%** **14%**, for the three months ended **September 30, 2023** **December 31, 2023**. The increase was primarily due to higher salary and incentive compensation, information technology upgrades, and legal and professional expenses of **\$0.7 million** **\$0.4 million**, **\$0.9 million**, and **\$0.7 million** **\$0.3 million**, respectively. The increase in incentive compensation was due to higher earnings compared with the prior year.

#### OTHER NON-OPERATING INCOME

Other Non-Operating Income consists of a variety of items that are unrelated to segment operations and include non-inventoried Aggregates income, asset sales, and other miscellaneous income and cost items.

#### INTEREST EXPENSE, NET

Interest Expense, net increased by approximately **\$1.6 million** **\$1.2 million**, or **19%** **13%**, during the three months ended **September 30, 2023** **December 31, 2023**. This was primarily due to higher interest on our revolving credit facility, which was mostly related to higher interest rates on our borrowings.

#### EARNINGS BEFORE INCOME TAXES

Earnings Before Income Taxes increased to **\$194.2 million** **\$166.6 million** during the three months ended **September 30, 2023** **December 31, 2023**, primarily because of higher Gross Profit and Equity in Earnings of Unconsolidated Joint Venture, Profit. This was partially offset by higher Corporate General and Administrative Expense and Interest Expense. Expense as well as lower Equity in Earnings of Unconsolidated Joint Venture.

## INCOME TAX EXPENSE

Income Tax Expense was \$43.6 million \$37.5 million for the three months ended September 30, 2023 December 31, 2023, compared with \$39.5 million \$33.7 million for the three months ended September 30, 2022 December 31, 2022. The effective tax rate increased to 23% from 22% remained consistent with the prior-year period. The increase was primarily due to state income taxes.

## NET EARNINGS

Net Earnings increased 8% 10% to \$150.6 million \$129.1 million for the three months ended September 30, 2023 December 31, 2023, as discussed above.

## RESULTS OF OPERATIONS

**SIX NINE MONTHS ENDED SEPTEMBER 30, 2023 DECEMBER 31, 2023 COMPARED WITH SIX NINE MONTHS ENDED SEPTEMBER 30, 2022 DECEMBER 31, 2022**

	For the Six Months Ended September 30,			For the Nine Months Ended December 31,				
	2023		2022	Change	2023		2022	
	(dollars in thousands, except per share)				(dollars in thousands, except per share)			
Revenue	\$ 1,223,757	\$ 1,166,455		5%	\$ 1,782,590	\$ 1,677,942		6%
Cost of Goods Sold	(838,744)	(821,350)		2%	(1,216,949)	(1,174,067)		4%
Gross Profit	385,013	345,105		12%	565,641	503,875		12%
Equity in Earnings of Unconsolidated								
Joint Venture	13,505	12,254		10%	22,790	23,631		(4)%
Corporate General and Administrative								
Expense	(28,255)	(25,447)		11%	(42,456)	(37,944)		12%
Other Non-Operating Income (Loss)	1,818	(1,299)		(240)%				
Other Non-Operating Income					2,837	911		211%
Interest Expense, net	(22,443)	(15,910)		41%	(32,571)	(24,842)		31%
Earnings Before Income Taxes	349,638	314,703		11%	516,241	465,631		11%
Income Tax Expense	(78,236)	(70,703)		11%	(115,701)	(104,447)		11%
Net Earnings	\$ 271,402	\$ 244,000		11%	\$ 400,540	\$ 361,184		11%
Diluted Earnings per Share	\$ 7.66	\$ 6.46		19%	\$ 11.38	\$ 9.66		18%

## REVENUE

Revenue increased by \$57.4 million \$104.7 million, or 5% 6%, to \$1,223.7 million \$1,782.6 million for the six nine months ended September 30, 2023 December 31, 2023. Battletown Aggregates and the Stockton Terminal Acquisition contributed \$4.1 million \$6.2 million and \$19.5 million \$32.5 million of Revenue, respectively, during the six nine months ended September 30, 2023 December 31, 2023. Excluding Battletown Aggregates and the Stockton Terminal Acquisition, Revenue increased by \$33.8 million \$66.0 million, or 3% 4%. This was due to higher gross sales prices, which positively affected Revenue by \$91.7 million \$120.4 million, partially offset by lower Sales Volume, which adversely affected Revenue by approximately \$57.9 million \$54.4 million.

## COST OF GOODS SOLD

Cost of Goods Sold increased by \$17.3 million \$42.8 million, or 2% 4%, to \$838.7 million \$1,216.9 million for the six nine months ended September 30, 2023 December 31, 2023. Battletown Aggregates and the Stockton Terminal Acquisition contributed \$4.2 million \$6.9 million and \$21.5 million \$34.6 million of Cost of Goods Sold, respectively, during the six nine months ended September 30, 2023 December 31, 2023. Excluding Battletown Aggregates and the Stockton Terminal Acquisition, Cost of Goods Sold decreased increased by \$8.4 million, or 1% \$1.3 million. The decline increase was due to higher operating costs of \$42.6 million, partially offset by lower

Sales Volume of \$42.7 million, partially offset by higher operating costs of \$34.3 million \$41.3 million. Higher operating costs were primarily related to our Cement and Concrete and Aggregates businesses and are discussed further in the segment analysis.

#### **GROSS PROFIT**

Gross Profit increased 12% to \$385.0 million \$565.6 million during the six nine months ended September 30, 2023 December 31, 2023. The increase was primarily related to higher gross sales prices, partially offset by lower Sales Volume and increased operating costs. The gross margin expanded to 31% 32%, with higher gross sales prices being partially offset by a rise in operating costs.

#### **EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURE**

Equity in Earnings of our Unconsolidated Joint Venture increased \$1.2 million decreased \$0.8 million, or 10% 4%, for the six nine months ended September 30, 2023 December 31, 2023. The increase decrease was primarily due to higher gross sales prices, which positively affected earnings by \$7.1 million. This was partially offset by higher operating costs expense and lower Sales Volume, which adversely affected earnings by approximately \$5.2 million \$8.0 million and \$0.6 million \$1.5 million, respectively. This was partially offset by higher gross sales prices, which increased earnings by approximately \$8.7 million. The increase in operating costs expense was primarily related to extended equipment downtime that reduced production and resulted in higher maintenance expenses cost of approximately \$2.8 million, as well as purchased cement, freight, and energy costs which reduced operating earnings \$1.0 million by \$1.3 million, \$1.2 million, and \$0.8 million, respectively.

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#### **CORPORATE GENERAL AND ADMINISTRATIVE EXPENSE**

Corporate General and Administrative expenses Expense increased by approximately \$2.9 million \$4.6 million, or 11% 12%, for the six nine months ended September 30, 2023 December 31, 2023. The increase was primarily due to higher salary and incentive compensation, information technology upgrades, and legal and professional expenses of \$1.5 million \$1.7 million, \$0.9 million \$1.4 million, and \$0.5 million \$1.4 million, respectively. The increase in incentive compensation was due to higher earnings compared with the prior year, while the increase in legal and professional expense was primarily related to the Stockton Acquisition.

#### **OTHER NON-OPERATING INCOME**

Other Non-Operating Income consists of a variety of items that are unrelated to segment operations and include non-inventoried Aggregates income, asset sales, and other miscellaneous income and cost items.

#### **INTEREST EXPENSE, NET**

Interest Expense, net increased by approximately \$6.5 million \$7.8 million, or 41% 31%, during the six nine months ended September 30, 2023 December 31, 2023. This was primarily due to approximately \$6.9 million \$7.9 million of higher interest on our revolving credit facility, which was related to increased average outstanding borrowings and higher interest rates, partially offset by increased interest income on cash deposits.

#### **EARNINGS BEFORE INCOME TAXES**

Earnings Before Income Taxes increased to \$349.6 million \$516.2 million during the six nine months ended September 30, 2023 December 31, 2023, primarily because of higher Gross Profit and Equity in Earnings of Unconsolidated Joint Venture. Profit. This was partially offset by higher Corporate General and Administrative Expense and Interest Expense. Expense as well as lower Equity in Earnings of Unconsolidated Joint Venture.

#### **INCOME TAX EXPENSE**

Income Tax Expense was \$78.2 million \$115.7 million for the six nine months ended September 30, 2023 December 31, 2023, compared with \$70.7 million \$104.4 million for the six nine months ended September 30, 2022 December 31, 2022. The effective tax rate of 22% remained consistent with the prior-year period.

#### **NET EARNINGS**

Net Earnings increased 11% to \$271.4 million \$400.5 million for the six nine months ended September 30, 2023 December 31, 2023, as discussed above.

THREE AND **SIX NINE** MONTHS ENDED **SEPTEMBER 30, 2023** **DECEMBER 31, 2023** vs. THREE AND **SIX NINE** MONTHS ENDED **SEPTEMBER 30, 2022** **DECEMBER 31, 2022** BY SEGMENT

The following presents results within our two business sectors for the three and **six nine** months ended **September 30, 2023** **December 31, 2023**, and 2022. Revenue and operating results are organized by sector and discussed by individual business segments.

**Heavy Materials**

**CEMENT** <sup>(1)</sup>

	For the Three Months				For the Six Months				For the Three Months Ended				For the Nine Months Ended			
	Ended September 30,		Ended September 30,		Ended September 30,		Ended September 30,		December 31,		December 31,		December 31,		December 31,	
			Percentage				Percentage				Percentage				Percentage	
	2023	2022	Change	2023	2022	Change	2023	2022	2023	2022	Change	2023	2022	Change	2023	2022
(in thousands, except per ton information)																
Revenue, including Intersegment and Joint Venture	360	319		689	603		\$ 308,654	\$ 256,313		\$ 998,437	\$ 860,289					16 %
Less Intersegment Revenue	(9,2)	(12,		(19,	(18,		(7,804)	(7,719)		(27,192)	(26,371)					3 %
Less Joint Venture Revenue	51	361	(25)%	388	652	4 %	(26,683)	(27,620)	(3)%	(82,713)	(79,065)					5 %
Revenue	322	281		614	533		\$ 274,167	\$ 220,974		\$ 888,532	\$ 754,853					18 %
Sales Volume (M Tons)	2,1	2,1		4,1	4,1		1,824	1,699	7 %	5,966	5,837					2 %
Freight and Delivery Costs billed to Customers	(17,	(18,		(35,	(36,		\$ (16,944)	\$ (12,910)		\$ (52,344)	\$ (48,922)					7 %
Average Net Sales Price, per ton <sup>(2)</sup>	151	132		149	130		\$ 151.32	\$ 134.36		\$ 150.20	\$ 131.44					14 %

Operating Margin, per ton	57.	46.	47.	38.											
	\$ 04	\$ 05	24 %	\$ 20	\$ 94	21 %	\$ 57.88	\$ 42.56	36 %	\$ 50.46	\$ 39.99			26 %	
Operating Earnings	121			195	161										
	,42	98,		,49	,12										
	\$ 9	\$ 779	23 %	\$ 0	\$ 7	21 %	\$ 105,566	\$ 72,315	46 %	\$ 301,056	\$ 233,442			29 %	

(1) Total of wholly owned subsidiaries and proportionately consolidated 50% interest of the Joint Venture's results.

(2) Net of freight per ton, including Joint Venture.

#### Three months ended September 30, 2023 December 31, 2023

Cement Revenue was \$360.8 million \$308.7 million, a 13% 20% increase, for the three months ended September 30, 2023 December 31, 2023. Excluding Intersegment Revenue and the Stockton Terminal Acquisition, Revenue increased \$31.4 million \$41.1 million, or 10% 17%, for the three months ended September 30, 2023 December 31, 2023. The increase was primarily due to higher gross sales prices and Sales Volume, which improved Cement Revenue by approximately \$34.6 million and \$6.5 million, respectively.

Cement Operating Earnings increased by \$33.3 million to \$105.6 million for the three months ended December 31, 2023. Excluding the Stockton Terminal Acquisition, Operating Earnings increased by \$33.4 million. The increase was due to higher gross sales prices and Sales Volume of \$34.5 million and \$1.5 million, respectively. This was partially offset by higher operating costs of \$2.7 million. Higher operating costs were primarily due to increased energy costs of approximately \$2.4 million. The Operating Margin increased to 34% from 28%, as a result of higher gross sales prices, partially offset by higher operating expenses.

#### Nine months ended December 31, 2023

Cement Revenue was \$998.4 million, a 16% increase, for the nine months ended December 31, 2023. Excluding Intersegment Revenue and the Stockton Terminal Acquisition, Revenue increased \$104.8 million, or 13%, for the nine months ended December 31, 2023. The increase was primarily due to higher gross sales prices, which improved Cement Revenue by approximately \$46.9 million \$120.2 million, partially offset by lower Sales Volume from legacy cement plants of \$15.5 million \$15.4 million.

Cement Operating Earnings increased by \$22.6 million \$67.7 million to \$121.4 million \$301.1 million for the three nine months ended September 30, 2023 December 31, 2023. Excluding the Stockton Terminal Acquisition, Operating Earnings increased by \$22.8 million \$69.8 million, or 23% 30%. The increase was due to higher gross sales prices of \$46.9 million \$120.2 million. This was partially offset by lower Sales Volume and higher operating costs of \$5.1 million \$4.3 million and \$19.0 million \$46.1 million, respectively. Higher operating costs were primarily due to increased maintenance, fuel, purchased raw materials, energy, and fixed costs which includes depreciation, of approximately \$5.9 million \$24.0 million, \$4.5 million \$11.6 million, \$2.8 million \$3.8 million, and \$4.1 million, respectively. The Operating Margin increased to 34% from 31%, as a result of higher gross sales prices, partially offset by the higher operating expenses.

#### Six months ended September 30, 2023

Cement Revenue was \$689.8 million, a 14% increase, for the six months ended September 30, 2023. Excluding Intersegment Revenue and the Stockton Terminal Acquisition, Revenue increased \$65.5 million, or 11%, for the six months ended September 30, 2023. The increase was primarily due to higher gross sales prices, which improved Cement Revenue by approximately \$87.2 million, partially offset by lower Sales Volume from legacy cement plants of \$21.7 million.

Cement Operating Earnings increased by \$34.4 million to \$195.5 million for the six months ended September 30, 2023. Excluding the Stockton Terminal Acquisition, Operating Earnings increased by \$36.4 million, or 23%. The increase was due to higher gross sales prices of \$87.2 million. This was partially offset by lower Sales Volume and higher operating costs of \$12.4 million and \$38.4 million, respectively. Higher operating costs were primarily due to increased maintenance, purchased raw materials, and energy expenses of approximately \$24.4 million, \$6.2 million, and \$3.5 million \$2.8 million, respectively. The Operating Margin increased to 28% 30% from 27%, as a result of higher gross sales prices, partially offset by higher operating expenses.

	For the Three Months			For the Six Months			For the Three Months Ended			For the Nine Months Ended		
	Ended			Ended			December 31,			December 31,		
	September 30,			September 30,			December 31,			December 31,		
	2023	2022	Percent age Change	2023	2022	Percent age Change	2023	2022	Percentage Change	2023	2022	Percentage Change
(in thousands, except net sales prices)												
Revenue, including Intersegm ent	69,	69,		140	131		\$ 61,186	\$ 55,176	11%	\$ 201,526	\$ 186,407	8%
Less Intersegm ent	(3,			(6,8			(3,414)		—	(10,235)		—
Revenue	783)	—	—	21)	—	—			—			—
Revenue	66,	69,		133	131		\$ 57,772	\$ 55,176	5%	\$ 191,291	\$ 186,407	3%
	\$ 104	\$ 613	(5)%	\$ 9	\$ 1	2%						
Sales Volume												
M Cubic Yards of Concre te	362	451	(20)%	747	857	(13)%	308	353	(13)%	1,055	1,210	(13)%
M Tons of Aggreg ate	1,1			2,3	1,7		1,034	626	65%	3,362	2,333	44%
Average Net Sales Price	71	912	28%	28	07	36%						
Concre te - Per Cubic Yard	14			143	131		\$ 149.54	\$ 134.42	11%	\$ 145.29	\$ 132.46	10%
Aggreg ates - Per Ton	5.3	134	8%	\$ .55	\$ .65	9%	\$ 11.18	\$ 11.70	(4)%	\$ 11.20	\$ 11.21	—
Operating Earnings	11.	10.		11.	11.							
	\$ 15	\$ 87	3%	\$ 21	\$ 05	1%						
	4,6	7,2		11,	13,							
	\$ 40	\$ 76	(36)%	\$ 674	\$ 008	(10)%	\$ 1,760	\$ 2,692	(35)%	\$ 13,434	\$ 15,700	(14)%

Three months ended September 30, 2023 December 31, 2023

Concrete and Aggregates Revenue remained relatively flat at \$69.9 million increased 11% to \$61.2 million for the three months ended September 30, 2023 December 31, 2023. Excluding Intersegment Revenue and Battletown Aggregates, Revenue declined \$5.8 million increased \$0.6 million. The decline increase was due to higher gross

sales prices in Concrete of \$4.7 million and higher Sales Volume in Aggregates of \$2.1 million. This was partially offset by lower Sales Volume primarily in Concrete, which reduced Revenue by \$12.0 million \$6.2 million.

Operating Earnings were approximately \$1.8 million, a 35% decrease. Excluding Battletown Aggregates, Operating Earnings were \$2.3 million, a decrease of \$0.4 million. The decrease in Operating Earnings was due to higher operating costs of \$5.6 million. This was partially offset by higher gross sales prices of \$6.2 million.

Operating Earnings were approximately \$4.6 million, a 36% decrease. Excluding Battletown Aggregates, Operating Earnings were \$5.0 million. The decrease in Operating Earnings was due to lower Sales Volume of \$4.7 million and higher operating costs of \$0.5 million and \$8.0 million, respectively. This was partially offset by higher gross selling prices of \$6.2 million. The increase in operating costs was primarily due to higher cost of materials and maintenance expenses of approximately \$3.7 million and \$2.3 million, respectively, \$5.7 million.

#### **Six Nine months ended September 30, 2023 December 31, 2023**

Concrete and Aggregates Revenue was \$140.3 million \$201.5 million for the six nine months ended September 30, 2023 December 31, 2023. Excluding Intersegment Revenue and Battletown Aggregates, Revenue declined \$1.8 million \$1.3 million. The decrease was due to lower Sales Volume, primarily in Concrete, which reduced Revenue by \$13.1 million \$17.2 million. This was partially offset by higher gross sales prices of \$11.3 million \$15.9 million.

Operating Earnings were approximately \$11.7 million \$13.4 million, a 10% 14% decrease. Excluding Battletown Aggregates, Operating Earnings decreased to \$1.2 million were \$14.1 million, a decrease of \$1.6 million. The decline in Operating Earnings was due to lower Sales Volume and higher operating costs of \$0.3 million and \$12.2 million, respectively, \$17.8 million. This was partially offset by higher gross selling sales prices and Sales Volume of \$11.3 million, \$15.9 million and \$0.3 million, respectively. The increase in operating costs was primarily due to higher cost of materials, maintenance, and maintenance expenses fixed costs of approximately \$7.1 million \$13.6 million, \$5.5 million \$2.5 million, and \$2.0 million, respectively. This was partially offset by the impact of recording acquired inventories at fair value of \$1.2 million in the first quarter of fiscal 2022.

#### **Light Materials**

##### **GYPSUM WALLBOARD**

	For the Three Months				For the Six Months				For the Three Months Ended				For the Nine Months Ended			
	Ended		Ended		Ended		Ended		December 31,		December 31,		December 31,		December 31,	
	September 30,		September 30,		September 30,		September 30,		December 31,		December 31,		December 31,		December 31,	
	2023	2022	Perce	ntage	2023	2022	Perce	ntage	2023	2022	Change	Percentage	2023	2022	Change	Percentage
	(in thousands, except per MSF information)		(in thousands, except per MSF information)		(in thousands, except per MSF information)		(in thousands, except per MSF information)		(in thousands, except per MSF information)		(in thousands, except per MSF information)		(in thousands, except per MSF information)		(in thousands, except per MSF information)	
Revenue	209	224			428	440			\$ 200,969	\$ 212,016		(5)%	\$ 629,299	\$ 652,981		(4)%
	,23	,63			,33	,96										
	\$ 3	\$ 8	(7)%		\$ 0	\$ 5	(3)%									
Sales																
Sales																
Volume																
(MMSF)	733	783	(6)%		96	81	(5)%		722	728		(1)%	2,218	2,309		(4)%

<b>Freight and Delivery Costs billed to Customers</b>	<b>(37,</b>	<b>(41,</b>	<b>(9)%</b>	<b>(76,</b>	<b>(83,</b>	<b>(9)%</b>	<b>\$ (36,569)</b>	<b>\$ (38,238)</b>	<b>(4)%</b>	<b>\$ (112,979)</b>	<b>\$ (121,778)</b>	<b>(7)%</b>
<b>Average Net Sales Price, per MSF <sup>(1)</sup></b>	<b>233</b>	<b>233</b>		<b>235</b>	<b>226</b>		<b>\$ 227.78</b>	<b>\$ 238.51</b>	<b>(4)%</b>	<b>\$ 232.79</b>	<b>\$ 230.01</b>	<b>1%</b>
<b>Freight, per MSF</b>	<b>51.</b>	<b>53.</b>		<b>51.</b>	<b>52.</b>		<b>\$ 50.65</b>	<b>\$ 52.52</b>	<b>(4)%</b>	<b>\$ 50.94</b>	<b>\$ 52.74</b>	<b>(3)%</b>
<b>Operating Margin, per MSF</b>	<b>116</b>	<b>114</b>		<b>118</b>	<b>109</b>		<b>\$ 103.97</b>	<b>\$ 119.97</b>	<b>(13)%</b>	<b>\$ 113.45</b>	<b>\$ 113.11</b>	<b>—</b>
<b>Operating Earnings</b>	<b>85,</b>	<b>89,</b>		<b>,56</b>	<b>,82</b>		<b>\$ 75,063</b>	<b>\$ 87,335</b>	<b>(14)%</b>	<b>\$ 251,625</b>	<b>\$ 261,164</b>	<b>(4)%</b>
	<b>\$ 705</b>	<b>\$ 761</b>	<b>(5)%</b>	<b>\$ 2</b>	<b>\$ 9</b>	<b>2%</b>						

(1) Net of freight per MSF.

#### Three months ended September 30, 2023 December 31, 2023

Gypsum Wallboard Revenue was \$209.2 million \$201.0 million, a 7% 5% decrease, for the three months ended September 30, 2023 December 31, 2023. The decrease was primarily due to lower gross sales prices and Sales Volume, which reduced Revenue by \$1.1 million, \$9.3 million and \$14.3 million \$1.7 million, respectively. Our market share remained relatively consistent during the three months ended September 30, 2023 December 31, 2023.

Operating Earnings decreased 5% 14% to \$85.7 million \$75.1 million, primarily because of lower gross sales prices and Sales Volume, partially offset by lower as well as higher operating costs. The decline in gross sales prices and Sales Volume negatively affected Operating Earnings by approximately \$1.1 million \$9.3 million and \$5.7 million \$0.7 million, respectively. This respectively, while the higher operating costs decreased Operating Earnings by approximately \$2.3 million. The increase in operating costs was primarily related to maintenance, input costs, and wage expense \$1.8 million, \$0.4 million, and \$1.1 million, respectively, partially offset by lower operating energy costs which increased Operating Earnings by approximately \$2.7 million. Lower operating costs were primarily related to freight, energy and purchased raw materials, which increased Operating Earnings by approximately \$1.1 million, \$3.0 million and \$2.0 million, respectively. This was partially offset by higher maintenance of \$0.9 million and wage expense of \$1.9 million \$1.3 million. Operating Margin increased decreased to 40% 37% for the three months ended September 30, 2023 December 31, 2023, primarily because of lower higher operating costs partly offset by and lower gross sales prices. Fixed costs are not a significant portion of the overall cost of wallboard; therefore, changes in utilization have a relatively minor impact on our operating cost per unit.

#### Six Nine months ended September 30, 2023 December 31, 2023

Gypsum Wallboard Revenue was \$428.3 million \$629.3 million, a 3% 4% decrease, for the six nine months ended September 30, 2023 December 31, 2023. The decrease was primarily due to lower Sales Volume, which reduced Revenue by \$23.7 million \$25.7 million, partially offset by higher gross sales prices, which increased Revenue by \$11.1 million \$2.1 million. Our market share remained relatively consistent during the three nine months ended September 30, 2023 December 31, 2023.

Operating Earnings increased 2% decreased 4% to \$176.6 million \$251.6 million, primarily because of higher gross sales prices lower Sales Volume and lower higher operating costs of \$11.1 million \$10.3 million and \$1.0 million \$1.3 million, respectively. This was partially offset by lower Sales Volume, which adversely affected Operating Earnings by approximately \$9.3 million. Lower operating costs were primarily related to energy, higher gross sales prices, which increased Operating Earnings by approximately \$8.1 million. This was partially offset by higher maintenance of \$2.5 million and fixed costs of \$4.8 million \$2.1 million. Operating Margin increased to 41% remained consistent at 40% for the six nine months ended September 30, 2023 December 31, 2023, primarily because of higher gross sales prices and lower offset the increase in operating expenses. Fixed costs are not a significant portion of the overall cost of wallboard; therefore, changes in utilization have a relatively minor impact on our operating cost per unit.

## RECYCLED PAPERBOARD

	For the Three Months			For the Six Months			For the Three Months Ended			For the Nine Months Ended		
	Ended September 30,		Percen	Ended September 30,		Perce	December 31,		December 31,		December 31,	
	2023	2022	age	2023	2022	ntage	2023	2022	Change	2023	2022	Percentage
(in thousands, except per ton information)												
Revenue, including intersegment	43,016	53,673	(20)%	88,344	74,6	(18)%	107					
Less intersegment	(18,710)	(24,825)	(25)%	(40,1)	(47,366)	(14)%						
Revenue	24,24,28,	28,848	(16)%	47,543	60,380	(21)%	\$ 47,053	\$ 47,774	(2)%	\$ 135,397	\$ 155,520	(13)%
Intersegment												
Less Intersegment							(21,128)	(24,453)	(14)%	(61,929)	(71,819)	(14)%
Revenue	\$ 306	\$ 848		\$ 543	\$ 380		\$ 25,925	\$ 23,321	11%	\$ 73,468	\$ 83,701	(12)%
Sales Volume (M Tons)	80	85	(6)%	163	169	(4)%	84	77	9%	247	246	—
Freight and Delivery												
Costs billed to Customers	\$ (6)	\$ 69	0%	\$ 5	\$ 18	(88)%	\$ (3)	\$ (2,007)	(100)%	\$ (608)	\$ (7,025)	(91)%
Average Net Sales Price, per ton <sup>(1)</sup>	\$ .28	\$ .62	(10)%	\$ 5	\$ .73	(11)%	\$ 559.49	\$ 594.93	(6)%	\$ 546.21	\$ 603.73	(10)%
Freight, per ton	0.0	29.	(10)	3.7	29.							
Operating Margin, per ton	\$ 8	\$ 05	0%)	\$ 1	\$ 69	(87)%						
Operating Earnings	94.	65.		90.	55.							
Operating Earnings	\$ 88	\$ 64	45%	\$ 75	\$ 59	63%	\$ 89.57	\$ 101.36	(12)%	\$ 90.35	\$ 69.92	29%
Earnings	7.5	5.5		14,	9.3							
	\$ 90	\$ 79	36%	\$ 792	\$ 95	57%	\$ 7,524	\$ 7,805	(4)%	\$ 22,316	\$ 17,200	30%

(1) Net of freight per ton.

### Three months ended September 30, 2023 December 31, 2023

Recycled Paperboard Revenue decreased 20% 2% to \$43.0 million \$47.1 million during the three months ended September 30, 2023 December 31, 2023. The decrease was primarily due to lower gross sales prices and Sales Volume, which reduced Revenue by \$7.2 million and \$3.5 million \$4.5 million, respectively, partially offset by higher Sales Volume of \$3.8 million. Lower gross sales prices were related to the pricing provisions in our long-term sales agreements.

Operating Earnings increased 36% decreased 4% to \$7.6 million \$7.5 million, primarily because of lower operating expenses, gross sales prices, which increased/reduced Operating Earnings by \$9.5 million \$4.5 million. This was partially offset by lower gross sales prices operating expense and higher Sales Volume, which

reduced increased Operating Earnings by approximately \$7.2 million \$3.6 million and \$0.3 million \$0.6 million, respectively. The decrease in operating costs expense was primarily related to lower input costs, namely fiber and freight, which improved Operating Earnings by approximately \$8.0 million, \$1.4 million and \$2.4 million \$2.0 million, respectively. This was partially offset by higher fixed costs of \$1.0 million. The Operating Margin increased to 18% remained consistent at 16% because of lower operating costs, partially offset by lower gross sales prices. Although the Company has we have certain pricing provisions in its our long-term sales agreements, prices are only adjusted at certain times throughout the year, so price adjustments are not always reflected in the same period as the change in costs.

#### **Six Nine months ended September 30, 2023 December 31, 2023**

Recycled Paperboard Revenue decreased 18% 13% to \$88.3 million \$135.4 million during the six nine months ended September 30, 2023 December 31, 2023. The decrease was primarily due to lower gross sales prices, and Sales Volume, which reduced Revenue by \$15.3 million and \$4.1 million \$20.6 million, respectively, partially offset by higher Sales Volume of \$0.5 million. Lower gross sales prices were related to the pricing provisions in our long-term sales agreements.

Operating Earnings increased 57% 30% to \$14.8 million \$22.3 million, primarily because of lower operating expenses, which increased Operating Earnings by \$21.1 million \$25.7 million. This was partially offset by lower gross sales prices, and Sales Volume, which reduced Operating Earnings by approximately \$15.3 million and \$0.4 million, respectively, \$20.6 million. The decrease in operating costs expense was primarily related to lower input costs, namely fiber and freight, which lowered Operating Earnings by approximately \$18.4 million, \$21.0 million and \$4.4 million \$6.4 million, respectively. This was partially offset by higher fixed costs of \$1.5 million \$1.8 million. The Operating Margin increased to 17% 16% because of lower operating costs, partially offset by lower gross sales prices. Although the Company has we have certain pricing provisions in its our long-term sales agreements, prices are only adjusted at certain times throughout the year, so price adjustments are not always reflected in the same period as the change in costs.

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#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to adopt accounting policies and make significant judgments and estimates to develop amounts disclosed in the financial statements. In many cases, there are alternative policies or estimation techniques that could be used. We maintain a thorough process to review the application of our accounting policies and to evaluate the appropriateness of the many estimates that are required to prepare our financial statements. However, even under optimal circumstances, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information.

Information regarding our Critical Accounting Policies can be found in our Annual Report. The three Critical Accounting Policies that we believe either require the use of the most judgment, or the selection or application of alternative accounting policies, and are material to our financial statements, are those related to long-lived assets, goodwill, and business combinations. Management has discussed the development and selection of these Critical Accounting Policies and estimates with the Audit Committee of our Board of Directors and with our independent registered public accounting firm. In addition, Note (A) to the financial statements in our Annual Report contains a summary of our significant accounting policies.

#### **Recent Accounting Pronouncements**

Refer to Footnote (A) in the Notes to Unaudited Consolidated Financial Statements of this Form 10-Q for information regarding recently issued accounting pronouncements that may affect our financial statements.

#### **LIQUIDITY AND CAPITAL RESOURCES**

We believe at this time that we have access to sufficient financial resources from our liquidity sources to fund our business and operations, including contractual obligations, capital expenditures, and debt service obligations for at least the next twelve months. We regularly monitor any potential disruptions to the economy, and to our operations, particularly changing fiscal policy or economic conditions affecting our industries. Please see the Debt Financing Activities section below for a discussion of our revolving credit facility and the amount of borrowings available to us in the next twelve-month period.

#### **Cash Flow**

The following table provides a summary of our cash flows:

For the Six Months Ended September 30,	For the Nine Months Ended December 31,
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	2023	2022	2023	2022
	(dollars in thousands)		(dollars in thousands)	
<b>Net Cash Provided by Operating Activities</b>	\$ 312,839	\$ 300,445	\$ 500,549	\$ 480,111
<b>Investing Activities</b>				
Additions to Property, Plant, and Equipment	(65,453)	(43,249)	(87,848)	(60,951)
Acquisition Spending	(55,053)	(158,451)	(55,053)	(158,451)
<b>Net Cash Used in Investing Activities</b>	<b>(120,506)</b>	<b>(201,700)</b>	<b>(142,901)</b>	<b>(219,402)</b>
<b>Financing Activities</b>				
Increase in Credit Facility	5,000	200,000	(50,000)	200,000
Increase (Decrease) in Revolving Credit Facility				
Repayment of Term Loan and Term Loan Credit Agreement	(5,000)	(2,500)	(7,500)	(75,000)
Dividends Paid to Stockholders	(17,908)	(19,149)	(26,692)	(28,421)
Purchase and Retirement of Common Stock	(151,321)	(210,398)	(248,852)	(313,898)
Proceeds from Stock Option Exercises	11,469	735	11,560	840
Payment of Debt Issuance Costs	—	(903)	—	(903)
Shares Redeemed to Settle Employee Taxes on Stock				
Compensation	(2,494)	(1,806)	(2,494)	(1,806)
<b>Net Cash Used in Financing Activities</b>	<b>(160,254)</b>	<b>(34,021)</b>	<b>(323,978)</b>	<b>(219,188)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>\$ 32,079</b>	<b>\$ 64,724</b>	<b>\$ 33,670</b>	<b>\$ 41,521</b>

Net Cash Provided by Operating Activities increased by \$12.4 million \$20.4 million to \$312.8 million \$500.5 million during the six nine months ended September 30, 2023 December 31, 2023. This increase was primarily attributable to higher Net Earnings, adjusted for non-cash charges of approximately \$33.3 million \$51.6 million. This was partially offset by changes in working capital of \$15.9 million \$19.2 million and lower dividends from our Unconsolidated Joint Venture of \$5.0 million \$12.0 million.

Working capital increased by \$78.7 million \$53.6 million to \$387.3 million \$362.2 million at September 30, 2023 December 31, 2023, compared with March 31, 2023. The increase was due to higher Cash, Accounts and Notes Receivable, net, Inventories, Prepaid and Other Assets of \$32.1 million \$33.7 million, \$49.7 million, \$9.5 million \$41.9 million, and \$7.0 million \$6.0 million, respectively. This was partially offset by lower Accounts and Notes Receivable, net and Income Tax Receivable of \$8.2 million \$2.1 million and \$13.3 million, respectively, and higher Income Tax Payable and Accounts Payable and Accrued Liabilities of \$2.0 million and \$7.6 million \$8.6 million, respectively. The increase in Inventory was due primarily to the Stockton Terminal Acquisition. Acquisition and the increase in repair parts as we prepare for annual outages in our Cement business. The Stockton Terminal Acquisition in May 2023 increased working capital by approximately \$3.0 million \$4.1 million at September 30, 2023 December 31, 2023.

The increase decrease in Accounts Receivable at September 30, 2023 December 31, 2023, was primarily related to higher Revenue increased collection efforts during the three months ended September 30, 2023, compared with the three months ended March 31, 2023, third fiscal quarter. As a percentage of quarterly sales generated for the respective quarter, Accounts Receivable was approximately 39% 35% at September 30, 2023 December 31, 2023, and 41% at March 31, 2023. Management measures the change in Accounts Receivable by monitoring the days sales outstanding on a monthly basis to determine if any deterioration has occurred in the collectability of the Accounts Receivable. No significant deterioration in the collectability of our Accounts Receivable was identified at September 30, 2023 December 31, 2023.

Our Inventory balance at September 30, 2023 December 31, 2023, increased by approximately \$9.5 million \$41.9 million from our balance at March 31, 2023. Excluding the Stockton Terminal Acquisition, our Inventory balance increased by \$2.8 million \$32.7 million. Within Inventory, Raw Materials and Materials-in-Progress, Aggregates, Recycled Paperboard, Repair Parts, and Fuel and Coal increased by approximately \$2.1 million \$7.6 million, \$3.3 million \$2.3 million, \$3.1 million \$4.8 million, \$10.7 million, and \$4.1 million \$4.6 million, respectively. This was partially offset by Finished Cement, which declined \$4.4 million. The relatively flat balance increase in Raw

Materials and Materials-in-Progress and decline relatively flat balance in Finished Cement is consistent with our business cycle; we generally build up clinker inventory over the winter months to meet the demand for cement in the spring and summer. The decrease increase in repair parts inventory was primarily due to completing most of our scheduled preparing for the expected maintenance outages during in the fiscal fourth quarter. The largest individual balance in our inventory is our repair parts. These parts are necessary given the size and complexity of our manufacturing plants, as well as the age of certain of our plants, which creates the need to stock a high level of repair parts inventory. We believe all of these repair parts are necessary, and we perform semi-annual analyses to identify obsolete parts. We have less than one year's sales of all product inventories, and our inventories have a low risk of obsolescence because our products are basic construction materials.

Net Cash Used in Investing Activities during the six nine months ended September 30, 2023 December 31, 2023, was approximately \$120.5 million \$142.9 million, compared with \$201.7 million \$219.4 million during the same period in 2022. The \$81.2 million \$76.5 million decrease was primarily related to the lower purchase price for the Stockton Terminal Acquisition in May 2023, compared with the acquisition completed in the six nine months ended September 30, 2022 December 31, 2022, partially offset by higher capital expenditures, expenditures in the current fiscal year.

Net Cash Used in Financing Activities was approximately \$160.3 million \$324.0 million during the six nine months ended September 30, 2023 December 31, 2023, compared with \$34.0 million \$219.2 million during the six nine months ended September 30, 2022 December 31, 2022. The \$126.3 million \$104.8 million increase was primarily related to reduced borrowings of \$197.5 million \$182.5 million, partially offset by lower Purchase and Retirement of Common Stock of \$59.1 million \$65.0 million and increased Proceeds from Stock Option Exercises of \$10.8 million.

Our debt-to-capitalization ratio and net-debt-to-capitalization ratio were 45.7% 43.9% and 44.6% 42.7%, respectively, at September 30, 2023 December 31, 2023, compared with 48.1% and 47.8%, respectively, at March 31, 2023.

#### Debt Financing Activities

Below is a summary of the Company's outstanding debt facilities at September 30, 2023 December 31, 2023:

	Maturity
Revolving Credit Facility	May 2027
Term Loan	May 2027
2.500% Senior Unsecured Notes	July 2031

See Footnote (M) to the Unaudited Consolidated Financial Statements for further details on the Company's debt facilities, including interest rate, and financial and other covenants and restrictions.

The revolving borrowing capacity of our Revolving Credit Facility is \$750.0 million (any revolving loans borrowed under the Revolving Credit Facility, as applicable, the Revolving Loans). The Revolving Credit Facility also includes a swingline loan sublimit of \$25.0 million, and a \$40.0 million letter of credit facility. At September 30, 2023 December 31, 2023 we had \$162.0 million \$107.0 million outstanding of Revolving Loans under the Revolving Credit Facility and \$8.3 million of outstanding letters of credit, resulting in \$579.7 million \$634.7 million of available borrowings under the Revolving Credit Facility, net of the outstanding letters of credit. We are contingently liable for performance under \$29.0 million \$29.3 million in performance bonds relating primarily to our mining operations. We do not have any off-balance sheet debt, or any outstanding debt guarantees.

Other than the Revolving Credit Facility, we have no additional source of committed external financing in place. Should the Revolving Credit Facility be terminated, no assurance can be given as to our ability to secure a new source of financing. Consequently, if any balance were outstanding on the Revolving Credit Facility at the time of termination, and an alternative source of financing could not be secured, it would have a material adverse impact on our business.

We believe that our cash flow from operations and available borrowings under our Revolving Credit Facility, as well as cash on hand, should be sufficient to meet our currently anticipated operating needs, capital expenditures, and dividend and debt service requirements for at least the next 12 months. However, our future liquidity and capital requirements may vary depending on a number of factors, including market conditions in the construction industry, our ability to maintain compliance with covenants in our Revolving Credit Facility, the level of competition, and general and economic factors beyond our control, such as supply chain constraints and inflation. These and other developments could reduce our cash flow or require that we seek additional sources of funding. We cannot predict what effect these factors will have on our future liquidity. See Market Conditions and Outlook section above for further discussion of the possible effects on our business.

As market conditions warrant, the Company may from time to time seek to purchase or repay its outstanding debt securities or loans, including the 2.500% Senior Unsecured Notes, Term Loan, and borrowings under the Revolving Credit Facility, in privately negotiated or open market transactions, by tender offer or otherwise. Subject to any applicable limitations contained in the agreements governing our indebtedness, any purchases made by us may be funded by the use of cash on our balance sheet or the incurrence of new debt. The amounts involved in any such purchase transactions, individually or in aggregate, may be material.

We have approximately \$30.9 million \$28.9 million of lease liabilities at September 30, 2023 December 31, 2023, that have an average remaining life of approximately 9.1 9.3 years.

#### **Dividends**

Dividends paid were \$17.7 million \$26.7 million and \$19.1 million \$28.4 million for the six nine months ended September 30, 2023 December 31, 2023 and 2022, respectively. Each quarterly dividend payment is subject to review and approval by our Board of Directors, who will continue to evaluate our dividend payment amount on a quarterly basis.

#### **Share Repurchases**

During the six nine months ended September 30, 2023 December 31, 2023, our share repurchases were as follows:

Period	Total Number of Shares Purchased				Maximum Number of Shares that May be Purchased			
	Total Number of Shares Purchased		Average Price Paid		Total Number of Shares Purchased		Maximum Number of Shares that May be Purchased	
	Average Price Paid	Per Share	Announced or Programs	Under the Plans	Average Price Paid	Per Share	Announced or Programs	Under the Plans
Period	Purchased	Per Share	or Programs	or Programs	Shares Purchased	Per Share	or Programs	or Programs
April 1 through April 30, 2023	234,000	\$ 143.73	234,000		234,000	\$ 143.73	234,000	
May 1 through May 31, 2023	145,000	155.99	145,000		145,000	155.99	145,000	
June 1 through June 30, 2023	105,000	161.65	105,000		105,000	161.65	105,000	
<b>Quarter 1 Totals</b>	<b>484,000</b>	<b>\$ 154.54</b>	<b>484,000</b>		<b>484,000</b>	<b>\$ 154.54</b>	<b>484,000</b>	
July 1 through July 31, 2023	10,000	\$ 184.80	10,000		10,000	\$ 184.80	10,000	
August 1 through August 31, 2023	157,500	181.29	157,500		157,500	181.29	157,500	
September 1 through September 30, 2023	265,000	176.84	265,000		265,000	176.84	265,000	
<b>Quarter 2 Totals</b>	<b>432,500</b>	<b>\$ 178.64</b>	<b>432,500</b>		<b>432,500</b>	<b>\$ 178.64</b>	<b>432,500</b>	
October 1 through October 31, 2023					177,500	\$ 163.67	177,500	
November 1 through November 30, 2023					220,000	\$ 176.22	220,000	
December 1 through December 31, 2023					161,000	\$ 184.53	161,000	

Quarter 3 Totals				558,500	\$ 174.63	558,500
Year-to-Date		6,830,7	04			
Totals	916,500	\$ 165.11	916,500	1,475,000	\$ 168.71	1,475,000

On May 17, 2022, the Board of Directors authorized us to repurchase an additional 7.5 million shares. This authorization brought the cumulative total of Common Stock our Board has approved for repurchase in the open market to 55.9 million shares since we became publicly held in April 1994. Through **September 30, 2023** December 31, 2023, we have repurchased approximately **49.1 million** 49.6 million shares.

Share repurchases may be made from time to time in the open market or in privately negotiated transactions. The timing and amount of any share repurchases are determined by management, based on its evaluation of market and economic conditions and other factors. In some cases, repurchases may be made pursuant to plans, programs, or directions established from time to time by the Company's management, including plans intended to comply with the safe harbor provided by Rule 10b5-1.

During the **six** nine months ended **September 30, 2023** December 31, 2023, the Company withheld from employees 14,572 shares of stock upon the vesting of Restricted Shares that were granted under the Plan. We withheld these shares to satisfy the employees' statutory tax withholding requirements, which is necessary once the Restricted Shares or Restricted Share Units are vested.

#### Capital Expenditures

The following table details capital expenditures by category:

	For the Six Months Ended September 30,		For the Nine Months Ended December 31,	
	2023		2022	
	(dollars in thousands)			
Land and Quarries	\$ 5,504	\$ 10,157	\$ 5,761	\$ 11,178
Plants	29,628	21,944	42,354	33,650
Buildings, Machinery, and Equipment	30,321	11,148	39,733	16,123
<b>Total Capital Expenditures</b>	<b>\$ 65,453</b>	<b>\$ 43,249</b>	<b>\$ 87,848</b>	<b>\$ 60,951</b>

Capital expenditures for fiscal 2024 are expected to range from **\$145.0 million** \$125.0 million to **\$165.0 million** \$140.0 million and will be allocated across both Heavy Materials and Light Materials sectors. These estimated capital expenditures will include maintenance capital expenditures and improvements, as well as other safety and regulatory projects.

#### **FORWARD LOOKING STATEMENTS**

Certain matters discussed in this report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. These statements are not historical facts or guarantees of future performance but instead represent only the Company's belief at the time the statements were made regarding future events which are subject to certain risks, uncertainties and other factors, many of which are outside the Company's control. Actual results and outcomes may differ materially from what is expressed or forecast in such forward-looking statements. The principal risks and uncertainties that may affect the Company's actual performance include the following: the cyclical and seasonal nature of the Company's businesses; public infrastructure expenditures; adverse weather conditions; the fact that our products are commodities and that prices for our products are subject to material fluctuation due to market conditions and other factors beyond our control; availability of raw materials; changes in the costs of energy, including, without limitation, natural gas, coal and oil, and the nature of our obligations to counterparties under energy supply contracts, such as those related to market conditions (such as fluctuations in spot market prices), governmental orders and other matters; changes in the cost and availability of transportation; unexpected operational difficulties, including unexpected maintenance costs, equipment downtime and interruption of production; material nonpayment or non-performance by any of our key customers; fluctuations in or changes in the nature of activity in the oil and gas industry; inability to timely execute announced capacity expansions; difficulties and delays in the development of new business lines; governmental regulation and changes in governmental and public policy (including, without limitation, climate change and other environmental regulation); possible outcomes of pending or future litigation or arbitration proceedings; changes in economic conditions specific to any one or more of the

Company's markets; adverse impact of severe weather conditions (such as winter storms, tornadoes and hurricanes) and their effects on our facilities, operations and contractual arrangements with third parties; competition; cyber-attacks or data security breaches; announced increases in capacity in the gypsum wallboard and cement industries; changes in the demand for residential housing construction or commercial construction or construction projects undertaken by state or local governments; risks related to pursuit of acquisitions, joint ventures and other transactions or the execution or implementation of such transactions, including the integration of operations acquired by the Company; general economic conditions; and interest rates. For example, increases in interest rates, decreases in demand for construction materials or increases in the cost of energy (including, without limitation, natural gas, coal and oil) and the cost of our raw materials can be expected to adversely affect the revenue and operating earnings of our operations. In addition, changes in national or regional economic conditions and levels of infrastructure and construction spending could also adversely affect the Company's result of operations. Finally, any forward-looking statements made by the Company are subject to the risks and impacts associated with natural disasters, the outbreak, escalation, or resurgence of health emergencies, pandemics or other unforeseen events, including, without limitation, the COVID-19 pandemic and responses thereto designed to contain its spread and mitigate its public health effects, as well as their impact on our operations or on economic conditions, capital and financial markets. These and other factors are described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2023. All forward-looking statements made herein are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed herein will increase with the passage of time. The Company undertakes no duty to update any forward-looking statement to reflect future events or changes in the Company's expectations.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks related to fluctuations in interest rates on our Revolving Credit Facility. We have occasionally utilized derivative instruments, including interest rate swaps, in conjunction with our overall strategy to manage the debt outstanding that is subject to changes in interest rates. We had a \$750.0 million Revolving Credit Facility at **September 30, 2023** **December 31, 2023**, under which borrowings bear interest at a variable rate. A hypothetical 100 basis point increase in interest rates on the **\$162.0 million** **\$107.0 million** of borrowings under the Revolving Credit Facility and the **\$187.5 million** **\$185.0 million** of borrowings under the Term Loan at **September 30, 2023** **December 31, 2023**, would increase interest expense by approximately **\$3.5 million** **\$2.9 million** on an annual basis. At present, we do not utilize derivative financial instruments.

We are subject to commodity risk with respect to price changes principally in coal, coke, natural gas, and power. We attempt to limit our exposure to changes in commodity prices by entering into contracts or increasing our use of alternative fuels.

### **Item 4. Controls and Procedures**

We have established a system of disclosure controls and procedures that are designed to ensure that information relating to the Company, which is required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (Exchange Act), is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), in a timely fashion. An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) was performed as of the end of the period covered by this quarterly report. This evaluation was performed under the supervision and with the participation of management, including our CEO and CFO. Based upon that evaluation, our CEO and CFO have concluded that these disclosure controls and procedures were effective.

## **PART II. OTHER INFORMATION**

## Item 1. Legal Proceedings

In addition to the legal matters described in Part 1, Item 3 "Legal Proceedings" of our Form 10-K for the fiscal year ended March 31, 2023, from time to time, we have been and may in the future become involved in litigation or other legal proceedings in the ordinary course of our business activities or in connection with transactions or activities undertaken by us, including claims related to worker safety, worker health, environmental matters, commercial contracts, land use rights, taxes, and permits. While the outcome of these proceedings cannot be predicted with certainty, in the opinion of management (based on currently available facts), we do not believe that the ultimate outcome of any currently pending legal proceeding will have a material effect on our consolidated financial condition, results of operations, or liquidity.

For additional information regarding claims and other contingent liabilities to which we may be subject, see Footnote (P) in the Unaudited Consolidated Financial Statements.

## Item 1A. Risk Factors

For information regarding factors that could impact our results of operations, financial condition, and liquidity, see Part 1. Item 1A. Risk Factors in our Form 10-K for the fiscal year ended March 31, 2023, filed with the Securities and Exchange Commission on May 19, 2023.

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

The disclosure required under this Item is included in "Management's Discussion and Analysis of Results of Operations and Financial Condition" of this Quarterly Report on Form 10-Q under the heading "Share Repurchases" and is incorporated herein by reference.

## Item 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503 (a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Form 10-Q.

## Item 5. Other Information

None of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement, or a non-Rule 10b5-1 trading arrangement during the Company's fiscal ~~second~~third quarter ended ~~September 30, 2023~~December 31, 2023, except as follows: On December 6, 2023, Michael R. Haack, President and Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 10,000 shares of the Company's common stock and the exercise of up to 21,700 stock options and the sale of the underlying shares, subject to certain conditions. Trades may occur under Mr. Haack's plan during the period from (a) the later of March 6, 2024, or the third trading day after the filing of the Company's Form 10-Q for the quarter ended December 31, 2023, through (b) March 5, 2025.

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## Item 6. Exhibits

10.1*	<a href="#">Eagle Materials Inc. Director Compensation Summary.<sup>(1)</sup></a>
10.2*	<a href="#">Form of Director Restricted Stock Agreement.<sup>(1)</sup></a>
10.3*	<a href="#">Form of Director Stock Option Agreement.<sup>(1)</sup></a>
31.1*	<a href="#">Certification of the Chief Executive Officer of Eagle Materials Inc. pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934, as amended.</a>
31.2*	<a href="#">Certification of the Chief Financial Officer of Eagle Materials Inc. pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934, as amended.</a>
32.1*	<a href="#">Certification of the Chief Executive Officer of Eagle Materials Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>

32.2*	<a href="#">Certification of the Chief Financial Officer of Eagle Materials Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
95*	<a href="#">Mine Safety Disclosure.</a>
101.INS*	Inline XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File – (formatted as Inline XBRL and Contained in Exhibit 101).

\* Filed herewith.

(1) Management contract, compensatory plan, or arrangement.

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## 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.

EAGLE MATERIALS INC.

\_\_\_\_\_  
Registrant

October 26, 2023 January 25, 2024

\_\_\_\_\_  
/s/ MICHAEL R. HAACK

Michael R. Haack

President and Chief Executive Officer  
(principal executive officer)

October 26, 2023 January 25, 2024

\_\_\_\_\_  
/s/ D. CRAIG KESLER

D. Craig Kesler

Executive Vice President – Finance and  
Administration and Chief Financial Officer  
(principal financial officer)

October 26, 2023 January 25, 2024

\_\_\_\_\_  
/s/ WILLIAM R. DEVLIN

William R. Devlin

Senior Vice President – Controller and  
Chief Accounting Officer  
(principal accounting officer)

Exhibit 10.1

**EAGLE MATERIALS INC.**

**Non-Employee Directors -- Compensation Summary**

**Effective August 2023 to July 2024**

On an annual basis, each non-employee director of Eagle Materials Inc. (the "Company") may select one of the following compensation packages for his or her performance of director services during the next 12 months:

- (1) total annual compensation valued at \$230,000, of which \$105,000 is paid in cash and the remainder is provided in the form of an equity grant valued at \$125,000; or
- (2) an equity grant valued at \$261,500.

The grant date value of the equity grant under either alternative is allocated between restricted stock and options to purchase common stock of the Company, par value \$0.01 ("Common Stock") (based upon the recommendation of the Compensation Committee) with respect to each non-employee director.

In accordance with the terms of the Eagle Materials Inc. 2023 Equity Incentive Plan, the exercise price of the stock options is set at the closing price of the Common Stock on the New York Stock Exchange ("NYSE") on the date of grant. The number of option shares granted is determined as of the date of the grant by using the Black-Scholes method. All options granted to directors in August 2023 have a ten-year term but are subject to vesting requirements, with the options becoming fully vested (exercisable) on the earliest to occur of (i) the one-year anniversary of the date of grant; (ii) the next annual meeting of the Company's stockholders, which is at least 50 weeks after the immediately preceding year's annual meeting; (iii) the recipient's retirement from the Board in accordance with the Company's director retirement policy, or earlier under such terms and conditions as approved by the Compensation Committee; (iv) the recipient's disability as determined by the Compensation Committee; or (v) the recipient's death.

The number of shares of restricted stock is determined as of the date of grant using the closing price of the Common Stock on the NYSE on the date of grant. The restricted stock granted to directors in August 2023 is subject to vesting requirements, with the shares becoming fully vested (unrestricted) on the earliest to occur of (i) the one-year anniversary of the date of grant; (ii) the next annual meeting of the Company's stockholders, which is at least 50 weeks after the immediately preceding year's annual meeting; (iii) the recipient's retirement from the Board in accordance with the Company's director retirement policy, or earlier under such terms and conditions as approved by the Compensation Committee; (iv) the recipient's disability as determined by the Compensation Committee; or (v) the recipient's death. During the restriction period the director will have the right to vote the shares. In addition, upon the vesting of the underlying shares, the director will also be entitled to accrued cash dividends with

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respect to such shares that were paid to holders of Common Stock during the restriction period.

Non-employee directors who chair committees of the Board of Directors receive additional annual compensation. The chairs of the Audit Committee, Compensation Committee and Governance Committee each receive a fee of \$20,000 per year. The Chairman of the Board of Directors receives a fee of \$125,000 per year. Chairpersons who choose compensation package alternative one (part equity and part cash) receive this additional compensation in the form of cash. Chairpersons who choose compensation package alternative two (all equity) receive this additional compensation in the form of equity, in which case a 30% premium is added to such fees when valuing the equity to be received by such chairperson.

In certain prior years, equity grants were in some cases made in the form of restricted stock units ("RSUs"). In the case of non-employee directors who hold unvested RSUs (which currently only includes Mr. Nicolais), these directors will receive dividend equivalent units as and when the Company issues a cash dividend on the Common Stock, in accordance with the terms of the RSUs.

All directors are reimbursed for reasonable expenses of attending meetings.

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**Exhibit 10.2**

**EAGLE MATERIALS INC.**

**2023 EQUITY INCENTIVE PLAN**

**RESTRICTED STOCK AGREEMENT**

Eagle Materials Inc., a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Grantee") hereby enter into this Restricted Stock Award Agreement (this "Agreement") in order to set forth the terms and conditions of the Company's award (the "Award") to the Grantee of certain shares of Common Stock of the Company granted to the Grantee on August 7, 2023 (the "Award Date").

- 1. Award.** The Company hereby awards to the Grantee \_\_\_\_\_ shares of Common Stock of the Company (the "Shares").
- 2. Relationship to the Plan.** The Award shall be subject to the terms and conditions of the Eagle Materials Inc. 2023 Equity Incentive Plan (as may be amended from time to time, the "Plan"), this Agreement and such administrative interpretations of the Plan, if any.

as such interpretations may be in effect on the date of this Agreement or thereafter. Except as defined herein, capitalized terms shall have the meanings ascribed to them under the Plan. For purposes of this Agreement:

- (a) **“Disability”** shall mean a disability of the Grantee as determined by the Committee.
- (b) **“Restriction Period”** shall mean the period beginning on the Award Date and ending on the date immediately preceding the Vesting Date (as defined below) for a Share.
- (c) **“Retirement”** shall mean termination of service on the Board at the Company’s mandatory retirement age in accordance with the Company’s director retirement policy or earlier on such terms and conditions as approved by the Committee.

### 3. **Vesting.**

- (a) **Vesting Criteria.** The Grantee’s interest in the Shares shall vest in full as of the earliest of (i) the one-year anniversary of the Award Date; (ii) the next annual meeting of the Company’s stockholders, which is at least 50 weeks after the immediately preceding year’s annual meeting; (iii) the Grantee’s Retirement; (iv) the Grantee’s Disability; or (v) the Grantee’s death (as applicable, the **“Vesting Date”**). Prior to the Vesting Date, all Shares shall be unvested Shares.
- (b) **Restrictions.** During the Restriction Period, the Grantee may not sell, transfer, pledge, assign, hypothecate, encumber or otherwise dispose of any unvested Shares or any right or interest related to such unvested Shares, other than as required by the Grantee’s will or beneficiary designation, in accordance with the laws of descent and distribution or by a qualified domestic relations order.
- (c) **Forfeiture.** Subject to Section 4, the Grantee must be in continuous service as a Non-Employee Director for purposes of Section 1.4 of the Plan (**“Continuous Service”**) from the Award Date through the Vesting Date for an unvested Share to become vested. Subject to Section 4, the termination of such Continuous Service

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prior to the Vesting Date shall cause all unvested Shares to be automatically forfeited as of the date of such termination of Continuous Service.

4. **Change in Control.** Notwithstanding Section 3 above, if the Grantee has been in Continuous Service from the Award Date through the occurrence of a Change in Control, then, in the event of the occurrence of such a Change in Control, any vesting of the Shares will remain subject to the applicable provisions of the Plan, including, but not limited to, Sections 1.3 and 5.8 thereof.

5. **Stockholder Rights.** The Grantee shall have the right to vote the Shares. On the Vesting Date, the Grantee shall be paid a cash dividend payment equal to: (i) the sum of per share dividends paid with respect to Common Stock during the period from the Award Date to the Vesting Date; **provided**, that the record date for such dividend payment is on or after the Award Date; times (ii) the number of Shares determined to be vested with respect to the Vesting Date, it being understood that the Grantee’s entitlement to receive such dividend payment shall be subject to the same vesting conditions as the Shares hereunder.

6. **Corporate Events.** If, from time to time during the term of the Restriction Period, there is any equity restructuring affecting the outstanding Common Stock that causes the per share value of Common Stock to change, the Shares and other applicable terms of this Award shall be adjusted in accordance with the provisions of Section 5.7 of the Plan. Any and all new, substituted or additional securities to which the Grantee may be entitled by reason of the Grantee’s ownership of the Shares hereunder because of an equity restructuring shall be immediately subject to the restrictions set forth herein (as may be modified pursuant to this Agreement) and included thereafter as Shares for purposes of this Agreement.

### 7. **Refusal to Transfer.** The Company shall not be required:

- (a) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provision or Agreement or the Plan;
- (b) to treat such purchaser or other transferee as owner of such Shares, accord such purchaser or other transferee

to vote; or

(c) to pay or deliver dividends or other distributions to such purchaser or other transferee with respect to such Shares.

8. Legends. If the Shares are certificated, the certificate or certificates evidencing the Shares, if any, issued hereunder shall be endorsed with the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS AND, ACCORDINGLY, MAY NOT BE SOLD, TRANSFERRED, PLEDGED, ASSIGNED, HYPOTHECATED, ENCUMBERED, OR IN ANY MANNER DISPOSED OF EXCEPT IN CONFORMITY WITH THE TERMS OF THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES. A COPY OF SUCH AGREEMENT IS MAINTAINED AT THE ISSUER'S PRINCIPAL CORPORATE OFFICES.

9. Tax Consequences. The Grantee acknowledges that the Grantee has reviewed, or has had the opportunity to review, with the Grantee's own tax advisors the federal, state, and local tax consequences of this investment and the transactions contemplated by this Agreement. The Grantee is relying solely on

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such advisors and not on any statements or representations of the Company or any of its agents. The Grantee understands that the Grantee (and not the Company) shall be responsible for the Grantee's own tax liability that may arise as a result of the transactions contemplated by this Agreement. The Grantee understands that Section 83 of the Code taxes as ordinary income the difference between the purchase price, if any, for the Shares and the Fair Market Value of the Shares as of the date the restrictions on the Shares lapse. In this context, "restriction" means the restrictions imposed during the Restriction Period. The Grantee understands that the Grantee may elect to be taxed at the time the Shares are awarded rather than when and as the restrictions lapse by filing an election under Section 83(b) of the Code with the Internal Revenue Service within 30 days from the Award Date (and by submitting a copy of such election with the Company). THE GRANTEE ACKNOWLEDGES THAT IT IS THE GRANTEE'S SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(B), EVEN IF THE GRANTEE REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON THE GRANTEE'S BEHALF.

10. Entire Agreement; Governing Law. The Plan and this Agreement constitute the entire agreement of the Company and the Grantee (collectively, the "Parties") with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Parties with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Parties or as otherwise permitted under the Plan or this Agreement. Nothing in the Plan and this Agreement (except as expressly provided therein or herein) is intended to confer any rights or remedies on any person other than the Parties. The Plan and this Agreement are to be construed in accordance with and governed by the internal laws of the State of Texas, without giving effect to any choice-of-law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Texas to the rights and duties of the Parties. Should any provision of the Plan or this Agreement relating to the Shares be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

11. Interpretive Matters. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of Texas. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of the Award or this Agreement for construction or interpretation.

12. Notice. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, addressed to the other Party at its address as shown beneath its signature in this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party.

13. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by the Grantee, the Company and their respective permitted successors and assigns (including personal representatives, heirs and legatees), except that the Grantee may not assign any rights or obligations under this Agreement except to the extent and in the manner expressly permitted herein.

**EAGLE MATERIALS INC.**

By:

Name: Michael R. Haack

Its: President and CEO

Address: 5960 Berkshire Ln., Suite 900  
Dallas, Texas 75225

The Grantee acknowledges receipt of a copy of the Plan, represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of this Agreement and the Plan. The Grantee further agrees to notify the Company upon any change in the address for notice indicated in this Agreement.

**GRANTEE**

Signed:

Name:

Address:

**Exhibit 10.3**

**EAGLE MATERIALS INC.**

**2023 EQUITY INCENTIVE PLAN**

**NON-QUALIFIED DIRECTOR STOCK OPTION AGREEMENT**

This option agreement (the "Option Agreement" or "Agreement") entered into between EAGLE MATERIALS INC., a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Optionee"), a director of the Company, with respect to a right (the "Option") awarded to the Optionee under the Eagle Materials Inc. 2023 Equity Incentive Plan (the "Plan"), on August 7, 2023 (the "Award Date") to purchase from the Company up to but not exceeding in the aggregate \_\_\_\_\_ shares of Common Stock (as defined in the Plan) at a price of \$190.97 per share (the "Exercise Price"), such number of shares and such price per share being subject to adjustment as provided in the Plan, and further subject to the following terms and conditions:

**1. Relationship to Plan.**

This Option is subject to all of the terms, conditions and provisions of the Plan and administrative interpretations thereunder, if any, which have been adopted by the Company's Compensation Committee ("Committee") and are in effect on the date hereof. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. For purposes of this Option Agreement:

(a) "Disability" shall mean a disability of the Optionee as determined by the Committee.

(b) "Retirement" shall mean termination of service on the Board at the Company's mandatory retirement age in accordance with the Company's director retirement policy or earlier on such terms and conditions as approved by the Committee.

**2. Exercise Schedule.**

(a) **Exercisability.** The shares of Common Stock covered by this Option ("Option Shares") shall vest and become exercisable upon the earliest of (i) the one-year anniversary of the Award Date; (ii) the next annual meeting of the Company's stockholders, which is at least 50 weeks after the immediately preceding year's annual meeting; (iii) the Optionee's Retirement; (iv) the Optionee's Disability; or (v) the Optionee's death (as applicable, the "Vesting Date"). Vested Options may be exercised in whole or in part (at any time or from time to time, except as otherwise provided herein) until expiration of the Option pursuant to the terms of this Agreement or the Plan.

(b) *Change in Control.* Notwithstanding Section 3(c) above, if the Optionee has been in continuous service as a Non-Employee Director from the Award Date through the occurrence of a Change in Control, then, in the event of the occurrence of such a Change in Control, any vesting of the Option Shares will remain subject to the applicable provisions of the Plan, including, but not limited to, Sections 1.3 and 5.8 thereof.

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(c) *Capital Adjustments and Corporate Events.* If, from time to time during the term of the Option prior to its exercise, there is any capital adjustment affecting the outstanding Common Stock as a class without the Company's receipt of consideration, the Option Shares and other applicable terms of this Option shall be adjusted in accordance with the provisions of Section 5.7 of the Plan. Any and all new, substituted or additional securities to which the Optionee may be entitled by reason of this Option because of a capital adjustment shall be immediately subject to the Vesting Schedule and other terms set forth herein (as may be modified pursuant to this Agreement) and included thereafter as Option Shares for purposes of this Agreement.

3. *Termination of Option.*

The Option hereby granted shall terminate and be of no force and effect with respect to any Option Shares not previously purchased by the Optionee at the earliest time specified below:

- (b) the tenth anniversary of the Award Date;
- (c) if Optionee's service as a Director is terminated by the Company for "cause" (as determined by the Committee) at any time after the Award Date, then the Option shall terminate immediately upon such termination of Optionee's service;
- (d) if Optionee's service as a Director is terminated due to death, Disability or Retirement, then this Option shall terminate on the tenth anniversary of the Award Date; or
- (e) if Optionee's service as a Director is terminated for any reason other than death, Retirement or termination for "cause," then the Option shall terminate on the first business day following the expiration of the 90-day period beginning on the date of termination of Optionee's service.

4. *Exercise of Option.*

Subject to the limitations set forth herein and in the Plan, this Option may be exercised by notice provided to the Company as set forth in Section 5. The payment of the Exercise Price for the Option Shares being purchased pursuant to the Option shall be made (a) in cash, by check or cash equivalent, (b) by tender to the Company, or attestation to the ownership, of Common Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such Common Stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the Exercise Price, (c) by delivery of a properly executed notice together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System), (d) by withholding Option Shares equal to the Exercise Price multiplied by the number of Options exercised divided by the Fair Market Value at the time of exercise, rounded up to the nearest whole share, (e) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (f) by any combination thereof. Notwithstanding the foregoing, if the Exercise Price of the outstanding portion of the Option is less than the Fair Market Value of a share of Common Stock on the day the Option would otherwise

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expire as provided in Section 3(a), then the Option shall be automatically exercised in full pursuant to clause (d) above immediately prior to its expiration.

If the Optionee desires to pay the purchase price for the Option Shares by tendering Common Stock using the method of attestation, the Optionee may, subject to any such conditions and in compliance with any such procedures as the Committee may adopt, do so by attesting to the ownership of Common Stock of the requisite value, in which case the Company shall issue or otherwise deliver to the

Optionee upon such exercise a number of Option Shares equal to the result obtained by dividing (a) the excess of the aggregate Fair Market Value of the total number shares of Common Stock subject to the Option for which the Option (or portion thereof) is being exercised over the purchase price payable in respect of such exercise by (b) the Fair Market Value per share of Common Stock subject to the Option, and the Optionee may retain the shares of Common Stock the ownership of which is attested.

Notwithstanding anything to the contrary contained herein, the Optionee agrees that he will not exercise the Option granted pursuant hereto, and the Company will not be obligated to issue any Option Shares pursuant to this Option Agreement, if the exercise of the Option or the issuance of such shares would constitute a violation by the Optionee or by the Company of any provision of any law or regulation of any governmental authority or any stock exchange or transaction quotation system. The Optionee agrees that, unless the options and shares covered by the Plan have been registered pursuant to the Securities Act of 1933, as amended (the "Act"), the Company may, at its election, require the Optionee to give a representation in writing in form and substance satisfactory to the Company to the effect that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the distribution of such shares or any part thereof.

If any law or regulation requires the Company to take any action with respect to the shares specified in such notice, the time for delivery thereof, which would otherwise be as promptly as reasonably practicable, shall be postponed for the period of time necessary to take such action.

## 5. Notices.

Notice of exercise of the Option must be made in the following manner, using such forms as the Company may from time to time provide:

(b) by electronic means as designated by the Committee, in which case the date of exercise shall be the date when receipt is acknowledged by the Company;

(c) by registered or certified United States mail, postage prepaid, to Eagle Materials Inc., Attention: Secretary, 5960 Berkshire Ln., Suite 900, Dallas, Texas 75225, in which case the date of exercise shall be the date of mailing; or

(d) by hand delivery or otherwise to Eagle Materials Inc., Attention: Secretary, 5960 Berkshire Ln., Suite 900, Dallas, Texas 75225, in which case the date of exercise shall be the date when receipt is acknowledged by the Company.

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Notwithstanding the foregoing, in the event that the address of the Company is changed prior to the date of any exercise of this Option, notice of exercise shall instead be made pursuant to the foregoing provisions at the Company's current address.

Any other notices provided for in this Agreement or in the Plan shall be given in writing or by such electronic means, as permitted by the Committee, and shall be deemed effectively delivered or given upon receipt or, in the case of notices delivered by the Company to the Optionee, five days after deposit in the United States mail, postage prepaid, addressed to the Optionee at the address specified at the end of this Agreement or at such other address as the Optionee hereafter designates by written notice to the Company.

## 6. Assignment of Option.

Except as otherwise permitted by the Committee, the rights of the Optionee under the Plan and this Agreement are personal; no assignment or transfer of the Optionee's rights under and interest in this Option may be made by the Optionee otherwise than by will, by beneficiary designation, by the laws of descent and distribution or by a qualified domestic relations order; and this Option is exercisable during his lifetime only by the Optionee, except as otherwise provided in this Agreement.

After the death of the Optionee, exercise of the Option shall be permitted only by the Optionee's designated beneficiary or, in the absence of a designated beneficiary, the Optionee's executor or the personal representative of the Optionee's estate (or by his assignee, in the event of a permitted assignment) and only to the extent that the Option was exercisable on the date of the Optionee's death.

## 7. Stock Certificates.

Certificates representing the Common Stock issued pursuant to the exercise of the Option will bear all legends required by law and necessary or advisable to effectuate the provisions of the Plan and this Option. The Company may place a "stop transfer" order

against shares of the Common Stock issued pursuant to the exercise of this Option until all restrictions and conditions set forth in the Plan or this Agreement and in the legends referred to in this Section 7 have been complied with.

8. *Shareholder Rights.*

The Optionee shall have no rights of a shareholder with respect to shares of Common Stock subject to the Option unless and until such time as the Option has been exercised and ownership of such shares of Common Stock has been transferred to the Optionee.

9. *Successors and Assigns.*

This Agreement shall bind and inure to the benefit of and be enforceable by the Optionee, the Company and their respective permitted successors and assigns (including personal representatives, heirs and legatees), except that the Optionee may not assign any rights or obligations under this Agreement except to the extent and in the manner expressly permitted herein.

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10. *No Service Guaranteed.*

No provision of this Option Agreement shall confer any right upon the Optionee to continued service with the Company.

11. *Governing Law.*

This Option Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Texas.

12. *Amendment.*

This Agreement cannot be modified, altered or amended except by an agreement, in writing, signed by both the Company and the Optionee.

**EAGLE MATERIALS INC.**

By: \_\_\_\_\_

Name: Michael R. Haack

Its: President and CEO

Address: 5960 Berkshire Ln., Suite 900  
Dallas, Texas 75225

The Optionee hereby accepts the foregoing Option Agreement, subject to the terms and provisions of the Plan and administrative interpretations thereof referred to above.

**OPTIONEE:**

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

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Exhibit 31.1

**Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Michael R. Haack, certify that:

1. I have reviewed this report on Form 10-Q of Eagle Materials 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(s) 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 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: **October 26, 2023** January 25, 2024

By /s/ Michael R. Haack  
Michael R. Haack  
President and Chief Executive Officer

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**Exhibit 31.2**

**Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, D. Craig Kesler, certify that:

1. I have reviewed this report on Form 10-Q of Eagle Materials 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(s) 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 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: **October 26, 2023** **January 25, 2024**

By /s/ D. Craig Kesler

D. Craig Kesler

Chief Financial Officer

(Principal Financial Officer)

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**Exhibit 32.1**

**Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Eagle Materials Inc. and subsidiaries (the "Company") on Form 10-Q for the period ended **September 30, 2023** **December 31, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael R. Haack, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (i) the Report 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **October 26, 2023** **January 25, 2024**

By /s/ Michael R. Haack

Michael R. Haack

President and Chief Executive Officer

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**Exhibit 32.2**

**Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Eagle Materials Inc. and subsidiaries (the "Company") on Form 10-Q for the period ended **September 30, 2023** **December 31, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. Craig Kesler, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (i) the Report 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **October 26, 2023** **January 25, 2024**

By /s/ D. Craig Kesler

D. Craig Kesler  
Chief Financial Officer  
(Principal Financial Officer)

**[EX-95](#) Exhibit 95**

**MINE SAFETY DISCLOSURE**

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act contains reporting requirements regarding mine safety. The operation of our quarries is subject to regulation by the federal Mine Safety and Health Administration, or MSHA, under the Federal Mine Safety and Health Act of 1977, or the Mine Act. Set forth below is the required information regarding certain mining safety and health matters for the three-month period ended **September 30, 2023** **December 31, 2023** for our facilities. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the quarry, (ii) the number of citations issued will vary from inspector-to-inspector and mine-to-mine, and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

M	S	S	S	S	S	T	T	R	R	L	L	L	Section 104 S&S	Section 104(b) Orders	Section 104(d) Citations	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments	Total Number of Mining Fatalities	Received Notice of Pattern of Related Violations	Received Notice of Under Pattern Violations	Legal Actions Pending	Legal Actions Initiated	Legal Actions During Period
e	c	c	c	c	c	t	t	c	c	g	g	g												
e	t	t	t	t	t	a	a	e	e	a	a	a												
r	o	o	o	i	i	l	l	i	i	l	l	l												
O	n	n	n	o	o	D	N	v	v	A	A	A												
p	1	1	1	n	n	o	u	e	e	c	c	c												
e	0	0	0			ll	m	d	d	t	t	t												
r	4	4	4	1	1	a	b			o	i	o												
a	S	(	(	1	0	r	e	N	N	n	n	n												
ti	&	b	d	0	7	V	r	o	o	s	s	s												
n	S	)	)	(	(	a	o	t	t	P	s	R												
g	C	O	C	b	a	l	f	i	c	e	e	e												
N	it	r	it	)	)	u	M	c	e	n	l	s												
a	a	d	a	(	O	e	i	e		d	n	o												
m	ti	e	ti	2	r	o	n	o	i	i	i	l												
e	o	r	o	)	d	f	i	o	f	n	t	v												
/	n	s	n	V	e	M	n	f	P	g	i	e												
M	s	s	i	r	S	g	P	o	a	a	d													
S	a	o	s	H	R	a	t	s	t	D														
H	n	l	A	e	t	e	o	e	u															
A	d	a	A	I	t	n	f	d	r															
I	O	t	s	s	a	e	t	L																



3 D C o n c r e t e L L C L a n d e r, N V ( 2 6 0 2 4 3 4 )	0	\$ 0 0	no	0	0	\$ 0 0	0	no	0
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3 D C o n c r e t e L L C L y o n , N e v a d a ( 2 6 0 2 4 1 2 )	0	\$ 0	0	no	0	0	\$ 0	0	no	0
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A m e r i c a n G y p s u m C o m p a n y L L C A Ib u q u e r q u e ,	0	\$ 0	0	no	0	0	\$ 0	0	no	0
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A m e r i c a n G y p s u m C o m p a n y L L C D u k e , O K ( 3 4 0 0 2 5 6 )	0	\$ 0	0	no	0	0	\$ 0	0	no	0
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A m e r i c a n G y p s u m C o m p a n y L L C E a gl e , C O ( 0 5 0 3 9 9 7 )	0	\$ 0	0	no	0	0	\$ 0	0	no	0
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B a t t e t o w n Q u a r y 2 B a t t e t o w n , K Y ( 1 5 0 0 0 4 0 )	0	\$ 0	0	no	0	1	0	\$ 0	0	no	0
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C e n t e x M a t e r i a l s L L C B u d a ,	T X ( 4 1 0 2 2 4 1 )	0	\$ 0	no	0	0			
						0	\$ 0	0	no

Central Plan in Scenari	5	1	0	\$ 2,535,000	no	0	(1)	4	0	0	\$34,202	0	no	2(1)	0
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C e n tr al P la in s C e m e n t C o m p a n y L L C ,	2 4	0	\$ 0	0	no	0	12	0	1	0	\$ 9,055	0	no	0
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F ai r b o r n C e m e n t C o m p a n y L L C G r e e n e C o u n t y , O H ( 3 3 0 0 1 6 1 )	1	0	\$ 0	no	0	0	\$ 0	0	no	0
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III in oi s C e m e n t C o m p a n y L L C L a S al le , I L ( 1 1 0 0 0 0 3 )												
2	0	\$ 1 4 , 9 7 6	0	no	0	5	0	\$35,692	0	no	0	0

K o s m o s C e m e n t C o m p a n y L L C J e ff e r s o n , K Y ( 1 5 0 4 4 6 9 )	0	\$ 4 6 1	0	no	0	12	0	\$ 0	0	no	0
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M o u n t ai n C e m e n t C o m p a n y L L C L a r a m ie , W Y ( 4 8 0 0 0 0 7 )	1	0	\$ 0	0	no	0	0	0	2	0	\$ 0	0	no	0
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N e v a d a C e m e n t C o m p a n y L L C F e r n l e y, N V ( 2 6 0 0 0 1 5 )  										
	0	\$ 0	0	no	0	0	0	\$ 0	0	no

Seigneur Sand Guadalupe, TX (41056655)	0	\$ 0	0	no	0	0	0	\$ 0	0	no	0
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T e x a s L e hi g h C e m e n t C o m p a n y L P B u d a ,	4	0	\$ 1 0 ,	0	0	no	2 ( 1 )	0	0		\$ 0	0	no	2(1)	0
<hr/>															
(1) All legal actions were penalty contests.															
(2) Battletown Quarry was acquired on 3/31/2023 by Eagle Materials Inc. - Operator is Battletown Materials LLC.															

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