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DELTA REPORT

10-Q

NWPX - NORTHWEST PIPE CO

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	645
CHANGES	231
DELETIONS	171
ADDITIONS	243

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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: **June September 30, 2024**

or

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

For the transition period from _______to _______

Commission File Number: **0-27140**

NORTHWEST PIPE COMPANY
(Exact name of registrant as specified in its charter)

Oregon	93-0557988
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

201 NE Park Plaza Drive, Suite 100
Vancouver, Washington 98684
(Address of principal executive offices and Zip Code)

360-397-6250
(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 $0.01 per share	NWPX	Nasdaq Global Select Market

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

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

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

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

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

The number of shares outstanding of the registrant's common stock as of July 23, 2024 October 22, 2024 was 9,918,711 shares.

NORTHWEST PIPE COMPANY

FORM 10-Q

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PartI– FINANCIAL INFORMATION

Item1. Financial Statements

NORTHWEST PIPE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Net sales	$ 129,505	$ 116,372	$ 242,720	$ 215,469	$ 130,201	$ 118,722	$ 372,921	$ 334,191
Cost of sales	103,691	93,891	196,772	176,411	103,182	99,428	299,954	275,839
Gross profit	25,814	22,481	45,948	39,058	27,019	19,294	72,967	58,352
Selling, general, and administrative expense	12,195	11,016	23,639	22,882	11,581	10,237	35,220	33,119
Operating income	13,619	11,465	22,309	16,176	15,438	9,057	37,747	25,233
Other expense	(228)	(134)	(221)	(163)	(66)	(61)	(287)	(224)
Interest expense	(1,823)	(1,191)	(3,297)	(2,560)	(1,452)	(1,162)	(4,749)	(3,722)
Income before income taxes	11,568	10,140	18,791	13,453	13,920	7,834	32,711	21,287
Income tax expense	2,949	2,692	4,934	3,643	3,667	2,016	8,601	5,659
Net income	$ 8,619	$ 7,448	$ 13,857	$ 9,810	$ 10,253	$ 5,818	$ 24,110	$ 15,628
Net income per share:								
Basic	$ 0.87	$ 0.74	$ 1.40	$ 0.98	$ 1.03	$ 0.58	$ 2.43	$ 1.57
Diluted	$ 0.86	$ 0.74	$ 1.38	$ 0.97	$ 1.02	$ 0.58	$ 2.40	$ 1.55
Shares used in per share calculations:								
Basic	9,912	10,000	9,914	9,970	9,919	10,014	9,915	9,985
Diluted	9,995	10,066	10,025	10,081	10,055	10,107	10,040	10,088

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NORTHWEST PIPE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Net income	$ 8,619	$ 7,448	$ 13,857	$ 9,810	$ 10,253	$ 5,818	$ 24,110	$ 15,628
Other comprehensive income (loss), net of tax:								
Other comprehensive loss, net of tax:								
Pension liability adjustment	23	30	44	59	23	29	67	88
Unrealized gain (loss) on foreign currency forward contracts designated as cash flow hedges	3	(123)	13	(101)	-	3	13	(98)

Unrealized gain (loss) on interest rate swaps designated as cash flow hedges	(39)	85	(15)	(93)				
Other comprehensive income (loss), net of tax	(13)	(8)	42	(135)				
Unrealized loss on interest rate swaps designated as cash flow hedges					(261)	(59)	(276)	(152)
Other comprehensive loss, net of tax					(238)	(27)	(196)	(162)
Comprehensive income	$ 8,606	$ 7,440	$ 13,899	$ 9,675	$ 10,015	$ 5,791	$ 23,914	$ 15,466

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollar amounts in thousands, except per share amounts)

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	$ 4,528	$ 4,068	$ 5,723	$ 4,068
Trade and other receivables, net of allowance of $246 and $121	70,933	47,645		
Trade and other receivables, net of allowance of $215 and $121			79,507	47,645
Contract assets	139,481	120,516	120,983	120,516
Inventories	87,732	91,229	84,977	91,229
Prepaid expenses and other	5,274	9,026	2,530	9,026
Total current assets	307,948	272,484	293,720	272,484
Property and equipment, less accumulated depreciation and amortization of $132,964 and $126,359	147,351	143,955		
Property and equipment, less accumulated depreciation and amortization of $137,029 and $126,359			149,262	143,955
Operating lease right-of-use assets	85,491	88,155	84,161	88,155
Goodwill	55,504	55,504	55,504	55,504
Intangible assets, net	29,058	31,074	28,050	31,074
Other assets	6,393	6,709	6,493	6,709
Total assets	$ 631,745	$ 597,881	$ 617,190	$ 597,881
Liabilities and Stockholders' Equity				
Current liabilities:				
Current debt	$ 10,756	$ 10,756	$ 10,756	$ 10,756
Accounts payable	24,508	31,142	20,356	31,142
Accrued liabilities	23,234	27,913	26,659	27,913
Contract liabilities	37,105	21,450	28,897	21,450
Current portion of operating lease liabilities	5,108	4,933	5,181	4,933
Total current liabilities	100,711	96,194	91,849	96,194
Borrowings on line of credit	75,923	54,485	60,704	54,485
Operating lease liabilities	82,919	85,283	81,748	85,283
Deferred income taxes	11,159	10,942	10,856	10,942
Other long-term liabilities	9,850	10,617	9,673	10,617
Total liabilities	280,562	257,521	254,830	257,521

Commitments and contingencies (Note 7)				
Stockholders’ equity:				
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued or outstanding	-	-	-	-
Common stock, $.01 par value, 15,000,000 shares authorized, 9,918,711 and 9,985,580 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	99	100		
Common stock, $.01 par value, 15,000,000 shares authorized, 9,918,711 and 9,985,580 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively			99	100
Additional paid-in-capital	126,020	129,095	127,182	129,095
Retained earnings	225,982	212,125	236,235	212,125
Accumulated other comprehensive loss	(918)	(960)	(1,156)	(960)
Total stockholders’ equity	351,183	340,360	362,360	340,360
Total liabilities and stockholders’ equity	$ 631,745	$ 597,881	$ 617,190	$ 597,881

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY

(Unaudited)

(Dollar amounts in thousands)

	Common Stock		Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders’ Equity	Common Stock		Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	T Stock Ec
	Shares	Amount					Shares	Amount				
Balances, March 31, 2024	9,872,897	$ 99	$ 126,057	$ 217,363	$ (905)	$ 342,614						
Balances, June 30, 2024							9,918,711	$ 99	$ 126,020	$ 225,982	$ (918)	$
Net income	-	-	-	8,619	-	8,619	-	-	-	10,253	-	
Other comprehensive income (loss):												
Pension liability adjustment, net of tax expense of $0	-	-	-	-	23	23	-	-	-	-	23	

	Shares	Amount	Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Shares	Amount	Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Sto
Unrealized gain on foreign currency forward contracts designated as cash flow hedges, net of tax expense of $1	-	-	-	-	3	3						
Unrealized loss on interest rate swaps designated as cash flow hedges, net of tax benefit of $13	-	-	-	-	(39)	(39)						
Issuance of common stock under stock compensation plans, net of tax withholdings	63,329	-	(1,129)	-	-	(1,129)						
Repurchase of common stock	(17,515)	-	(557)	-	-	(557)						
Unrealized loss on interest rate swaps designated as cash flow hedges, net of tax benefit of $84							-	-	-	-	(261)	
Share-based compensation expense	-	-	1,649	-	-	1,649	-	-	1,162	-	-	
Balances, June 30, 2024	9,918,711	$ 99	$ 126,020	$ 225,982	$ (918)	$ 351,183						
Balances, September 30, 2024							9,918,711	$ 99	$ 127,182	$ 236,235	$ (1,156)	$

	Common Stock		Additional	Retained	Accumulated Other	Total	Common Stock		Additional	Retained	Accumulated Other	
	Shares	Amount	Paid-In-Capital	Earnings	Comprehensive Loss	Stockholders' Equity	Shares	Amount	Paid-In-Capital	Earnings	Comprehensive Loss	Sto
Balances, March 31, 2023	9,998,292	$ 100	$ 128,478	$ 193,415	$ (916)	$ 321,077						

Balances, June 30, 2023							10,014,196	$ 100	$ 128,562	$ 200,863	$ (924)	$
Net income	-	-	-	7,448	-	7,448	-	-	-	5,818	-	
Other comprehensive income (loss):												
Pension liability adjustment, net of tax expense of $0	-	-	-	-	30	30	-	-	-	-	29	
Unrealized loss on foreign currency forward contracts designated as cash flow hedges, net of tax benefit of $40	-	-	-	-	(123)	(123)						
Unrealized gain on interest rate swaps designated as cash flow hedges, net of tax expense of $24	-	-	-	-	85	85						
Issuance of common stock under stock compensation plans, net of tax withholdings	15,904	-	(1,230)	-	-	(1,230)						
Unrealized gain on foreign currency forward contracts designated as cash flow hedges, net of tax expense of $1							-	-	-	-	3	

Unrealized loss on interest rate swaps designated as cash flow hedges, net of tax benefit of $19							-	-	-	-	(59)	
Share-based compensation expense	-	-	1,314	-	-	1,314	-	-	746	-	-	
Balances, June 30, 2023	10,014,196	$ 100	$ 128,562	$ 200,863	$ (924)	$ 328,601						
Balances, September 30, 2023							10,014,196	$ 100	$ 129,308	$ 206,681	$ (951)	$

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, Continued

(Unaudited)

(Dollar amounts in thousands)

	Common Stock		Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Common Stock		Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stoc
	Shares	Amount					Shares	Amount				
Balances, December 31, 2023	9,985,580	$ 100	$ 129,095	$ 212,125	$ (960)	$ 340,360	9,985,580	$ 100	$ 129,095	$ 212,125	$ (960)	$
Net income	-	-	-	13,857	-	13,857	-	-	-	24,110	-	
Other comprehensive income (loss):												
Pension liability adjustment, net of tax expense of $0	-	-	-	-	44	44	-	-	-	-	67	

Unrealized gain on foreign currency forward contracts designated as cash flow hedges, net of tax expense of $12	-	-	-	-	13	13	-	-	-	-	13	
Unrealized loss on interest rate swaps designated as cash flow hedges, net of tax benefit of $5	-	-	-	-	(15)	(15)						
Unrealized loss on interest rate swaps designated as cash flow hedges, net of tax benefit of $89							-	-	-	-	(276)	
Issuance of common stock under stock compensation plans, net of tax withholdings	78,021	-	(1,449)	-	-	(1,449)	78,021	-	(1,449)	-	-	
Repurchase of common stock	(144,890)	(1)	(4,300)	-	-	(4,301)	(144,890)	(1)	(4,300)	-	-	
Share-based compensation expense	-	-	2,674	-	-	2,674	-	-	3,836	-	-	
Balances, June 30, 2024	9,918,711	$ 99	$ 126,020	$ 225,982	$ (918)	$ 351,183						
Balances, September 30, 2024							9,918,711	$ 99	$ 127,182	$ 236,235	$ (1,156)	$
					Accumulated						Accumulated	

	Common Stock		Additional	Retained	Other	Total	Common Stock		Additional	Retained	Other	St
	Shares	Amount	Paid-In-Capital	Earnings	Comprehensive Loss	Stockholders' Equity	Shares	Amount	Paid-In-Capital	Earnings	Comprehensive Loss	
Balances, December 31, 2022	9,927,360	$ 99	$ 127,911	$ 191,053	$ (789)	$ 318,274	9,927,360	$ 99	$ 127,911	$ 191,053	$ (789)	$
Net income	-	-	-	9,810	-	9,810	-	-	-	15,628	-	
Other comprehensive income (loss):												
Pension liability adjustment, net of tax expense of $0	-	-	-	-	59	59	-	-	-	-	88	
Unrealized loss on foreign currency forward contracts designated as cash flow hedges, net of tax benefit of $35	-	-	-	-	(101)	(101)						
Unrealized loss on interest rate swaps designated as cash flow hedges, net of tax benefit of $34	-	-	-	-	(93)	(93)						
Unrealized loss on foreign currency forward contracts designated as cash flow hedges, net of tax benefit of $34							-	-	-	-	(98)	

Unrealized loss on interest rate swaps designated as cash flow hedge, net of tax benefit of $53							-	-	-	-	(152)	
Issuance of common stock under stock compensation plans, net of tax withholdings	86,836	1	(1,653)	-	-	(1,652)	86,836	1	(1,653)	-	-	
Share-based compensation expense	-	-	2,304	-	-	2,304	-	-	3,050	-	-	
Balances, June 30, 2023	10,014,196	$ 100	$ 128,562	$ 200,863	$ (924)	$ 328,601						
Balances, September 30, 2023							10,014,196	$ 100	$ 129,308	$ 206,681	$ (951)	$

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Cash flows from operating activities:				
Net income	$ 13,857	$ 9,810	$ 24,110	$ 15,628
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and finance lease amortization	7,106	5,642	11,255	8,644
Amortization of intangible assets	2,016	2,104	3,024	3,147
Deferred income taxes	227	417	(70)	226
Share-based compensation expense	2,674	2,304	3,836	3,050
Other, net	360	1,325	539	1,298
Changes in operating assets and liabilities:				
Trade and other receivables	(23,653)	7,911	(32,267)	4,401
Contract assets, net	(3,311)	8,953	6,980	16,165
Inventories	3,497	(13,550)	6,252	(12,064)
Prepaid expenses and other assets	6,942	7,573	10,832	7,417
Accounts payable	(6,316)	(5)	(10,517)	4,974

Accrued and other liabilities	(7,214)	(5,005)	(5,046)	(8,477)
Net cash provided by (used in) operating activities	(3,815)	27,479		
Net cash provided by operating activities			18,928	44,409
Cash flows from investing activities:				
Purchases of property and equipment	(10,634)	(8,414)	(16,609)	(13,244)
Payment of working capital adjustment in acquisition of business	-	(2,731)	-	(2,731)
Other investing activities	61	9	62	63
Net cash used in investing activities	(10,573)	(11,136)	(16,547)	(15,912)
Cash flows from financing activities:				
Borrowings on line of credit	105,324	72,912	142,883	113,047
Repayments on line of credit	(83,886)	(86,539)	(136,664)	(138,667)
Payments on finance lease obligations	(712)	(311)		
Payments on finance lease liabilities			(1,067)	(548)
Tax withholdings related to net share settlements of equity awards	(1,449)	(1,652)	(1,449)	(1,652)
Repurchase of common stock	(4,429)	-	(4,429)	-
Other financing activities	-	(282)	-	(300)
Net cash provided by (used in) financing activities	14,848	(15,872)		
Net cash used in financing activities			(726)	(28,120)
Change in cash and cash equivalents	460	471	1,655	377
Cash and cash equivalents, beginning of period	4,068	3,681	4,068	3,681
Cash and cash equivalents, end of period	$ 4,528	$ 4,152	$ 5,723	$ 4,058
Noncash investing and financing activities:				
Accrued property and equipment purchases	$ 466	$ 1,072	$ 514	$ 528
Right-of-use assets obtained in exchange for finance lease liabilities	233	2,112	269	3,243
Right-of-use assets obtained in exchange for operating lease liabilities	303	952	481	952

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Organization and Basis of Presentation

Northwest Pipe Company (collectively with its subsidiaries, the “Company”) is a leading manufacturer of water-related infrastructure products, and operates in two segments, Engineered Steel Pressure Pipe (“SPP”) and Precast Infrastructure and Engineered Systems (“Precast”). This segment presentation is consistent with how the Company’s chief operating decision maker, its Chief Executive Officer, evaluates the performance of the Company and makes decisions regarding the allocation of resources. See Note 12, “Segment Information” for detailed descriptions of these segments.

In addition to being the largest manufacturer of engineered steel water pipeline systems in North America, the Company manufactures stormwater and wastewater technology products; high-quality precast and reinforced concrete products; pump lift stations; steel casing pipe, bar-wrapped concrete cylinder pipe, and one of the largest offerings of pipeline system joints, fittings, and specialized components. Strategically positioned to meet growing water and wastewater infrastructure needs, the Company provides solution-based products for a wide range of markets under the ParkUSA, Geneva Pipe and Precast, Permalok®, and Northwest Pipe Company lines. The Company is headquartered in Vancouver, Washington, and has 13 manufacturing facilities across North America.

The Condensed Consolidated Financial Statements are expressed in United States Dollars and include the accounts of the Company and its subsidiaries over which the Company exercises control as of the financial statement date. Intercompany accounts and transactions have been eliminated.

The accompanying unaudited interim Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. The financial information as of December 31, 2023 is derived from the audited Consolidated Financial Statements presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (“2023 Form 10-K”). Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission and the accounting standards for interim financial statements. In the opinion of management, the accompanying Condensed Consolidated Financial Statements include all adjustments necessary (which are of a normal and recurring nature) for the fair statement of the results of the interim periods presented. The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto together with management’s discussion and analysis of financial condition and results of operations contained in the Company’s 2023 Form 10-K.

Operating results for the three and six nine months ended June September 30, 2024 are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 31, 2024.

2. Inventories

Inventories consist of the following (in thousands):

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Raw materials	$ 63,511	$ 68,110	$ 61,552	$ 68,110
Work-in-process	9,373	8,912	8,293	8,912
Finished goods	12,532	11,911	12,660	11,911
Supplies	2,316	2,296	2,472	2,296
Total inventories	$ 87,732	$ 91,229	$ 84,977	$ 91,229

3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date.

The authoritative guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. These levels are: Level 1 (inputs are quoted prices in active markets for identical assets or liabilities); Level 2 (inputs are other than quoted prices that are observable, either directly or indirectly through corroboration with observable market data); and Level 3 (inputs are unobservable, with little or no market data that exists, such as internal financial forecasts). The Company is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The following table summarizes information regarding the Company’s financial assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
As of June 30, 2024								
As of September 30, 2024								
Financial assets:								
Deferred compensation plan	$ 3,660	$ 3,177	$ 483	$ -	$ 3,794	$ 3,307	$ 487	$ -
Foreign currency forward contracts	18	-	18	-				
Interest rate swaps	331	-	331	-	124	-	124	-
Total financial assets	$ 4,009	$ 3,177	$ 832	$ -	$ 3,918	$ 3,307	$ 611	$ -
Financial liabilities:								
Foreign currency forward contracts	$ (1)	$ -	$ (1)	$ -	$ (6)	$ -	$ (6)	$ -
Interest rate swaps	(25)	-	(25)	-	(163)	-	(163)	-
Total financial liabilities	$ (26)	$ -	$ (26)	$ -	$ (169)	$ -	$ (169)	$ -

As of December 31, 2023								
Financial assets:								
Deferred compensation plan	$ 3,912	$ 3,391	$ 521	-	$ 3,912	$ 3,391	$ 521	$ -
Foreign currency forward contracts	42	-	42	-	42	-	42	-
Interest rate swaps	326	-	326	-	326	-	326	-
Total financial assets	$ 4,280	$ 3,391	$ 889	$ -	$ 4,280	$ 3,391	$ 889	$ -
Financial liabilities:								
Foreign currency forward contracts	$ (115)	$ -	$ (115)	$ -	$ (115)	$ -	$ (115)	$ -

The deferred compensation plan assets consist of cash and several publicly traded stock and bond mutual funds, valued using quoted market prices in active markets, classified as Level 1 within the fair value hierarchy, as well as guaranteed investment contracts, valued at principal plus interest credited at contract rates, classified as Level 2 within the fair value hierarchy. Deferred compensation plan assets are included within Other assets in the Condensed Consolidated Balance Sheets.

The foreign currency forward contracts and interest rate swaps are derivatives valued using various pricing models or discounted cash flow analyses that incorporate observable market parameters, such as interest rate yield curves and currency rates, and are classified as Level 2 within the fair value hierarchy. Derivative valuations incorporate credit risk adjustments that are necessary to reflect the probability of default by the counterparty or the Company. The foreign currency forward contracts and interest rate swaps are presented at their gross fair values. Foreign currency forward contract and interest rate swap assets are included within Prepaid expenses and other and foreign currency forward contract liabilities are included within Accrued liabilities in the Condensed Consolidated Balance Sheets.

The net carrying amounts of cash and cash equivalents, trade and other receivables, accounts payable, accrued liabilities, and current debt approximate fair value due to the short-term nature of these instruments. The net carrying amount of the borrowings on the line of credit approximates fair value due to its variable interest rate based on market.

4. Derivative Instruments and Hedging Activities

In the normal course of business, the Company is exposed to interest rate and foreign currency exchange rate fluctuations. Consistent with the Company's strategy for financial risk management, the Company has established a program that utilizes foreign currency forward contracts and interest rate swaps to offset the risks associated with the effects of these exposures.

For each derivative entered into in which the Company seeks to obtain cash flow hedge accounting treatment, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transaction, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness. This process includes linking all derivatives to specific firm commitments or forecasted transactions and designating the derivatives as cash flow hedges. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The effective portion of these hedged items is reflected in Unrealized gain (loss) on cash flow hedges on the Condensed Consolidated Statements of Comprehensive Income. If it is determined that a derivative is not highly effective, or that it has ceased to be a highly effective hedge, the Company is required to discontinue hedge accounting with respect to that derivative prospectively.

As of June September 30, 2024, the total notional amount of the foreign currency forward contracts was $2.5 $2.2 million (CAD$3.4 3.0 million) and $1.1 $1.2 million (EUR€1.1 million), none which included $1.5 million (CAD$2.1 million) and $1.2 million (EUR€1.1 million) of which were foreign currency forward contracts not designated as cash flow hedges. As of December 31, 2023, the total notional amount of the foreign currency forward contracts was $5.1 million (CAD$6.7 million) and $1.2 million (EUR€1.1 million), which included $4.9 million (CAD$6.4 million) and $1.2 million (EUR€1.1 million) of foreign currency forward contracts not designated as cash flow hedges. As of June September 30, 2024, the Company's foreign currency forward contracts mature at various dates through April 2025 and are subject to an enforceable master netting arrangement.

The Company has entered into interest rate swaps which effectively convert a portion of its variable-rate debt to fixed-rate debt and are designated as cash flow hedges. For the one first cash flow hedge, the Company received floating interest payments monthly based on Secured Overnight Finance Rate ("SOFR") and paid a fixed rate of 1.941% to the counterparty on the total notional amount of $6.7 million as of December 31, 2023, which amortized ratably on a monthly basis to zero by the April 2024 maturity date. For a the second cash flow hedge, beginning April 3, 2023, the Company receives floating interest payments monthly based on the SOFR Average 30 day and pays a fixed rate of 2.96% to the counterparty on the total notional amount of $11.5 $10.8 million and $13.0 million as of June September 30, 2024 and December 31, 2023, respectively, which amortizes ratably on a monthly basis to zero by the April 2028 maturity date. For a the third cash flow hedge, beginning June 30, 2024, the Company receives floating interest payments monthly based on SOFR and pays a fixed rate of 5.10% to the counterparty on the total notional amount of $40.0 $28.0 million as of June September 30, 2024, which amortizes ratably on a monthly basis to $20 million by through December 2024, and matures in June 2025.

The following table summarizes the gains (losses) recognized on derivatives in the Condensed Consolidated Financial Statements (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Foreign currency forward contracts:								
Net sales	$ 11	$ (396)	$ 111	$ (678)	$ (21)	$ 77	$ 90	$ (601)
Property and equipment	-	-	-	(87)	41	(22)	41	(109)
Interest rate swaps:								
Interest expense	77	194	197	352	88	201	285	553
Total	$ 88	$ (202)	$ 308	$ (413)	$ 108	$ 256	$ 416	$ (157)

As of June September 30, 2024, unrealized pretax gains (losses) losses on outstanding cash flow hedges in Accumulated other comprehensive loss was $0.3 million, of which $0.2 million is expected to be reclassified to Interest expense within the next twelve months as a result of underlying hedged transactions also being recorded in these line items. approximately $0. See Note 10, “Accumulated Other Comprehensive Loss” for additional quantitative information regarding foreign currency forward contract and interest rate swap gains and losses.

5. Stockholders’ Equity

Share Repurchase Program

On November 2, 2023, the Company announced its authorization of a share repurchase program of up to $30 million of its outstanding common stock. The program does not commit to any particular timing or quantity of purchases, and the program may be suspended or discontinued at any time. Under the program, shares may be purchased in open market, including through plans adopted pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, or in privately negotiated transactions administered by its broker, D.A. Davidson Companies. At this time, the Company has elected to limit its share repurchase transactions to only those under the Rule 10b5-1 trading plan it executed in November 2023, which designates up to $10 million for daily share repurchases with volumes that fluctuate with changes in the trading price of its common stock.

During the three and six nine months ended June September 30, 2024, the Company repurchased approximately 18,000 shares and 145,000 shares respectively, of the Company’s common stock for an aggregate amount of $0.6 million and $4.3 million, respectively. million. There were no share repurchases authorized during the three months ended September30,2024 nor in the three and six nine months ended June September 30, 2023. All shares reacquired in connection with the Company’s share repurchase program are retired and treated as authorized and unissued shares. As of June September 30, 2024, $24.9 million of the share repurchase authorization remained available for repurchases under this program.

6. Share-based Compensation

The Company has one active stock incentive plan for employees and directors, the 2022 Stock Incentive Plan, which provides for awards of stock options to purchase shares of common stock, stock appreciation rights, restricted and unrestricted shares of common stock, restricted stock units (“RSUs”), and performance share awards (“PSAs”). In addition, the Company had one inactive stock incentive plan, the 2007 Stock Incentive Plan, under which previously granted awards vested on April 1, 2024.

The Company recognizes the compensation cost of employee and director services received in exchange for awards of equity instruments based on the grant date estimated fair value of the awards. The Company estimates the fair value of RSUs and PSAs using the value of the Company’s stock on the date of grant. Share-based compensation cost is recognized over the period during which the employee or director is required to provide service in exchange for the award and, as forfeitures occur, the associated compensation cost recognized to date is reversed. For awards with performance-based payout conditions, the Company recognizes compensation cost based on the probability of achieving the performance conditions, with changes in expectations recognized as an adjustment to earnings in the period of change. Any recognized compensation cost is reversed if the conditions are ultimately not met.

The following table summarizes share-based compensation expense recorded (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Cost of sales	$ 363	$ 266	$ 715	$ 541	$ 387	$ 275	$ 1,102	$ 816
Selling, general, and administrative expense	1,286	1,048	1,959	1,763	775	471	2,734	2,234
Total	$ 1,649	$ 1,314	$ 2,674	$ 2,304	$ 1,162	$ 746	$ 3,836	$ 3,050

Restricted Stock Units and Performance Share Awards

The Company's stock incentive plan provides for equity instruments, such as RSUs and PSAs, which grant the right to receive a specified number of shares at specified times. RSUs and PSAs are service-based awards that vest according to the terms of the grant. PSAs have performance-based payout conditions.

The following table summarizes the Company's RSU and PSA activity:

	Number of RSUs and PSAs (1)	Weighted-Average Grant Date Fair Value	Number of RSUs and PSAs (1)	Weighted-Average Grant Date Fair Value
Unvested RSUs and PSAs as of December 31, 2023	226,391	$ 29.66	226,391	$ 29.66
RSUs and PSAs granted	120,143	34.68	120,143	34.68
Unvested RSUs and PSAs canceled	(3,197)	29.15	(3,197)	29.15
RSUs and PSAs vested (2)	(103,266)	30.35	(103,266)	30.35
Unvested RSUs and PSAs as of June 30, 2024	240,071	31.89		
Unvested RSUs and PSAs as of September 30, 2024			240,071	31.89

(1) The number of PSAs disclosed in this table are at the target level of 100%.

(2) For the PSAs vested on April 1, 2024, the actual number of common shares that were issued was determined by multiplying the PSAs at the target level of 100%, as disclosed in this table, by a payout percentage based on the performance-based conditions achieved. The payout percentage was 123% for the 2021-2023 performance period, 110% for the 2022-2023 performance period, and 90% for the 2023 performance period.

The unvested balance of RSUs and PSAs as of June September 30, 2024 includes approximately 180,000 PSAs at the target level of 100%. The vesting of these awards is subject to the achievement of specified performance-based conditions, and the actual number of common shares that will ultimately be issued will be determined by multiplying this number of PSAs by a payout percentage ranging from 0% to 200%.

Based on the estimated level of achievement of the performance targets associated with the PSAs as of June September 30, 2024, unrecognized compensation expense related to the unvested portion of the Company's RSUs and PSAs was $6.1 $4.9 million, which is expected to be recognized over a weighted-average period of 1.8 1.6 years.

Stock Awards

For the six nine months ended June September 30, 2024 and 2023, stock awards of 14,424 shares and 15,904 shares, respectively, were granted to non-employee directors, which vested immediately upon issuance. The Company recorded compensation expense based on the weighted-average fair market value per share of the awards on the grant date of $33.27 in 2024 and $29.51 in 2023.

7. Commitments and Contingencies

Portland Harbor Superfund Site

In 2000, a section of the lower Willamette River known as the Portland Harbor Superfund Site was included on the National Priorities List at the request of the United States Environmental Protection Agency ("EPA"). While the Company's Portland, Oregon manufacturing facility does not border the Willamette River, an outfall from the facility's stormwater system drains into a neighboring property's privately owned stormwater system and slip. Also in 2000, the Company was notified by the EPA and the Oregon Department of Environmental Quality ("ODEQ") of potential liability under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). A remedial investigation and feasibility study of the Portland Harbor Superfund Site was directed by a group of 14 potentially responsible parties known as the Lower Willamette Group under agreement with the EPA. The EPA finalized the remedial investigation report in 2016, and the feasibility study in 2016, which identified multiple remedial alternatives. In 2017, the EPA issued its Record of Decision selecting the remedy for cleanup at the Portland Harbor Superfund Site, which it believes will cost approximately $1 billion at net present value and 13 years to complete. The EPA has not yet determined who is responsible for the costs of cleanup or how the cleanup costs will be allocated among the more than 150 potentially responsible parties. Because of the large number of potentially responsible parties and the variability in the range of remediation alternatives, the Company is unable to estimate an amount or an amount within a range of costs for its obligation with respect to the Portland Harbor Superfund Site matters, and no further adjustment to the Consolidated Financial Statements has been recorded as of the date of this filing.

The ODEQ is separately providing oversight of voluntary investigations and source control activities by the Company involving the Company's site, which are focused on controlling any current "uplands" releases of contaminants into the Willamette River. No liabilities have been established in connection with these investigations because the extent of contamination and the Company's responsibility for the contamination have not yet been determined.

Concurrent with the activities of the EPA and the ODEQ, the Portland Harbor Natural Resources Trustee Council ("Trustees") sent some or all of the same parties, including the Company, a notice of intent to perform a Natural Resource Damage Assessment ("NRDA") for the Portland Harbor Superfund Site to determine the nature and extent of natural resource damages under CERCLA Section 107. The Trustees for the Portland Harbor Superfund Site consist of representatives from several Northwest Indian Tribes, three federal agencies, and one state agency. The Trustees act independently of the EPA and the ODEQ. The Trustees have encouraged potentially responsible parties to voluntarily participate in the funding of their injury assessments and several of those parties have agreed to do so. In 2014, the Company agreed to participate in the injury assessment process, which included funding $0.4 million of the assessment. The Company has not assumed any additional payment obligations or liabilities with the participation with the NRDA, nor does the Company expect to incur significant future costs in the resolution of the NRDA.

In 2017, the Confederated Tribes and Bands of the Yakama Nation, a Trustee until they withdrew from the council in 2009, filed a complaint against the potentially responsible parties including the Company to recover costs related to their own injury assessment and compensation for natural resources damages. The case has been stayed until 2025, and the Company does not have sufficient information at this time to determine the likelihood of a loss in this matter or the amount of damages that could be allocated to the Company.

The Company has insurance policies for defense costs, as well as indemnification policies it believes will provide reimbursement for the remediation assessed. However, the Company can provide no assurance that those policies will cover all of the costs which the Company may incur.

All Sites

The Company operates its facilities under numerous governmental permits and licenses relating to air emissions, stormwater runoff, and other environmental matters. The Company's operations are also governed by many other laws and regulations, including those relating to workplace safety and worker health, principally the Occupational Safety and Health Act and regulations thereunder which, among other requirements, establish noise and dust standards. The Company believes it is in material compliance with its permits and licenses and these laws and regulations, and the Company does not believe that future compliance with such laws and regulations will have a material adverse effect on its financial position, results of operations, or cash flows.

Other Contingencies and Legal Proceedings

From time to time, the Company is party to a variety of legal actions, including claims, suits, complaints, and investigations arising out of the ordinary course of its business. The Company maintains insurance coverage against potential claims in amounts that are believed to be adequate. To the extent that insurance does not cover legal, defense, and indemnification costs associated with a loss contingency, the Company records accruals when such losses are considered probable and reasonably estimable. The Company believes that it is not presently a party to legal actions, the outcomes of which would have a material adverse effect on its business, financial condition, results of operations, or cash flows.

Commitments

As of June September 30, 2024, the Company's commitments include approximately $1.1 $1.2 million remaining relating to its investment in the primary component of the new reinforced concrete pipe mill for which the Company has remained unpaid at not September yet received the equipment30,2024 and approximately $3.1 $0.9 million remaining relating to the final obligations associated with the construction of a the building for the new mill at the Company's facility in Salt Lake City, Utah.

Guarantees

The Company has entered into certain letters of credit that total $1.6 million as of June September 30, 2024. The letters of credit relate to workers' compensation insurance and a public improvement project.

8. Revenue

The Company manufactures water infrastructure steel pipe products, which are generally made to custom specifications for installation contractors serving projects funded by public water agencies, as well as precast and reinforced concrete products. Generally, each of the Company's contracts with its customers contains a single performance obligation, as the promise to transfer products is not separately identifiable from other promises in the contract and, therefore, is not distinct. The Company generally does not recognize revenue on a contract until the contract has approval and commitment from both parties, the contract rights and payment terms can be identified, the contract has commercial substance, and its collectability is probable.

SPP revenue for water infrastructure steel pipe products is recognized over time as the manufacturing process progresses because of the Company's right to payment for work performed to date plus a reasonable profit on cancellations for unique products that have no alternative use to the Company. Revenue is measured by the costs incurred to date relative to the estimated total direct costs to fulfill each contract (cost-to-cost method). Contract costs include all material, labor, and other direct costs incurred in satisfying the performance obligations. The cost of steel material is recognized as a contract cost when the steel is introduced into the manufacturing process. Changes in job performance, job conditions, and estimated profitability, including those arising from contract change orders, contract penalty provisions, foreign currency exchange rate movements, changes in raw materials costs, and final contract settlements may result in revisions to estimates of revenue, costs, and income, and are recognized in the period in which the revisions are determined. Provisions for losses on uncompleted contracts, included in Accrued liabilities, are estimated by comparing total estimated contract revenue to the total estimated contract costs and a loss is recognized during the period in which it becomes probable and can be reasonably estimated.

Net revisions in contract estimates resulted in an increase (decrease) in SPP net sales of $0.4 $0.8 million and $2.3 $3.1 million for the three and six nine months ended June September 30, 2024, respectively and ($0.4) 0.8) million and approximately $0 for the three and six nine months ended June September 30, 2023, respectively. .

Precast revenue for water infrastructure concrete pipe and precast concrete products is recognized at the time control is transferred to customers which is generally at the time of shipment, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the products. All variable consideration that may affect the total transaction price, including contractual discounts, returns, and credits, is included in net sales. Estimates for variable consideration are based on historical experience, anticipated performance, and management's judgment. The Company's contracts do not contain significant financing.

Disaggregation of Revenue

The following table disaggregates revenue by recognition over time or at a point in time, as the Company believes it best depicts how the nature, amount, timing, and uncertainty of its revenue and cash flows are affected by economic factors (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Over time	$ 89,523	$ 77,255	$ 169,530	$ 140,801	$ 85,924	$ 80,493	$ 255,454	$ 221,294
Point in time	39,982	39,117	73,190	74,668	44,277	38,229	117,467	112,897
Net sales	$ 129,505	$ 116,372	$ 242,720	$ 215,469	$ 130,201	$ 118,722	$ 372,921	$ 334,191

Contract Assets and Contract Liabilities

Contract assets primarily represent revenue earned over time but not yet billable based on the terms of the contracts. These amounts will be billed based on the terms of the contracts, which can include certain milestones, partial shipments, or completion of the contracts. Payment terms of amounts billed vary based on the customer, but are typically due within 30 days of invoicing. Contract liabilities represent advance billings on contracts, typically for steel.

The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the timing difference between the Company's performance and billings.

The following is a summary of the changes in contract assets (in thousands):

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Balance, beginning of period	$ 120,516	$ 121,778	$ 120,516	$ 121,778
Revenue recognized in advance of billings	156,976	126,071	220,632	192,558
Billings	(139,827)	(124,451)	(220,060)	(207,436)
Other	1,816	(1,039)	(105)	(1,480)
Balance, end of period	$ 139,481	$ 122,359	$ 120,983	$ 105,420

The following is a summary of the changes in contract liabilities (in thousands):

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Balance, beginning of period	$ 21,450	$ 17,456	$ 21,450	$ 17,456
Billings	28,214	24,098	42,333	28,544
Revenue recognized	(12,554)	(14,730)	(34,822)	(28,736)
Other	(5)	166	(64)	-
Balance, end of period	$ 37,105	$ 26,990	$ 28,897	$ 17,264

Backlog

Backlog represents the balance of remaining performance obligations under signed contracts for SPP water infrastructure steel pipe products for which revenue is recognized over time. As of June September 30, 2024, backlog was $282 $231 million. The Company expects to recognize approximately 50% 33% of the remaining performance obligations in 2024, 34% 51% in 2025, and the balance thereafter.

9. Income Taxes

The Company files income tax returns in the United States Federal jurisdiction, in a limited number of foreign jurisdictions, and in many state jurisdictions. With few exceptions, the Company is no longer subject to United States Federal, state, or foreign income tax examinations for years before 2019. 2020.

The Company recorded income tax expense at an estimated effective income tax rate of 25.5% 26.3% and 26.3% for the three and six nine months ended June September 30, 2024, respectively and 26.5% 25.7% and 27.1% 26.6% for the three and six nine months ended June September 30, 2023, respectively. The Company's estimated effective income tax rates for the three and six nine months ended June September 30, 2024 and 2023 were primarily impacted by non-deductible permanent differences.

10. Accumulated Other Comprehensive Loss

The following tables summarize changes in the components of Accumulated other comprehensive loss (in thousands). All amounts are net of income tax:

	Pension Liability Adjustment	Unrealized Loss on Foreign Currency Forward Contracts Designated as Cash Flow Hedges	Unrealized Gain on Interest Rate Swaps Designated as Cash Flow Hedges	Total	Pension Liability Adjustment	Unrealized Loss on Foreign Currency Forward Contracts Designated as Cash Flow Hedges	Unrealized Gain (Loss) on Interest Rate Swaps Designated as Cash Flow Hedges	Total
Balances, December 31, 2023	$ (1,193)	$ (13)	$ 246	$ (960)	$ (1,193)	$ (13)	$ 246	$ (960)
Other comprehensive income before reclassifications	38	11	134	183				
Other comprehensive income (loss) before reclassifications					57	11	(60)	8
Amounts reclassified from Accumulated other comprehensive loss	6	2	(149)	(141)	10	2	(216)	(204)
Net current period other comprehensive income (loss)	44	13	(15)	42	67	13	(276)	(196)
Balances, June 30, 2024	$ (1,149)	$ -	$ 231	$ (918)				
Balances, September 30, 2024					$ (1,126)	$ -	$ (30)	$ (1,156)

	Pension Liability Adjustment	Unrealized Gain (Loss) on Foreign Currency Forward Contracts Designated as Cash Flow Hedges	Unrealized Gain on Interest Rate Swaps Designated as Cash Flow Hedges	Total	Pension Liability Adjustment	Unrealized Gain (Loss) on Foreign Currency Forward Contracts Designated as Cash Flow Hedges	Unrealized Gain on Interest Rate Swaps Designated as Cash Flow Hedges	Total
Balances, December 31, 2022	$ (1,532)	$ 94	$ 649	$ (789)	$ (1,532)	$ 94	$ 649	$ (789)
Other comprehensive income (loss) before reclassifications	53	(109)	173	117	78	(115)	266	229
Amounts reclassified from Accumulated other comprehensive loss	6	8	(266)	(252)	10	17	(418)	(391)
Net current period other comprehensive income (loss)	59	(101)	(93)	(135)	88	(98)	(152)	(162)
Balances, June 30, 2023	$ (1,473)	$ (7)	$ 556	$ (924)				
Balances, September 30, 2023					$ (1,444)	$ (4)	$ 497	$ (951)

The following table provides additional detail about Accumulated other comprehensive loss components that were reclassified to the Condensed Consolidated Statements of Operations (in thousands):

Details about Accumulated Other Comprehensive Loss Components	Amount reclassified from Accumulated Other Comprehensive Loss				Affected line item in the Condensed Consolidated Statements of Operations
	Three Months Ended June 30,		Six Months Ended June 30,		
	2024	2023	2024	2023	
Pension liability adjustment:					
Net periodic pension cost:					
Service cost	$ (3)	$ (3)	$ (6)	$ (6)	Cost of sales
	(3)	(3)	(6)	(6)	Net of tax
Unrealized gain (loss) on foreign currency forward contracts:					
Gain (loss) on cash flow hedges	(1)	33	(3)	77	Net sales
Loss on cash flow hedges	-	-	-	(87)	Property and equipment
Associated income tax (expense) benefit	1	(9)	1	2	Income tax expense
	-	24	(2)	(8)	Net of tax
Unrealized gain on interest rate swaps:					
Gain on cash flow hedges	77	194	197	352	Interest expense
Associated income tax expense	(19)	(47)	(48)	(86)	Income tax expense
	58	147	149	266	Net of tax
Total reclassifications for the period	$ 55	$ 168	$ 141	$ 252	

Details about Accumulated Other Comprehensive Loss Components	Amount reclassified from Accumulated Other Comprehensive Loss				Affected line item in the Condensed Consolidated Statements of Operations
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2024	2023	2024	2023	
Pension liability adjustment:					
Net periodic pension cost:					
Service cost	$ (4)	$ (4)	$ (10)	$ (10)	Cost of sales
	(4)	(4)	(10)	(10)	Net of tax
Unrealized gain (loss) on foreign currency forward contracts:					
Gain (loss) on cash flow hedges	-	10	(3)	87	Net sales
Loss on cash flow hedges	-	(22)	-	(109)	Property and equipment
Associated income tax benefit	-	3	1	5	Income tax expense
	-	(9)	(2)	(17)	Net of tax
Unrealized gain on interest rate swaps:					
Gain on cash flow hedges	88	201	285	553	Interest expense
Associated income tax expense	(21)	(49)	(69)	(135)	Income tax expense
	67	152	216	418	Net of tax
Total reclassifications for the period	$ 63	$ 139	$ 204	$ 391	

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11. Net Income per Share

Basic net income per share is computed by dividing the net income by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed by giving effect to all dilutive potential shares of common stock, including RSUs and PSAs, assumed to be outstanding during the period using the treasury stock method. Performance-based PSAs are considered dilutive when the related performance conditions have been met assuming the end of the reporting period represents the end of the performance period. In periods with a net loss, all potential shares of common stock are excluded from the computation of diluted net loss per share as the impact would be antidilutive.

Net income per basic and diluted weighted-average common share outstanding was calculated as follows (in thousands, except per share amounts):

	Three Months Ended June 30,	Six Months Ended June 30,

	2024	2023	2024	2023
Net income	$ 8,619	$ 7,448	$ 13,857	$ 9,810
Basic weighted-average common shares outstanding	9,912	10,000	9,914	9,970
Effect of potentially dilutive common shares (1)	83	66	111	111
Diluted weighted-average common shares outstanding	9,995	10,066	10,025	10,081
Net income per common share:				
Basic	$ 0.87	$ 0.74	$ 1.40	$ 0.98
Diluted	$ 0.86	$ 0.74	$ 1.38	$ 0.97

(1) The weighted-average number of antidilutive shares not included in the computation of diluted net income per share was approximately 15,700 for the six months ended June30,2024. There were no antidilutive shares for the three months ended June30,2024 and the three and six months ended June30,2023.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 10,253	$ 5,818	$ 24,110	$ 15,628
Basic weighted-average common shares outstanding	9,919	10,014	9,915	9,985
Effect of potentially dilutive common shares	136	93	125	103
Diluted weighted-average common shares outstanding	10,055	10,107	10,040	10,088
Net income per common share:				
Basic	$ 1.03	$ 0.58	$ 2.43	$ 1.57
Diluted	$ 1.02	$ 0.58	$ 2.40	$ 1.55

12. Segment Information

The operating segments reported below are based on the nature of the products sold and the manufacturing process used by the Company and are the segments of the Company for which separate financial information is available and for which operating results are regularly evaluated by the Company's chief operating decision maker, its Chief Executive Officer, to make decisions about resources to be allocated to the segment and assess its performance. Management evaluates segment performance based on gross profit. The Company does not allocate selling, general, and administrative expenses, interest, other non-operating income or expense items, or taxes to segments.

The Company's Engineered Steel Pressure Pipe (SPP) segment manufactures large-diameter, high-pressure steel pipeline systems for use in water infrastructure applications, which are primarily related to drinking water systems. These products are also used for hydroelectric power systems, wastewater systems, seismic resiliency, and other applications. In addition, SPP makes products for industrial plant piping systems and certain structural applications. SPP has manufacturing facilities located in Portland, Oregon; Adelanto and Tracy, California; Parkersburg, West Virginia; Saginaw, Texas; St. Louis, Missouri; and San Luis Río Colorado, Mexico.

The Company's Precast Infrastructure and Engineered Systems (Precast) segment manufactures stormwater and wastewater technology products, high-quality precast and reinforced concrete products, including reinforced concrete pipe, manholes, box culverts, vaults, and catch basins, pump lift stations, oil water separators, biofiltration units, and other environmental and engineered solutions. Precast has manufacturing facilities located in Dallas, Houston, and San Antonio, Texas; and Orem, Salt Lake City, and St. George, Utah.

The following table disaggregates revenue and gross profit based on the Company's reportable segments (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023

Net sales:								
Engineered Steel Pressure Pipe	$ 89,523	$ 77,255	$ 169,530	$ 140,801	$ 85,924	$ 80,493	$ 255,454	$ 221,294
Precast Infrastructure and Engineered Systems	39,982	39,117	73,190	74,668	44,277	38,229	117,467	112,897
Total net sales	$ 129,505	$ 116,372	$ 242,720	$ 215,469	$ 130,201	$ 118,722	$ 372,921	$ 334,191
Gross profit:								
Engineered Steel Pressure Pipe	$ 16,981	$ 12,571	$ 31,223	$ 20,353	$ 16,628	$ 10,911	$ 47,851	$ 31,264
Precast Infrastructure and Engineered Systems	8,833	9,910	14,725	18,705	10,391	8,383	25,116	27,088
Total gross profit	$ 25,814	$ 22,481	$ 45,948	$ 39,058	$ 27,019	$ 19,294	$ 72,967	$ 58,352

13. Recent Accounting and Reporting Developments

There have been no developments to recently issued accounting standards, including the expected dates of adoption and estimated effects on the Company's Condensed Consolidated Financial Statements and disclosures in Notes to Condensed Consolidated Financial Statements, from those disclosed in the Company's 2023 Form 10-K, except for the following.

Accounting Changes

In March 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-01 "Leases (Topic 842): Common Control Arrangements" ("ASU 2023-01") which requires leasehold improvements associated with common control leases be (1) amortized by the lessee over the useful life of the leasehold improvements to the common control group as long as the lessee controls the use of the underlying asset through a lease and (2) accounted for as a transfer between entities under common control through an adjustment to equity if, and when, the lessee no longer controls the use of the underlying asset. The Company adopted ASU 2023-01 on January 1, 2024 and the impact was not material to its financial position, results of operations, or cash flows.

Recent Accounting Standards

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07") which requires disclosure of incremental segment information, primarily through enhanced disclosures about significant segment expenses, on an annual and interim basis for all public entities. ASU 2023-07 will be applied retrospectively, and will be effective for the Company's 2024 annual reporting, and for interim periods beginning in 2025, with early adoption permitted. The Company does not expect that the adoption of this guidance will have a material impact on the consolidated financial statements, other than additional disclosures in the notes to the consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09") which improves the transparency, effectiveness, and comparability of income tax disclosures and allows investors to better assess, in their capital allocation decisions, how an entity's worldwide operations and related tax risks and tax planning and operation opportunities affect its income tax rate and prospects for future cash flows. ASU 2023-09 should be applied on a prospective basis, and will be effective for the Company's 2025 annual reporting, with early adoption permitted. The Company is currently assessing the impact of ASU 2023-09 on its disclosures in the notes to the consolidated financial statements. The Company does not expect that the adoption of this guidance will have a material impact on the consolidated financial statements, other than additional disclosures in the notes to the consolidated financial statements.

14. Subsequent Event

Long-Term Debt

On October 28,2024, the Company converted the $10.8 million outstanding balance of the Interim Funding Agreement dated August 2,2022 with Wells Fargo Equipment Finance, Inc. ("WFEF"), as amended January 23,2023,March 15,2023,July 21,2023, and November 2,2023 into a $15 million term loan with WFEF that was used to fund the Company's new reinforced concrete pipe mill. The term loan matures on October 28,2029, bears interest at the SOFR Average plus 2.22%, is payable in monthly installments of $0.3 million plus accrued interest, and is secured by the pipe mill. The term loan may be prepaid in full at any time provided that the Company pays a prepayment fee equal to 2% of the outstanding principal balance if repaid in the first30 months of the loan.

Item2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 September 30, 2024 ("2024 Q2 Q3 Form 10-Q") contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on current expectations, estimates, and projections about our business, management's beliefs, and assumptions made by management. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "forecasts," "should," "could," and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements as a result of a variety of important factors. While it is impossible to identify all such factors, those that could cause actual results to differ materially from those estimated by us include:

- changes in demand and market prices for our products;
- product mix;
- bidding activity and order modifications or cancelations;
- timing of customer orders and deliveries;
- production schedules;
- price and availability of raw materials;
- excess or shortage of production capacity;
- international trade policy and regulations;
- changes in tariffs and duties imposed on imports and exports and related impacts on us;
- economic uncertainty and associated trends in macroeconomic conditions, including potential recession, inflation, and the state of the housing market;
- interest rate risk and changes in market interest rates, including the impact on our customers and related demand for our products;
- our ability to identify and complete internal initiatives and/or acquisitions in order to grow our business;
- our ability to effectively integrate future acquisitions into our business and operations and achieve significant administrative and operational cost synergies and accretion to financial results;
- effects of security breaches, computer viruses, and cybersecurity incidents;
- timing and amount of share repurchases;
- impacts of U.S. tax reform legislation on our results of operations;
- adequacy of our insurance coverage;
- supply chain challenges;
- labor shortages;
- ongoing military conflicts in areas such as Ukraine and Israel, and related consequences;
- operating problems at our manufacturing operations including fires, explosions, inclement weather, and floods and other natural disasters;
- material weaknesses in our internal control over financial reporting and our ability to remediate such weaknesses;
- uncertainty around the outcome of political elections;
- impacts of pandemics, epidemics, or other public health emergencies; and
- other risks discussed in Part I — Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023 ("2023 Form 10-K") and from time to time in our other Securities and Exchange Commission (the "SEC") filings and reports.

Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this 2024 Q2 Q3 Form 10-Q. If we do update or correct one or more forward-looking statements, investors and others should not conclude that we will make additional updates or corrections with respect thereto or with respect to other forward-looking statements.

Overview

Northwest Pipe Company is a leading manufacturer of water-related infrastructure products, and operates in two segments, Engineered Steel Pressure Pipe ("SPP") and Precast Infrastructure and Engineered Systems ("Precast"). For detailed descriptions of these segments, see Note 12, "Segment Information" of the Notes to Condensed Consolidated Financial Statements in Part I – Item 1. "Financial Statements" of this 2024 Q2 Q3 Form 10-Q.

In addition to being the largest manufacturer of engineered steel water pipeline systems in North America, we manufacture stormwater and wastewater technology products; high-quality precast and reinforced concrete products; pump lift stations; steel casing pipe, bar-wrapped concrete cylinder pipe, and one of the largest offerings of pipeline system joints, fittings, and specialized components. Strategically positioned to meet growing water and wastewater infrastructure needs, we provide solution-based products for a wide range of markets under the ParkUSA, Geneva Pipe and Precast, Permalok®, and Northwest Pipe Company lines. Our diverse team is committed to safety, quality, and innovation while demonstrating our core values of accountability, commitment, and teamwork. We are headquartered in Vancouver, Washington, and have 13 manufacturing facilities across North America.

Our water infrastructure products are sold generally to installation contractors, who include our products in their bids to federal, state, and municipal agencies, privately-owned water companies, or developers for specific projects. We believe our sales are substantially driven by spending on urban growth and new water infrastructure with a recent trend towards spending on water infrastructure replacement, repair, and upgrade. Within the total range of products, our steel pipe best addresses the larger-diameter, higher-pressure pipeline applications, while our precast concrete products mainly serve stormwater and sanitary sewer systems.

Our Current Economic Environment

Demand for our Precast products is generally influenced by general economic conditions such as housing starts, population growth, interest rates, and rates of inflation. According to the United States Census Bureau, privately-owned housing starts were at a seasonally adjusted annual rate of 1.4 million in June September 2024 and 1.5 million in December 2023, and the population of the United States is expected to increase by approximately 2 million people in 2024. While these two indicators point to a strong housing market, particularly in Texas and Utah which are two of the five fastest growing markets in the United States according to the November 2022 Bluefield Research *Insight Report – U.S. & Canada Municipal Water Outlook: Utility CAPEX & OPEX Forecasts, 2022-2030* and the states in which our Precast manufacturing facilities are located, the current elevated federal funds rate could continue to temper demand for our precast products.

Our SPP projects are often planned for many years in advance, as we operate that business with a long-term time horizon for which the projects are sometimes part of 50-year build-out plans. Even though While we experienced a relatively modest level of project bidding in 2023, 2024 has been an improved bidding environment and our backlog for SPP has remained elevated, and long-term demand for water infrastructure projects in the United States appears strong. Additionally, while our SPP business faces possible head winds from recessionary concerns in the broader domestic economy, we currently believe it more likely a modest increase in funding will be brought on by the Bipartisan Infrastructure Deal (“IIJA”) and the Inflation Reduction Act. According to the February 2024 Bluefield Research *Insight Report – Infrastructure Investment & Jobs Act: Tracking the Spending, Q1 2024*, approximately $1 billion earmarked under the IIJA has currently been outlaid by the Federal Government to date, leaving most of the $55 billion spending package available; we expect to benefit from this spending late in the cycle due to the long project timelines.

Purchased steel typically represents approximately 35% of our SPP projects’ cost of sales, and higher steel costs generally result in higher selling prices and revenue; however, volatile fluctuations in steel markets can affect our business. SPP contracts are generally quoted on a fixed-price basis, and volatile steel markets can result in selling prices that no longer correlate to the cost available at the time of steel purchase. Our average price of purchased steel was $964 $933 per ton in the first six nine months of 2024, as compared to annual averages of $994 per ton in 2023 and $1,174 per ton in 2022.

Economic uncertainty, including the impacts of raw material shortages, inflationary pressures, potential risks of a recession, and disruptions in the financial markets could have an adverse effect on our business. While the 2024 U.S. presidential election and overall domestic political outlook may result in volatility in financial markets, near-term changes in demand for our products are considered unlikely. The extent of the impact of these broader economic forces on our business will depend on future developments, which cannot be predicted.

Results of Operations

The following tables set forth, for the periods indicated, certain financial information regarding costs and expenses expressed in dollars (in thousands) and as a percentage of total net sales.

	Three Months Ended June 30, 2024		Three Months Ended June 30, 2023		Three Months Ended September 30, 2024		Three Months Ended September 30, 2023	
	$	% of Net Sales	$	% of Net Sales	$	% of Net Sales	$	% of Net Sales
Net sales:								
Engineered Steel Pressure Pipe	$ 89,523	69.1 %	$ 77,255	66.4 %	$ 85,924	66.0 %	$ 80,493	67.8 %
Precast Infrastructure and Engineered Systems	39,982	30.9	39,117	33.6	44,277	34.0	38,229	32.2
Total net sales	129,505	100.0	116,372	100.0	130,201	100.0	118,722	100.0

	$	%	$	%	$	%	$	%
Cost of sales:								
Engineered Steel Pressure Pipe	72,542	56.0	64,684	55.6	69,296	53.2	69,582	58.6
Precast Infrastructure and Engineered Systems	31,149	24.1	29,207	25.1	33,886	26.0	29,846	25.1
Total cost of sales	103,691	80.1	93,891	80.7	103,182	79.2	99,428	83.7
Gross profit:								
Engineered Steel Pressure Pipe	16,981	13.1	12,571	10.8	16,628	12.8	10,911	9.2
Precast Infrastructure and Engineered Systems	8,833	6.8	9,910	8.5	10,391	8.0	8,383	7.1
Total gross profit	25,814	19.9	22,481	19.3	27,019	20.8	19,294	16.3
Selling, general, and administrative expense	12,195	9.4	11,016	9.4	11,581	8.9	10,237	8.7
Operating income	13,619	10.5	11,465	9.9	15,438	11.9	9,057	7.6
Other expense	(228)	(0.2)	(134)	(0.1)	(66)	(0.1)	(61)	-
Interest expense	(1,823)	(1.4)	(1,191)	(1.1)	(1,452)	(1.1)	(1,162)	(1.0)
Income before income taxes	11,568	8.9	10,140	8.7	13,920	10.7	7,834	6.6
Income tax expense	2,949	2.2	2,692	2.3	3,667	2.8	2,016	1.7
Net income	$ 8,619	6.7 %	$ 7,448	6.4 %	$ 10,253	7.9 %	$ 5,818	4.9 %

	Six Months Ended June 30, 2024		Six Months Ended June 30, 2023		Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023	
	$	% of Net Sales	$	% of Net Sales	$	% of Net Sales	$	% of Net Sales
Net sales:								
Engineered Steel Pressure Pipe	$ 169,530	69.8 %	$ 140,801	65.3 %	$ 255,454	68.5 %	$ 221,294	66.2 %
Precast Infrastructure and Engineered Systems	73,190	30.2	74,668	34.7	117,467	31.5	112,897	33.8
Total net sales	242,720	100.0	215,469	100.0	372,921	100.0	334,191	100.0
Cost of sales:								
Engineered Steel Pressure Pipe	138,307	57.0	120,448	55.9	207,603	55.6	190,030	56.8
Precast Infrastructure and Engineered Systems	58,465	24.1	55,963	26.0	92,351	24.8	85,809	25.7
Total cost of sales	196,772	81.1	176,411	81.9	299,954	80.4	275,839	82.5
Gross profit:								
Engineered Steel Pressure Pipe	31,223	12.8	20,353	9.4	47,851	12.9	31,264	9.4
Precast Infrastructure and Engineered Systems	14,725	6.1	18,705	8.7	25,116	6.7	27,088	8.1
Total gross profit	45,948	18.9	39,058	18.1	72,967	19.6	58,352	17.5
Selling, general, and administrative expense	23,639	9.7	22,882	10.6	35,220	9.5	33,119	9.9
Operating income	22,309	9.2	16,176	7.5	37,747	10.1	25,233	7.6
Other expense	(221)	(0.1)	(163)	(0.1)	(287)	(0.1)	(224)	(0.1)
Interest expense	(3,297)	(1.4)	(2,560)	(1.2)	(4,749)	(1.2)	(3,722)	(1.1)
Income before income taxes	18,791	7.7	13,453	6.2	32,711	8.8	21,287	6.4
Income tax expense	4,934	2.0	3,643	1.6	8,601	2.3	5,659	1.7
Net income	$ 13,857	5.7 %	$ 9,810	4.6 %	$ 24,110	6.5 %	$ 15,628	4.7 %

Three and Six Nine Months Ended June 30, 2024 September 30, 2024 Compared to Three and Six Nine Months Ended June 30, 2023 September 30, 2023

Net sales. Net sales increased 11.3% 9.7% to $129.5 $130.2 million in the second third quarter of 2024 compared to $116.4 $118.7 million in the second third quarter of 2023 and increased 12.6% 11.6% to $242.7 $372.9 million in the first six nine months of 2024 compared to $215.5 $334.2 million in the first six nine months of 2023.

SPP net sales were $89.5 $85.9 million in the second third quarter of 2024 compared to $77.3 $80.5 million in the second third quarter of 2023 and $169.5 $255.5 million in the first six nine months of 2024 compared to $140.8 $221.3 million in the first six nine months of 2023. The 15.9% 6.7% increase in the second third quarter of 2024 compared to the second third quarter of 2023 was driven by a 56% an 18% increase in tons produced resulting from an improved bidding environment coupled with changes in project timing, partially offset by a 26% 9% decrease in selling price per ton due to a combination of lower raw materials costs and product mix. costs. The 20.4% 15.4% increase in the first six nine months of 2024 compared to the first six nine months of 2023 was driven by a 55% 42% increase in tons produced resulting primarily from an improved bidding environment coupled with changes in project timing, partially offset by a 22% 19% decrease in selling price per ton due to a combination of lower raw materials costs and product mix. Bidding activity, backlog, and production levels may vary significantly from period to period, thereby affecting sales volumes.

Precast net sales were $40.0 44.3 million in the second third quarter of 2024 compared to $39.1 38.2 million in the second third quarter of 2023 and $73.2 117.5 million in the first six nine months of 2024 compared to $74.7 112.9 million in the first six nine months of 2023. The 2.2% 15.8%increase in the second third quarter of 2024 compared to the second third quarter of 2023 was driven by a 30% 35%increase in volume shipped, partially offset by a 22% 14%decrease in selling prices due to changes in product mix. The 2.0%decrease 4.0%increase in the first six nine months of 2024 compared to the first six nine months of 2023, despite was driven by a 27% 30% increase in volume shipped, was driven partially offset by a 23% 20%decrease in selling prices due to changes in product mix.

Gross profit. Gross profit increased 14.8% 40.0% to $25.8 $27.0 million (19.9% (20.8% of net sales) in the second third quarter of 2024 compared to $22.5 $19.3 million (19.3% (16.3% of net sales) in the second third quarter of 2023 and increased 17.6% 25.0% to $45.9 $73.0 million (18.9% (19.6% of net sales) in the first six nine months of 2024 compared to $39.1 $58.4 million (18.1% (17.5% of net sales) in the first six nine months of 2023.

SPP gross profit was $17.0 $16.6 million (19.0% (19.4% of SPP net sales) in the second third quarter of 2024 compared to $12.6 $10.9 million (16.3% (13.6% of SPP net sales) in the second third quarter of 2023 and $31.2 $47.9 million (18.4% (18.7% of SPP net sales) in the first six nine months of 2024 compared to $20.4 $31.3 million (14.5% (14.1% of SPP net sales) in the first six nine months of 2023. The 35.1% 52.4% increase in the second third quarter of 2024 compared to the second third quarter of 2023 and the 53.4% 53.1% increase in the first six nine months of 2024 compared to the first six nine months of 2023 were primarily due to increased volume and changes in product mix.

Precast gross profit was $8.8 $10.4 million (22.1% (23.5% of Precast net sales) in the second third quarter of 2024 compared to $9.9 $8.4 million (25.3% (21.9% of Precast net sales) in the second third quarter of 2023 and $14.7 $25.1 million (20.1% (21.4% of Precast net sales) in the first six nine months of 2024 compared to $18.7 $27.1 million (25.1% (24.0% of Precast net sales) in the first six nine months of 2023. The 10.9% decrease 24.0% increase in the second third quarter of 2024 compared to the second third quarter of 2023 and the 21.3% was primarily due to increased shipment volume. The 7.3% decrease in the first six nine months of 2024 compared to the first six nine months of 2023 were was primarily due to changes in product mix.

Selling, general, and administrative expense. Selling, general, and administrative expense increased 10.7% 13.1% to $12.2 $11.6 million (9.4% (8.9% of net sales) in the second third quarter of 2024 compared to $11.0 $10.2 million (9.4% (8.7% of net sales) in the second third quarter of 2023 and increased 3.3% 6.3% to $23.6 $35.2 million (9.7% (9.5% of net sales) in the first six nine months of 2024 compared to $22.9 $33.1 million (10.6% (9.9% of net sales) in the first six nine months of 2023. The increase in the second third quarter of 2024 compared to the second third quarter of 2023 was primarily due to $1.1 $1.7 million in higher incentive compensation expense. expense and $0.5 million in higher base compensation and benefits expense, partially offset by $0.7 million in lower professional fees. The increase in the first six nine months of 2024 compared to the first six nine months of 2023 was primarily due to $0.5 $2.3 million in higher incentive compensation expense and $0.3 $0.7 million in higher base compensation and benefits expense. expense, partially offset by $0.5 million in lower professional fees.

Income taxes. Income tax expense was $2.9 $3.7 million in the second third quarter of 2024 (an effective income tax rate of 25.5% 26.3%) compared to $2.7 $2.0 million in the second third quarter of 2023 (an effective income tax rate of 26.5% 25.7%) and was $4.9 $8.6 million in the first six nine months of 2024 (an effective income tax rate of 26.3%) compared to $3.6 $5.7 million in the first six nine months of 2023 (an effective income tax rate of 27.1% 26.6%). The estimated effective income tax rates for the second third quarters and the first six nine months of 2024 and 2023 were primarily impacted by non-deductible permanent differences. The estimated effective income tax rate can change significantly depending on the relationship of permanent income tax differences to estimated pre-tax income or loss. Accordingly, the comparison of estimated effective income tax rates between periods is not meaningful in all situations.

Liquidity and Capital Resources

Sources and Uses of Cash

Our principal sources of liquidity generally include operating cash flows and the Credit Agreement dated June 30, 2021 with Wells Fargo Bank, National Association (“Wells Fargo”), as administrative agent, and the lenders from time to time party thereto, including the initial sole lender, Wells Fargo (the “Lenders”), as amended by the Incremental Amendment dated October 22, 2021, the Second Amendment to Credit Agreement dated April 29, 2022, and the Third Amendment to Credit Agreement dated June 29, 2023 (together, the “Amended Credit Agreement”). From time to time our long-term capital needs may be met through the issuance of additional debt or equity. Our principal uses of liquidity generally include capital expenditures, working capital, organic growth initiatives, acquisitions, share repurchases, and debt service. Information regarding our cash flows for the six nine months ended June 30, 2024 September 30, 2024 and 2023 are presented in our Condensed Consolidated Statements of Cash Flows contained in Part I – Item 1. “Financial Statements” of this 2024 Q2 Q3 Form 10-Q, and are further discussed below.

As of June 30, 2024 September 30, 2024, our working capital (current assets minus current liabilities) was $207.2 $201.9 million compared to $176.3 million as of December 31, 2023. Cash and cash equivalents totaled $4.5 $5.7 million and $4.1 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

Fluctuations in SPP working capital accounts result from timing differences between production, shipment, invoicing, and collection, as well as changes in levels of production and costs of materials. We typically have a relatively large investment in working capital, as we generally pay for materials, labor, and other production costs in the initial stages of a project, while payments from our customers are generally received after finished product is delivered. A portion of our revenues are recognized over time as the manufacturing process progresses; therefore, cash receipts typically occur subsequent to when revenue is recognized and the elapsed time between when revenue is recorded and when cash is received can be significant. As such, our payment cycle is a significantly shorter interval than our collection cycle, although the effect of this difference in the cycles may vary by project, and from period to period.

As of June 30, 2024 September 30, 2024, we had $75.9 $60.7 million of outstanding revolving loan borrowings, $10.8 million of outstanding current debt, $88.0 $86.9 million of operating lease liabilities, and $7.0 $6.7 million of finance lease liabilities. As of December 31, 2023, we had $54.5 million of outstanding revolving loan borrowings, $10.8 million of outstanding current debt, $90.2 million of operating lease liabilities, and $7.5 million of finance lease liabilities. The increase in our revolving loan borrowings was primarily due to increased production and temporary changes in SPP working capital needs.

Net Cash Provided by (Used in) Operating Activities

Net cash provided by (used in) operating activities was ($3.8) $18.9 million in the first six nine months of 2024 compared to $27.5 $44.4 million in the first six nine months of 2023. Net income, adjusted for non-cash items, provided $26.2 $42.7 million of operating cash flow in the first six nine months of 2024 compared to $21.6 $32.0 million of operating cash flow in the first six nine months of 2023. The net change in working capital was $30.1 $23.8 million of operating cash flow that was used in the first six nine months of 2024 compared to $5.9 $12.4 million of operating cash flow that was provided in the first six nine months of 2023.

Net Cash Used in Investing Activities

Net cash used in investing activities was $10.6 $16.5 million in the first six nine months of 2024 compared to $11.1 $15.9 million in the first six nine months of 2023. Capital expenditures were $10.6 $16.6 million in the first six nine months of 2024 compared to $8.4 $13.2 million in the first six nine months of 2023, which includes $1.0 $1.7 million in the first six nine months of 2024 and $2.5 $3.1 million in the first six nine months of 2023 of investment in our new reinforced concrete pipe mill, $2.3 $4.5 million in the first six nine months of 2024 for the construction of a building at our Salt Lake City, Utah facility for the new mill, and the remainder primarily for standard capital replacement. We currently expect capital expenditures in 2024 to be approximately $19 $20 million to $22 million, which includes approximately $3 million of investment in our new reinforced concrete pipe mill, and associated ancillary equipment, approximately $5 million for the construction of a building at our Salt Lake City, Utah facility for the new mill, and the remainder primarily for standard capital replacement. The $2.7 million payment of the working capital adjustment for the 2021 acquisition of Park Environmental Equipment, LLC was made in the second quarter of 2023.

Net Cash Provided by (Used in) Used in Financing Activities

Net cash provided by (used in) used in financing activities was $14.8 $0.7 million in the first six nine months of 2024 compared to ($15.9) $28.1 million in the first six nine months of 2023. Net borrowings (repayments) on the line of credit were $21.4 $6.2 million in the first six nine months of 2024 compared to ($13.6) 25.6) million in the first six nine months of 2023. Repurchases of common stock were $4.4 million in the first six nine months of 2024. No repurchases of common stock were made in the first six nine months of 2023.

We anticipate that our existing cash and cash equivalents, cash flows expected to be generated by operations, and additional borrowing capacity under the Amended Credit Agreement and other loans will be adequate to fund our working capital, debt service, capital expenditure requirements, and share repurchases for the foreseeable future. To the extent necessary, we may also satisfy capital requirements through additional bank borrowings, senior notes, term notes, subordinated debt, and finance and operating leases, if such resources are available on satisfactory terms. We have from time to time evaluated and continue to evaluate opportunities for acquisitions and expansion. Any such transactions, if consummated, may necessitate additional bank borrowings or other sources of funding.

On December 4, 2023, our shelf registration statement on Form S-3 (Registration No. 333-275691) covering the potential future sale of up to $150 million of our equity and/or debt securities or combinations thereof, was declared effective by the SEC. This shelf registration statement, which replaced the registration statement on Form S-3 that expired on November 3, 2023, provides another potential source of capital, in addition to other alternatives already in place. We cannot be certain that funding will be available on favorable terms or available at all. To the extent that we raise additional funds by issuing equity securities, our shareholders may experience significant dilution. As of the date of this 2024 Q2 Q3 Form 10-Q, we have not yet sold any securities under this registration statement, nor do we have an obligation to do so. Please refer to the factors discussed in Part I – Item 1A. “Risk Factors” in our 2023 Form 10-K.

On November 2, 2023, we announced our authorization of a share repurchase program of up to $30 million of our outstanding common stock. The program does not commit to any particular timing or quantity of purchases, and the program may be suspended or discontinued at any time. Under the program, shares may be purchased in open market, including through plans adopted pursuant to Rule 10b5-1 of the Exchange Act, or in privately negotiated transactions administered by our broker, D.A. Davidson Companies. At this time, we have elected to limit our share repurchase transactions to only those under the Rule 10b5-1 trading plan we executed in November 2023, which we believe considers our liquidity, including availability of borrowings and covenant compliance under our Amended Credit Agreement, and other capital allocation priorities of the business. Our Rule 10b5-1 trading plan designates up to $10 million for daily share repurchases with volumes that fluctuate with changes in the trading price of our common stock. We expect to consider share repurchase strategies beyond the current Rule 10b5-1 trading plan at a future date. For a summary of shares repurchased during the second third quarter of 2024, see Part II — Item 2. "Unregistered Sales of Equity Securities and Use of Proceeds" of this 2024 Q2 Q3 Form 10-Q. Please refer to the factors discussed in Part I – Item 1A. "Risk Factors" in our 2023 Form 10-K.

Credit Agreement

The Amended Credit Agreement provides for a revolving loan, swingline loan, and letters of credit in the aggregate amount of up to $125 million ("Revolver Commitment"), with an option for us to increase that amount by $50 million, subject to provisions of the Amended Credit Agreement. The Amended Credit Agreement will expire, and all obligations outstanding will mature, on June 29, 2028. We may prepay outstanding amounts at our discretion without penalty at any time, subject to applicable notice requirements. As of June 30, 2024 September 30, 2024 under the Amended Credit Agreement, we had $75.9 $60.7 million of outstanding revolving loan borrowings, $1.6 million of outstanding letters of credit, and additional borrowing capacity of approximately $47 $63 million.

Revolving loans under the Amended Credit Agreement bear interest at rates related to, at our option and subject to the provisions of the Amended Credit Agreement, either: (i) Base Rate (as defined in the Amended Credit Agreement) plus the Applicable Margin; (ii) Adjusted Term Secured Overnight Finance Rate ("SOFR") (as defined in the Amended Credit Agreement) plus the Applicable Margin; or (iii) Adjusted Daily Simple SOFR (as defined in the Amended Credit Agreement) plus the Applicable Margin. The "Applicable Margin" is 1.75% to 2.35%, depending on our Consolidated Senior Leverage Ratio (as defined in the Amended Credit Agreement) and the interest rate option chosen. Interest on outstanding revolving loans is payable monthly. Swingline loans under the Amended Credit Agreement bear interest at the Base Rate plus the Applicable Margin. As of June 30, 2024 September 30, 2024, the weighted-average interest rate for outstanding borrowings was 7.42% 7.35%. The Amended Credit Agreement requires the payment of a commitment fee of between 0.30% and 0.40%, based on the amount by which the Revolver Commitment exceeds the average daily balance of outstanding borrowings (as defined in the Amended Credit Agreement). Such fee is payable monthly in arrears. We are also obligated to pay additional fees customary for credit facilities of this size and type.

The letters of credit outstanding as of June 30, 2024 September 30, 2024 relate to workers' compensation insurance and a public improvement project. Based on the nature of these arrangements and our historical experience, we do not expect to make any material payments under these arrangements.

The Amended Credit Agreement contains customary representations and warranties, as well as customary affirmative and negative covenants, events of default, and indemnification provisions in favor of the Lenders. The negative covenants include restrictions regarding the incurrence of liens and indebtedness, annual capital expenditures, certain investments, acquisitions, and dispositions, and other matters, all subject to certain exceptions. The Amended Credit Agreement requires us to regularly provide financial information to Wells Fargo and to maintain a consolidated senior leverage ratio no greater than 3.00 to 1.00 (subject to certain exceptions) and a minimum consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") (as defined in the Amended Credit Agreement) of at least $35 million for the four consecutive fiscal quarters most recently ended. Pursuant to the Amended Credit Agreement, we have also agreed that we will not sell, assign, or otherwise dispose or encumber, any of our owned real property. The occurrence of an event of default could result in the acceleration of the obligations under the Amended Credit Agreement. We were in compliance with our financial covenants as of June 30, 2024 September 30, 2024, and expect to continue to be in compliance in the near term.

Our obligations under the Amended Credit Agreement are secured by a senior security interest in substantially all of our and our subsidiaries' assets.

Current Debt

The Interim Funding Agreement dated August 2, 2022 with Wells Fargo Equipment Finance, Inc. ("WFEF"), as amended January 23, 2023, March 15, 2023, July 21, 2023, and November 2, 2023 (together, the "IFA"), provides for aggregate interim funding advances up to $10.8 million of equipment purchased for a new reinforced concrete pipe mill, to be converted into a term loan upon final delivery and acceptance of the financed equipment. As of June 30, 2024 September 30, 2024, the outstanding balance of the IFA was $10.8 million, which was classified as a current liability since there was not a firm commitment for long-term debt financing. The IFA bears interest at the SOFR Average plus 2.00%. As of June 30, 2024 September 30, 2024, the weighted-average interest rate for outstanding borrowings was 7.07% 7.10%. The IFA requires monthly payments of accrued interest and grants a security interest in the equipment to WFEF. Effective November 2, 2023, the IFA requires us to maintain a consolidated senior leverage ratio no greater than 3.00 to 1.00 (subject to certain exceptions) and to maintain a minimum consolidated EBITDA (as defined in the IFA) of at least $35 million for the four consecutive fiscal quarters most recently ended. We were in compliance with our financial covenants as of June 30, 2024 September 30, 2024, and expect to continue to be in compliance in the near term. On October 28, 2024 we converted the IFA into a term loan with WFEF. See Note 14, "Subsequent Event" of the Notes to Condensed Consolidated Financial Statements in Part I – Item 1. "Financial Statements" of this 2024 Q3 Form 10-Q.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements affecting our Company, including the dates of adoption and estimated effects on financial position, results of operations, and cash flows, see Note 13, “Recent Accounting and Reporting Developments” of the Notes to Condensed Consolidated Financial Statements in Part I – Item 1. “Financial Statements” of this 2024 Q2 Q3 Form 10-Q.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our Condensed Consolidated Financial Statements included in Part I – Item 1. “Financial Statements” of this 2024 Q2 Q3 Form 10-Q, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our Condensed Consolidated Financial Statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. On an ongoing basis, we evaluate all of our estimates, including those related to revenue recognition, goodwill, income taxes, and litigation and other contingencies. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes in our critical accounting estimates during the six nine months ended June 30, 2024 September 30, 2024 as compared to the critical accounting estimates disclosed in our 2023 Form 10-K.

Item3. Quantitative and Qualitative Disclosures About Market Risk

For a discussion of our market risk associated with commodity prices, interest rates, and foreign currency exchange rates, see Part II – Item 7A. “Quantitative and Qualitative Disclosures About Market Risk” in our 2023 Form 10-K.

Item4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are designed to provide reasonable assurance that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 September 30, 2024, our management, under the supervision and with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2024 September 30, 2024. As a result of the assessment, our CEO and CFO have concluded that, as of June 30, 2024 September 30, 2024, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no significant changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2024 September 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PartII– OTHER INFORMATION

Item1. Legal Proceedings

We are party to a variety of legal actions arising out of the ordinary course of business. Plaintiffs occasionally seek punitive or exemplary damages. We do not believe that such normal and routine litigation will have a material impact on our consolidated financial results. We are also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines, penalties, and other costs in substantial amounts. See Note 7, “Commitments and Contingencies” of the Notes to Condensed Consolidated Financial Statements in Part I – Item 1. “Financial Statements” of this 2024 Q2 Q3 Form 10-Q.

Item1A. Risk Factors

In addition to the other information set forth in this 2024 Q2 Q3 Form 10-Q, the factors discussed in Part I – Item 1A. “Risk Factors” in our 2023 Form 10-K and any subsequently filed quarterly reports on Form 10-Q could materially affect our business, financial condition, or operating results. The risks described in our 2023 Form 10-K and subsequent Form 10-Q’s are not the only risks facing us. There are additional risks and uncertainties not currently known to us or that we currently deem to be immaterial, that may also materially adversely affect our business, financial condition, or operating results.

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

On November 2, 2023, we announced our authorization of a share repurchase program of up to $30 million of our outstanding common stock. The program does not commit to any particular timing or quantity of purchases, and the program may be suspended or discontinued at any time. Under the program, shares may be purchased in open market, including through plans adopted pursuant to Rule 10b5-1 of the Exchange Act, or in privately negotiated transactions administered by our broker, D.A. Davidson Companies. At this time, we have elected to limit our share repurchase transactions to only those under the Rule 10b5-1 trading plan we executed in November 2023, which we believe considers our liquidity, including availability of borrowings and covenant compliance under our Amended Credit Agreement, and other capital allocation priorities of the business. Our Rule 10b5-1 trading plan designates up to $10 million for daily share repurchases with volumes that fluctuate with changes in the trading price of our common stock. We expect to consider share repurchase strategies beyond the current Rule 10b5-1 trading plan at a future date.

The following table provides information relating Pursuant to our share repurchase program, no repurchases of our common stock were made during the three months ended June 30, 2024 pursuant to our September 30, 2024, and $24.9 million of the share repurchase program. authorization remained available for repurchases as of September 30, 2024.

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
April 1, 2024 to April 30, 2024	15,115	$ 31.79	15,115	$ 24,940,245
May 1, 2024 to May 31, 2024	2,400	31.93	2,400	24,863,619
June 1, 2024 to June 30, 2024	-	-	-	24,863,619
Total	17,515	31.81	17,515	

(1) Exclusive of commission fees incurred in relation to the repurchase of common stock.

Item5. Other Information

During the three months ended June September 30, 2024, none of our directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement, as such terms are defined under Item 408(a) of Regulation S-K, except as follows:

On On May August 31, 19, 2024,, Megan Kendrick Aaron Wilkins, our Senior Vice President, of Human Resources, adopted a Rule 10b5-1 trading arrangement for the sale of shares of our common stock, which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. Ms. Kendrick’s Rule 10b5-1 trading arrangement provides for the potential sale of up to 2,000 shares of our common stock between September 15,2024Chief Financial Officer, and December 31,2024, so long as the market price of our common stock is higher than certain minimum threshold prices specified in Ms. Kendrick’s Rule 10b5-1 trading arrangement.
On June 5,2024,Miles Brittain, our Executive Vice President Corporate Secretary, adopted a Rule 10b5-1 trading arrangement for the sale of shares of our common stock, which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. Mr. Brittain’s Wilkins’ Rule 10b5-1 trading arrangement provides for the potential sale of up to 4,500 2,500 shares of our common stock between September November 4, 18, 2024 and June April 6, 30, 2025, so long as the market price of our common stock is higher than certain minimum threshold prices specified in Mr. Brittain’s Wilkins’ Rule 10b5-1 trading arrangement.

Item6. Exhibits

(a) The exhibits filed as part of this 2024 Q2 Q3 Form 10-Q are listed below:

Exhibit Number	Description

10.1	Term loan agreement dated October 28, 2024 by and between Wells Fargo Equipment Finance, Inc. and Geneva Pipe and Precast Company
31.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Document
101.DEF	Inline XBRL Taxonomy 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)

* This exhibit constitutes a management contract or compensatory plan or arrangement.

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.

Dated: August 1, 2024 October 31, 2024

NORTHWEST PIPE COMPANY

By: /s/ Scott Montross

Scott Montross
Director, President, and Chief Executive Officer
(principal executive officer)

By: /s/ Aaron Wilkins

Aaron Wilkins
Senior Vice President, Chief Financial Officer, and Corporate Secretary
(principal financial and accounting officer)

Exhibit 10.1

Promissory Note

Wells Fargo Equipment Finance, Inc. | 600 South 4th Street | MAC N9300-100 | Minneapolis, MN 55415

wellslogo.jpg

Notice: Lender reserves the right to withdraw the terms of this Promissory Note and issue a modified Promissory Note without notice to Debtor if Lender is not in receipt of a fully executed original or facsimile of this document within five (5) business days of the date of this Promissory Note. However, in that event, no such modifications will be binding on Debtor unless and until Debtor executes the modified document containing all such modifications.

Contract Number 0011169-000 dated as of October 25, 2024

For value received, the undersigned ("Debtor") hereby unconditionally promises to pay to the order of Wells Fargo Equipment Finance, Inc. (the "Lender") at such address as may be designated from time to time by Lender, in lawful money of the United States of America, the principal sum of **$15,000,000.00** together with interest on the unpaid balance hereof from the date the loan proceeds are disbursed hereunder at an annual rate (computed on the basis of a 360-day year, actual days elapsed) determined as set forth below.

The interest rate in effect on the loan proceeds disbursed hereunder shall be the rate per annum determined by Lender equal to (i) SOFR Average plus (ii) **2.22%**. "SOFR Average" means the rate per annum determined by Lender as the compounded average of SOFR over a rolling thirty (30) calendar day period ("30-Day SOFR Average"), for the day (such day, the "SOFR Average Determination Day") that is two (2) Business Days prior to the date of determination, as such rate is published by the SOFR Administrator on the SOFR Administrator's Website; provided, however, that (x) if as of 5:00 p.m. (New York time) on any SOFR Average Determination Day, such 30-Day SOFR Average has not been published on the SOFR Administrator's Website and a Benchmark Replacement Date with respect to SOFR Average has not occurred, then SOFR Average will be the 30-Day SOFR Average as published on the SOFR Administrator's Website for the first preceding Business Day for which such 30-Day SOFR Average was published on the SOFR Administrator's Website, so long as such first preceding Business Day is not more than three (3) Business Days prior to such SOFR Average Determination Day; and (y) if the SOFR Average determined as provided above (including pursuant to clause (x) of this proviso) shall ever be less than 0% (the "Benchmark Floor"), then the SOFR Average shall be deemed to be the Benchmark Floor. "SOFR" means a rate per annum equal to the secured overnight financing rate as administered by the SOFR Administrator. "SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate). "SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time. "Business Day" means any day except (i) a Saturday, (ii) a Sunday, or (iii) any day on which the Securities Industry and Financial Markets Association, or any successor thereto, recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities. The rate shall initially be determined on the first day of the month in which the loan proceeds are disbursed hereunder and such initial rate shall remain in effect through the last day of the month in which the loan proceeds are disbursed hereunder. Unless the Default Rate (as defined below) shall apply, the interest rate in effect for each month thereafter until this Note is paid in full shall be the same percentage over SOFR Average, determined on the first day of each month (each such monthly period, an "Interest Period"). Subject to the Benchmark Replacement Provisions below, if Lender determines (any determination of which shall be conclusive and binding on Debtor) that either (i) SOFR Average for the applicable Interest Period cannot be determined pursuant to the definition thereof other than as a result of a Benchmark Transition Event (an "Inability Determination") or (ii) any law has made it unlawful, or that any governmental authority has asserted that it is unlawful, for Lender to make or maintain an advance based on SOFR or SOFR Average, or to determine or charge interest rates based upon SOFR or SOFR Average (an "Illegality Determination"), then Lender will so notify Debtor.

THIS AGREEMENT INCLUDES THE TERMS ON THE NUMBER OF PAGES IDENTIFIED BELOW

Debtor: **Geneva Pipe and Precast Company**

/s/ Aaron Wilkins

By

Aaron Wilkins, Vice President, Secretary, and Chief Financial Officer

Print Name and Title

From the date of an Inability Determination or an Illegality Determination until Lender revokes such Inability Determination or notifies Debtor that the circumstances giving rise to such Illegality Determination no longer exist, as applicable, the Adjusted Prime Rate shall replace SOFR Average for any determination of interest hereunder for any affected Interest Period hereunder (with the margin that had been added to SOFR Average added to the Adjusted Prime Rate); provided, however, that no such determination of interest shall take effect during any applicable Interest Period as a result of an Inability Determination. Notwithstanding any of the foregoing to the contrary, if a Benchmark Replacement is subsequently determined in accordance with applicable Benchmark Replacement Provisions, that Benchmark Replacement, plus any applicable margin, will then supersede the foregoing with respect to the replaced Benchmark. "Adjusted Prime Rate" means, at any time, the amount equal to (a) the Prime Rate as of such time less (b) the amount (which may be a positive or negative number or zero and which amount shall remain the same from the date of an Inability Determination or an Illegality Determination until Lender revokes such Inability Determination or notifies Debtor that the circumstances giving rise to such Illegality Determination no longer exist, as applicable) equal to (i) the Prime Rate as of the date of the last available SOFR Average less (ii) the last available SOFR Average (if such SOFR Average is greater than the Prime Rate, so that (i) minus (ii) results in a negative number, then the negative number shall be added to (a) to arrive at the Adjusted Prime Rate); provided, however, that if Adjusted Prime Rate would be less than the Benchmark Floor, then Adjusted Prime Rate shall be deemed to be the Benchmark Floor. "Prime Rate" means at any time the rate of interest most recently announced within Wells Fargo Bank, National Association ("Bank") at its principal office as its Prime Rate, with the understanding that the Prime Rate is one of Bank's base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Bank may designate. If the rate of interest announced by Bank as its Prime Rate at any time is less than the Benchmark Floor, then for purposes of this Note and any related loan document the Prime Rate shall be deemed to be the Benchmark Floor.

First Installment Due Date means the date that is one month after the date loan proceeds are disbursed hereunder. Debtor agrees that the dates of the First Installment Due Date and the Final Installment Due Date may be left blank when this Note is executed and hereby authorizes Lender to insert such dates based upon a **60-month term** and the date the loan proceeds are disbursed.

First Installment Due Date: ________________ Final Installment Due Date: ________________

Debtor promises to pay the principal and interest hereof as follows:

Principal shall be payable in **59** consecutive **monthly** installments **of $250,000.00 each** commencing on the First Installment Due Date and continuing on the same day of each month thereafter, and in a final installment of the entire unpaid balance of this Note on the Final Installment Due Date, when the entire unpaid principal shall become due and payable.

Interest on the unpaid principal balance through the day preceding the payment due date shall be paid with each principal installment.

The amount of each installment payment and the annual interest rate used to compute such payments each as set forth above were calculated based on Lender's cost of funds within two Business Days of the date of this Note set forth above. Notwithstanding anything in this Note to the contrary, if the loan proceeds are not disbursed within fifteen (15) Business Days of the date of this Note and Lender's cost of funds has increased subsequent to the date of this Note, the annual interest rate and the amount of the installment payments will be increased to provide the same yield to Lender as would have been obtained if Lender's cost of funds had not increased. The annual interest rate and the amount of the installment payments shall be determined by Lender taking into account its cost of funds two Business Days prior to the date that this Note is funded. Debtor agrees that the loan proceeds shall not be disbursed until Lender has received all documentation and information required by Lender, which may include, without limitation, a delivery and acceptance certificate, evidence of insurance, invoices, landlord waivers and evidence of no adverse liens or security interests on the Equipment. In such event Debtor and Lender shall sign an amendment to this Note reflecting the change in the interest rate and installment payments.

If any installment due hereunder is not received by Lender within ten (10) days of its due date, Debtor agrees to pay a late fee to Lender equal to the lesser of (i) 5% of the past due installment or (ii) the highest amount allowed by applicable law. Payments thereafter received shall be applied first to delinquent installments and then to current installments.

This Note may be prepaid in whole at any time by paying to Lender the unpaid principal balance of this Note, together with accrued but unpaid interest and late fees, plus a prepayment premium of 2.00% of the principal amount prepaid if prepaid during months 1 - 30 and 0.00% thereafter.

This Note shall not be prepaid in part except as a result of a permitted disposition of an item of collateral which secures this Note. The amount of such partial prepayment relative to an item of collateral shall be equal to a principal amount, as reasonably determined in Lender's sole discretion, together with accrued but unpaid interest, plus a prepayment premium calculated in accordance with the preceding paragraph with respect to the principal amount prepaid. Nothing contained in this paragraph shall be construed as an authorization by Lender to Debtor to sell or otherwise dispose of an item of collateral which secures this Note. Such sale or disposition of an item of collateral by Debtor shall be made solely in accordance with the terms of the security agreement or other agreement pursuant to which Debtor pledged such item of collateral to Lender.

Debtor may remit to Lender amounts in excess of an installment that is due hereunder and Lender shall apply such amount to the next maturing installment or installments. Payment of amounts in excess of the installment that is due or installments prior to the due date thereof shall not be treated as a prepayment or result in a change to either the total number of installments or the total sum of all installments payable under this Note.

Debtor shall pay to Lender immediately upon demand, in addition to any other amounts due or to become due hereunder, any and all (i) withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any governmental authority and related in any manner to SOFR or SOFR Average, and (ii) costs, expenses and liabilities arising from or in connection with reserve percentages prescribed by the Board of Governors of the Federal Reserve System (or any successor) for "Eurocurrency Liabilities" (as defined in Regulation D of the Board of Governors of the Federal Reserve System, as amended), assessment rates imposed by the Federal Deposit Insurance Corporation, or similar requirements or costs imposed by any domestic or foreign governmental authority or resulting from compliance by Lender with any request or directive (whether or not having the force of law) from any central bank or other governmental authority and related in any manner to SOFR or SOFR Average. In determining which of the foregoing are attributable to any SOFR or SOFR Average option available to Debtor hereunder, any reasonable allocation made by Lender among its operations shall be conclusive and binding upon Debtor.

Each of the following shall constitute an Event of Default hereunder: (a) failure to pay any installment hereunder within ten (10) days of when due; (b) the occurrence of an event of default as defined in any security agreement or mortgage securing this Note; (c) the commencement of any bankruptcy or insolvency proceedings by or against Debtor or any guarantor of this Note; and (d) an event of default shall occur under any indebtedness Debtor may now or hereafter owe to Lender or any affiliate thereof. Upon the occurrence of an Event of Default, Lender may do any one or more of the following as it may elect: (i) declare the entire unpaid balance of the Note to be immediately due and payable, and thereupon the full principal balance plus the prepayment premium described above, together with accrued but unpaid interest through and including the date of payment in full, shall be and become immediately due and payable. Interest shall be calculated from the date of such Event of Default, both before and after judgment, at a rate equal to the lesser of 12% per annum or the highest rate permitted by law (the "Default Rate"); (ii) exercise any one or more of the rights and remedies available to it under any security agreement or mortgage securing this Note or under any other agreement or by law. In no event shall Debtor's obligations under this Note be secured by any real property unless the document granting an interest in real property specifically references this Note by date and/or contract number.

Debtor hereby waives presentment, notice of dishonor, and protest. Debtor agrees to pay all costs of collection of this Note, including reasonable attorneys' fees. The holder hereof may change the terms of payment of the Note by extension, renewal or otherwise, and release any security for, or party to, this Note and such action shall not release any accommodation maker, endorser, or guarantor from liability on this Note.

Notwithstanding anything to the contrary contained herein, if the rate of interest, late payment fee, prepayment premium or any other charges or fees due hereunder are determined by a court of competent jurisdiction to be usurious, then said interest rate, fees and/or charges shall be reduced to the maximum amount permissible under applicable law and any such excess amounts shall be applied towards the reduction of the principal balance of this Note.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Minnesota without regard to conflicts of law rules. DEBTOR HEREBY WAIVES ANY RIGHT TO A JURY TRIAL WITH RESPECT TO ANY MATTER UNDER OR IN CONNECTION WITH THIS NOTE.

If Debtor is not an individual, (i) the execution, delivery and performance of this Note has been duly authorized by all necessary action on the part of Debtor and will not violate any provision of Debtor's governing documents; (ii) the person signing on behalf of Debtor is duly authorized; and (iii) this Note constitutes a legal, valid and binding obligation of Debtor.

If this Note is signed by more than one person as Debtor, then the term "Debtor" shall refer to each of them separately and to all of them jointly, and each such person shall be liable hereunder individually in full and jointly with the others.

Lender may in its sole discretion, accept a photocopy, electronically transmitted facsimile, pdf or other reproduction of this Note and/or any document related hereto or thereto (a "Counterpart") as the binding and effective record of this Note and/or such other document, whether or not an ink signed copy hereof is also received by Lender from Debtor, provided, however, that if Lender accepts a Counterpart as the binding and effective record of this Note or any other document, the Counterpart acknowledged by Lender (either in ink or electronically) shall constitute the record hereof or thereof. Debtor represents to Lender that the signature that appears on the Counterpart that is transmitted by Debtor to Lender in any manner described above is intended by Debtor to authenticate the Counterpart notwithstanding that such signature is electronic, facsimile or a reproduction and Debtor further agrees that a Counterpart of this Note or such other document received by Lender, shall, when acknowledged by Lender (either in ink or electronically), constitute an original document for the purposes of establishing the provisions hereof and thereof and shall be legally admissible under the best evidence rule and binding on and enforceable against Debtor. If Lender accepts a Counterpart of a document as the binding and effective record thereof, only such Counterpart acknowledged by Lender's ink or electronic signature may be marked "Original" and perfection of a security interest by possession or control may only be accomplished by possession or control of the Counterpart that bears Lender's acknowledgement.

Benchmark Replacement Provisions. Notwithstanding anything to the contrary contained herein:

(a) Benchmark Replacement. If a Benchmark Transition Event occurs, the applicable Benchmark Replacement will replace the then- current Benchmark for all purposes hereunder on the Benchmark Replacement Date without any further action or consent of Debtor.

(b) Benchmark Replacement Conforming Changes. Lender will have the right to make Benchmark Replacement Conforming Changes from time to time and any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of Debtor.

(c) Notices; Standards for Decisions and Determinations. Lender will promptly notify Debtor of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by Lender pursuant to these provisions, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and will be made in its sole discretion and without Debtor consent.

(d) Certain Defined Terms. As used herein:

"Benchmark" means, initially, the SOFR Average; provided, however, that if a Benchmark Transition Event has occurred with respect to the SOFR Average or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has become effective pursuant to the provisions of this Note.

"Benchmark Administrator" means, initially, the SOFR Administrator or any successor administrator of the then-current Benchmark or any insolvency or resolution official with authority over such administrator.

"Benchmark Replacement" means the sum of: (x) the alternate rate of interest that has been selected by Lender as the replacement for the then-current Benchmark and (y) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Lender, in each case giving due consideration to (i) any selection or recommendation by the Relevant Governmental Body at such time for a replacement rate, the mechanism for determining such a rate, the methodology or conventions applicable to such rate, or the spread adjustment, or method for calculating or determining such spread adjustment, for such rate or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the then-current Benchmark, the methodology or conventions applicable to such rate, or the spread adjustment, or method for calculating or determining such spread adjustment, for such rate for U.S. dollar-denominated syndicated or bilateral credit facilities; provided, however, that if the Benchmark Replacement as determined as provided would be less than the Benchmark Floor, then the Benchmark Replacement shall be deemed to be the Benchmark Floor for the purposes hereof.

"Benchmark Replacement Conforming Changes" means any technical, administrative or operational changes (including, without limitation, changes to the timing and frequency of determining rates and making payments of interest, prepayment provisions and other technical, administrative or operational matters) that Lender decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by Lender.

"Benchmark Replacement Date" means the date specified by Lender in a notice to Debtor following a Benchmark Transition Event.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark: a public statement or publication of information by or on behalf of the Benchmark Administrator or a regulatory supervisor for the Benchmark Administrator announcing that (a) the Benchmark Administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely; or (b) the Benchmark is not, or as of a specified future date will not be, representative.

"Relevant Governmental Body" means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto.

Schedule A

wellslogo.jp

Wells Fargo Equipment Finance, Inc. | 600 South 4th Street | MAC N9300-100 | Minneapolis, MN 55415

Contract No. 0011169-000 dated as of August 2, 2022

Final Revision: October 25, 2024

Final

Debtor/Borrower: Geneva Pipe and Precast Company

One (1) Schlusselbauer Exact 2500 Concrete Pipe Plant as more fully described on order confirmation number AB-23900-00 from Schlusselbauer Technology

One (1) Manhole Riser & Cones System for Schlusselbauer Exact 2500 Concrete Pipe Plant/2-45-WCS Concrete Mixing and Batching One(1) WiCoMix WM2250/3-45-WCS Concrete Mixing and Batching Plant

One (1) WiCoMix WM 3450-4WAB-840WCS Mixing and Batching Plant

Debtor/Borrower: Geneva Pipe and
Precast Company

/s/ Aaron Wilkins

By

Vice President, Secretary, and Chief Financial Officer

Title

Exhibit 31.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Montross, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Northwest Pipe Company;

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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, October 31, 2024

By: /s/ Scott Montross
Scott Montross
Director, President, and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Aaron Wilkins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Northwest Pipe Company;

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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, October 31, 2024	By:	/s/ Aaron Wilkins
		Aaron Wilkins
		Senior Vice President, Chief Financial Officer, and Corporate Secretary
		(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Northwest Pipe Company (the "Company") on Form 10-Q for the period ended June September30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott Montross, Director, President, and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott Montross

Scott Montross

Director, President, and Chief Executive Officer

August 1, October 31, 2024

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Northwest Pipe Company (the "Company") on Form 10-Q for the period ended June September30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Aaron Wilkins, Senior Vice President, Chief Financial Officer, and Corporate Secretary of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Aaron Wilkins

Aaron Wilkins

Senior Vice President, Chief Financial Officer, and Corporate Secretary

August 1, October 31, 2024

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