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# DELTA REPORT

## 10-Q

GBX - GREENBRIER COMPANIES INC

10-Q - NOVEMBER 30, 2023 COMPARED TO 10-Q - MAY 31, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 1854 |
| --- | --- |
| CHANGES | 288 |
| DELETIONS | 764 |
| ADDITIONS | 802 |





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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 May 31, November 30, 2023**

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

**for the transition period from ______ to ______**

**Commission File No. 1-13146**

# THE GREENBRIER COMPANIES, INC.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Oregon** | **93-0816972** |
| (State of Incorporation) | (I.R.S. Employer Identification No.) |
| **One Centerpointe Drive, Suite 200, Lake Oswego, OR** | **97035** |
| (Address of principal executive offices) | (Zip Code) |

**(503) 684-7000**
**(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 without par value** | **GBX** | **New York Stock Exchange** |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the 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 of the registrant’s common stock, without par value, outstanding on June 26, 2023 January 2, 2024 was 30,883,231 31,090,793 shares.

**FORM 10-Q**

**Table of Contents**

## Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements, other than statements of historical fact included in this report, concerning our plans, objectives, goals, strategies, future events, future performance, financing needs, plans or intentions relating to business trends and other information referred to under "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. We use words such “affect,” “anticipate,” “backlog,” “be,” “believe,” “commit,” “can,” “contingent,” “continue,” “could,” “due to,” “estimate,” “expect,” “future,” “identify,” “intend,” “likely,” “may,” “optimism, “optimize,” “plan,” “potential,” “trend,” “realize,” “result,” “seek,” “should,” “strategy,” “will,” “would,” and similar expressions to identify forward-looking statements. Forward-looking statements are not guarantees of future performance.

Forward-looking statements are based on our current expectations and beliefs and on currently available operating, financial and market information and are subject to various risks and uncertainties, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations and beliefs are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that our expectations or beliefs will result or be achieved and actual future results and trends may differ materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements contained in this report. Such risks, uncertainties and important factors include but are not limited to the following:

- an economic downturn or economic uncertainty;
- shortages of skilled labor, increased labor costs, or a failure to maintain good relations with our workforce;
- price volatility for supplies to our business as well as goods and services in our industry;
- mismatch of supply and demand, interruptions of supply lines, inefficient or overloaded logistics platforms, among c factors which may cause the markets for the inputs to our business to fail to operate effectively or efficiently;
- inflation, including wage inflation undertaking and a rise in prices for energy and other inputs; management of ca expenditures;
- monetary creation, implementation and other policy interventions by governments and central banks, including increase use of interest rates; information technology systems;
- shortages of skilled labor, increased labor costs, or a failure to maintain good relations with our workforce;
- impacts from international conflicts or other geopolitical events, including the war in Ukraine;
- changes in demand for our railcar equipment cybersecurity threats and services; incidents;
- equipment failures, technological failures, costs and inefficiencies associated with changing of production lines transfer of production between facilities;

- monetary and other policy interventions by governments and central banks, including the increase of interest rates;
- changes in demand for our railcar equipment and services;
- the COVID-19 coronavirus pandemic, the governmental reaction to COVID-19 and the related significant global vola in general economic activity;
- being prevented from operating our manufacturing facilities, maintenance shops, wheel shops or other worksites du the illness of our employees, "stay-at-home" regulations, and employee reluctance to appear for work for many diffe reasons including the implementation of any government-imposed vaccination or testing mandates;
- changes in our product mix or revenue due to shifts in demand;
- the cyclical nature of our business;
- the loss of, or reduction of, business from one or more of our limited number of customers;
- impacts from international conflicts or other geopolitical events, including the war in Ukraine;
- our ability to realize the anticipated benefits of our enhanced leasing strategy;
- inflation, including wage inflation and a rise in prices for energy and other inputs;
- a decline in performance, or increase in efficiency, of the rail freight industry;
- risks related to our operations outside of the United States (U.S.) including enforcement actions by regulators relate tax, environmental, labor, safety, or other regulations;



- governmental policy changes impacting international trade and corporate tax;
- a material delay in the movement of our products to customer delivery points; and



- our inability to lease railcars at satisfactory rates, remarket leased railcars on favorable terms upon lease terminatio realize the expected residual values for end of life railcars due to changes in scrap prices.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements, including the risks, uncertainties and factors described in more detail in Part I Item 1A "Risk Factors" in our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q which are incorporated herein by reference. You should evaluate all forward-looking statements made in this report in the context of these risks, uncertainties and factors. You are cautioned not to place undue reliance on any forward-looking statements, which reflect management's opinions only as of the date hereof. Except as otherwise required by law, we do not assume any obligation to update any forward-looking statements.



## PART I. FINANCIAL INFORMATION

### Item 1. Condensed Consolidated Financial Statements

**Condensed Consolidated Balance Sheets**

*(In millions, except number of shares which are reflected in thousands, unaudited)*

| | May 31, 2023 | August 31, 2022 | November 30, 2023 | August 31, 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ 321.4 | $ 543.0 | $ 307.3 | $ 281.7 |
| Restricted cash | 20.1 | 16.1 | 14.0 | 21.0 |
| Accounts receivable, net | 533.6 | 501.2 | 458.7 | 529.9 |
| Income tax receivable | 29.8 | 39.8 | 10.5 | 42.2 |
| Inventories | 888.0 | 815.3 | 883.6 | 823.6 |
| Leased railcars for syndication | 119.4 | 111.1 | 159.8 | 187.4 |
| Equipment on operating leases, net | 941.0 | 770.9 | 1,095.8 | 1,000.0 |
| Property, plant and equipment, net | 600.4 | 645.2 | 618.1 | 619.2 |
| Investment in unconsolidated affiliates | 86.4 | 92.5 | 89.4 | 88.7 |
| Intangibles and other assets, net | 253.3 | 189.1 | 248.9 | 255.8 |
| Goodwill | 128.3 | 127.3 | 128.6 | 128.9 |
| | $ 3,921.7 | $ 3,851.5 | $ 4,014.7 | $ 3,978.4 |
| **Liabilities and Equity** | | | | |
| Revolving notes | $ 280.0 | $ 296.6 | $ 279.4 | $ 297.1 |
| Accounts payable and accrued liabilities | 741.6 | 725.1 | 640.9 | 743.5 |
| Deferred income taxes | 88.3 | 68.6 | 85.2 | 114.1 |
| Deferred revenue | 56.6 | 35.3 | 42.2 | 46.2 |
| Notes payable, net | 1,320.3 | 1,269.1 | 1,479.4 | 1,311.7 |
| | | | | |
| Commitments and contingencies (Note 16) | | | | |
| Commitments and contingencies (Note 14) | | | | |
| | | | | |
| Contingently redeemable noncontrolling interest | 54.1 | 27.7 | 56.5 | 55.6 |
| | | | | |
| **Equity:** | | | | |
| Greenbrier | | | | |
| Preferred stock - without par value; 25,000 shares authorized; none outstanding | — | — | — | — |





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| | | | | |
|---|---|---|---|---|
| Common stock - without par value; 50,000 shares authorized; 31,111 and 32,603 shares outstanding at May 31, 2023 and August 31, 2022 | — | — | | |
| Common stock - without par value; 50,000 shares authorized; 31,091 and 30,880 shares outstanding at November 30, 2023 and August 31, 2023 | | | — | — |
| Additional paid-in capital | 374.1 | 424.8 | 361.3 | 364.4 |
| Retained earnings | 882.2 | 897.7 | 919.1 | 897.5 |
| Accumulated other comprehensive loss | (23.6) | (45.6) | (6.4) | (7.3) |
| Total equity – Greenbrier | 1,232.7 | 1,276.9 | 1,274.0 | 1,254.6 |
| Noncontrolling interest | 148.1 | 152.2 | 157.1 | 155.6 |
| Total equity | 1,380.8 | 1,429.1 | 1,431.1 | 1,410.2 |
| | $ 3,921.7 | $ 3,851.5 | $ 4,014.7 | $ 3,978.4 |

*The accompanying notes are an integral part of these financial statements*



**Condensed Consolidated Statements of Income Operations**

*(In millions, except number of shares which are reflected in thousands and per share amounts, unaudited)*

| | Three Months Ended May 31, | | Nine Months Ended May 31, | | Three Months Ended November 30, | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| **Revenue** | | | | | | |
| Manufacturing | $ 870.2 | $ 650.9 | $ 2,485.3 | $ 1,659.1 | $ 675.9 | $ 646.5 |
| Maintenance Services | 122.9 | 101.5 | 306.4 | 260.5 | 83.8 | 85.5 |
| Leasing & Management Services | 45.0 | 41.1 | 134.9 | 107.4 | 49.1 | 34.5 |
| | 1,038.1 | 793.5 | 2,926.6 | 2,027.0 | 808.8 | 766.5 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Cost of revenue** | | | | | | |
| Manufacturing | 786.5 | 611.3 | 2,292.2 | 1,567.9 | 600.9 | 604.5 |
| Maintenance Services | 109.8 | 91.1 | 279.0 | 244.0 | 71.6 | 79.6 |
| Leasing & Management Services | 13.7 | 14.8 | 41.0 | 36.4 | 15.0 | 12.9 |
| | 910.0 | 717.2 | 2,612.2 | 1,848.3 | 687.5 | 697.0 |
| **Margin** | 128.1 | 76.3 | 314.4 | 178.7 | 121.3 | 69.5 |
| Selling and administrative expense | 63.3 | 57.4 | 175.7 | 156.4 | 56.3 | 53.4 |
| Net gain on disposition of equipment | (2.3) | (0.7) | (15.2) | (34.3) | | |
| Asset impairment, disposal, and exit costs | 16.4 | — | 40.6 | — | | |
| **Earnings from operations** | 50.7 | 19.6 | 113.3 | 56.6 | | |
| Net loss (gain) on disposition of equipment | | | | | 0.1 | (3.3) |
| Impairment of long-lived assets | | | | | — | 24.2 |
| **Earnings (loss) from operations** | | | | | 64.9 | (4.8) |
| **Other costs** | | | | | | |
| Interest and foreign exchange | 22.8 | 14.9 | 64.0 | 39.3 | 23.2 | 19.6 |
| Earnings before income tax and earnings from unconsolidated affiliates | 27.9 | 4.7 | 49.3 | 17.3 | | |
| Income tax expense | (3.6) | (1.1) | (11.7) | (2.9) | | |
| Earnings before earnings from unconsolidated affiliates | 24.3 | 3.6 | 37.6 | 14.4 | | |
| Earnings (loss) before income tax and earnings from unconsolidated affiliates | | | | | 41.7 | (24.4) |
| Income tax (expense) benefit | | | | | (10.0) | 3.8 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Earnings (loss) before earnings from unconsolidated affiliates | | | | | 31.7 | (20.6) |
| Earnings from unconsolidated affiliates | 2.4 | 4.0 | 8.6 | 10.0 | 1.5 | 3.3 |
| Net earnings | 26.7 | 7.6 | 46.2 | 24.4 | | |
| Net earnings (loss) | | | | | 33.2 | (17.3) |
| Net (earnings) loss attributable to noncontrolling interest | (5.4) | (4.5) | (8.5) | 2.3 | (2.0) | 0.6 |
| **Net earnings attributable to Greenbrier** | $ 21.3 | $ 3.1 | $ 37.7 | $ 26.7 | | |
| Basic earnings per common share | $ 0.67 | $ 0.10 | $ 1.17 | $ 0.82 | | |
| Diluted earnings per common share | $ 0.64 | $ 0.09 | $ 1.13 | $ 0.79 | | |
| **Net earnings (loss) attributable to Greenbrier** | | | | | $ 31.2 | $ (16.7) |
| Basic earnings (loss) per common share | | | | | $ 1.00 | $ (0.51) |
| Diluted earnings (loss) per common share | | | | | $ 0.96 | $ (0.51) |
| Weighted average common shares: | | | | | | |
| Basic | 31,757 | 32,588 | 32,346 | 32,560 | 31,025 | 32,719 |
| Diluted | 33,571 | 33,661 | 33,344 | 33,626 | 32,782 | 32,719 |

*The accompanying notes are an integral part of these financial statements*

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**Condensed Consolidated Statements of Comprehensive Income (Loss)**

*(In millions, unaudited)*

| | Three Months Ended May 31, | | Nine Months Ended May 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Net earnings | $ 26.7 | $ 7.6 | $ 46.2 | $ 24.4 |

| | | | | |
|---|---|---|---|---|
| Other comprehensive income (loss) | | | | |
| Translation adjustment | 6.0 | 2.2 | 16.9 | (7.4) |
| Reclassification of derivative financial instruments recognized in net earnings[1] | (2.7) | 1.5 | (4.8) | 3.8 |
| Unrealized gain (loss) on derivative financial instruments[2] | (5.2) | 13.1 | 9.8 | 10.7 |
| Other (net of tax effect) | — | — | 0.1 | 0.1 |
| | (1.9) | 16.8 | 22.0 | 7.2 |
| Comprehensive income | 24.8 | 24.4 | 68.2 | 31.6 |
| Comprehensive (income) loss attributable to noncontrolling interest | (5.4) | (4.6) | (8.5) | 2.2 |
| Comprehensive income attributable to Greenbrier | $ 19.4 | $ 19.8 | $ 59.7 | $ 33.8 |

| | Three Months Ended November 30, | |
|---|---|---|
| | 2023 | 2022 |
| Net earnings (loss) | $ 33.2 | $ (17.3) |
| Other comprehensive income (loss) | | |
| Translation adjustment | — | 5.5 |
| Reclassification of derivative financial instruments recognized in net earnings (loss)[1] | (3.5) | (0.5) |
| Unrealized gain on derivative financial instruments[2] | 4.3 | 8.9 |
| Other (net of tax effect) | 0.1 | — |
| | 0.9 | 13.9 |
| Comprehensive income (loss) | 34.1 | (3.4) |
| Comprehensive (income) loss attributable to noncontrolling interest | (2.0) | 0.6 |
| Comprehensive income (loss) attributable to Greenbrier | $ 32.1 | $ (2.8) |

[1] Net of tax effect of $1.2 0.9 million and ($ $0.7 0.3 million) million for the three months ended May 31, 2023 November 30, 2023 and May 31, 2022 and $2.2 million and ($1.4 million) for the nine months ended May 31, 2023 and May 31, 2022. 2022, respectively.

[2] Net of tax effect of ($ $(1.2 1.0 million) and ($ $(4.5 3.0 million) for the three months ended May 31, 2023 November 30, 2023 and May 31, 2022 and ($8.0 million) and ($4.3 million) for the nine months ended May 31, 2023 and May 31, 2022. 2022, respectively.

*The accompanying notes are an integral part of these financial statements*



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**Condensed Consolidated Statements of Equity**

*(In millions, except per share amounts, unaudited)*

| | Attributable to Greenbrier | | | | | | | | Attributable to Greenbrier | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common Stock Shares | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Equity - Greenbrier | Noncontrolling Interest | Total Equity | Contingently Redeemable Noncontrolling Interest | Common Stock Shares | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Equity - Greenbrier | Noncontrolling Interest | Total Equity | Contingently Redeemable Noncontrolling Interest |
| **Balance August 31, 2022** | 32.6 | $ 424.8 | $ 897.7 | $ (45.6) | $ 1,276.9 | $ 152.2 | $ 1,429.1 | $ 27.7 | | | | | | | | |
| **Balance August 31, 2023** | | | | | | | | | 30.9 | $ 364.4 | $ 897.5 | $ (7.3) | $ 1,254.6 | $ 155.6 | $ 1,410.2 | $ 55.6 |
| Net earnings | — | — | 37.7 | — | 37.7 | 8.4 | 46.1 | 0.1 | — | — | 31.2 | — | 31.2 | 1.1 | 32.3 | 0.9 |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other comprehensive income, net | — | — | — | 22.0 | 22.0 | — | 22.0 | — | — | — | — | 0.9 | 0.9 | — | 0.9 | — |
| Noncontrolling interest adjustments | — | (7.9) | (26.3) | — | (34.2) | (1.6) | (35.8) | 26.3 | — | — | — | — | — | 0.4 | 0.4 | — |
| Joint venture partner distribution declared | — | — | — | — | — | (10.9) | (10.9) | — | | | | | | | | |
| Restricted stock awards (net of cancellations) | 0.2 | 8.9 | — | — | 8.9 | — | 8.9 | — | 0.2 | 10.4 | — | — | 10.4 | — | 10.4 | — |
| Unamortized restricted stock | — | (11.1) | — | — | (11.1) | — | (11.1) | — | — | (15.6) | — | — | (15.6) | — | (15.6) | — |
| Stock based compensation expense | — | 8.8 | — | — | 8.8 | — | 8.8 | — | — | 3.4 | — | — | 3.4 | — | 3.4 | — |
| Repurchase of stock | (1.7) | (49.4) | — | — | (49.4) | — | (49.4) | — | — | (1.3) | — | — | (1.3) | — | (1.3) | — |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Cash dividends ($0.81 per share) | — | — | (26.9) | — | (26.9) | — | (26.9) | — |
| **Balance May 31, 2023** | 31.1 | $ 374.1 | $ 882.2 | $ (23.6) | $ 1,232.7 | $ 148.1 | $ 1,380.8 | $ 54.1 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Cash dividends ($0.30 per share) | — | — | (9.6) | — | (9.6) | — | (9.6) | — |
| **Balance November 30, 2023** | 31.1 | $ 361.3 | $ 919.1 | $ (6.4) | $ 1,274.0 | $ 157.1 | $ 1,431.1 | $ 56.5 |

| | Attributable to Greenbrier | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Common Stock Shares | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Equity - Greenbrier | Noncontrolling Interest | Total Equity | Contingently Redeemable Noncontrolling Interest |
| **Balance February 28, 2023** | 32.3 | $ 403.0 | $ 896.0 | $ (21.7) | $ 1,277.3 | $ 144.6 | $ 1,421.9 | $ 27.5 |
| Net earnings | — | — | 21.3 | — | 21.3 | 5.1 | 26.4 | 0.3 |
| Other comprehensive income, net | — | — | — | (1.9) | (1.9) | — | (1.9) | — |
| Noncontrolling interest adjustments | — | — | (26.3) | — | (26.3) | 0.4 | (25.9) | 26.3 |
| Joint venture partner distribution declared | — | — | — | — | — | (2.0) | (2.0) | — |
| Restricted stock awards (net of cancellations) | — | (0.1) | — | — | (0.1) | — | (0.1) | — |
| Unamortized restricted stock | — | 0.3 | — | — | 0.3 | — | 0.3 | — |
| Stock based compensation expense | — | 2.9 | — | — | 2.9 | — | 2.9 | — |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Repurchase of stock | (1.2) | (32.0) | — | — | (32.0) | — | (32.0) | — |
| Cash dividends ($0.27 per share) | — | — | (8.8) | — | (8.8) | — | (8.8) | — |
| **Balance May 31, 2023** | 31.1 | $ 374.1 | $ 882.2 | $ (23.6) | $ 1,232.7 | $ 148.1 | $ 1,380.8 | $ 54.1 |

| | Attributable to Greenbrier | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Common Stock Shares | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Equity - Greenbrier | Noncontrolling Interest | Total Equity | Contingently Redeemable Noncontrolling Interest |
| **Balance August 31, 2021** | 32.4 | $ 469.7 | $ 881.7 | $ (43.7) | $ 1,307.7 | $ 168.7 | $ 1,476.4 | $ 29.7 |
| Cumulative effect adjustment due to adoption of ASU 2020-06 | — | (58.9) | 4.9 | — | (54.0) | — | (54.0) | — |
| Net earnings | — | — | 26.7 | — | 26.7 | (0.4) | 26.3 | (1.9) |
| Other comprehensive income, net | — | — | — | 7.1 | 7.1 | 0.1 | 7.2 | — |
| Noncontrolling interest adjustments | — | 2.2 | — | — | 2.2 | (1.5) | 0.7 | — |
| Joint venture partner distribution declared | — | — | — | — | — | (10.1) | (10.1) | — |
| Restricted stock awards (net of cancellations) | 0.2 | 11.9 | — | — | 11.9 | — | 11.9 | — |
| Unamortized restricted stock | — | (15.3) | — | — | (15.3) | — | (15.3) | — |
| Stock based compensation expense | — | 10.9 | — | — | 10.9 | — | 10.9 | — |
| Cash dividends ($0.81 per share) | — | — | (26.8) | — | (26.8) | — | (26.8) | — |
| **Balance May 31, 2022** | 32.6 | $ 420.5 | $ 886.5 | $ (36.6) | $ 1,270.4 | $ 156.8 | $ 1,427.2 | $ 27.8 |

| | Attributable to Greenbrier | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Common Stock Shares | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Equity - Greenbrier | Noncontrolling Interest | Total Equity | Contingently Redeemable Noncontrolling Interest |
| **Balance February 28, 2022** | 32.6 | $ 413.4 | $ 892.5 | $ (53.3) | $ 1,252.6 | $ 154.1 | $ 1,406.7 | $ 28.5 |
| Cumulative effect adjustment due to adoption of ASU 2020-06 | — | (0.1) | — | — | (0.1) | — | (0.1) | — |
| Net earnings | — | — | 3.1 | — | 3.1 | 5.2 | 8.3 | (0.7) |
| Other comprehensive income, net | — | — | — | 16.7 | 16.7 | 0.1 | 16.8 | — |
| Noncontrolling interest adjustments | — | 2.2 | — | — | 2.2 | (0.9) | 1.3 | — |
| Joint venture partner distribution declared | — | — | — | — | — | (1.7) | (1.7) | — |

| | Common Stock Shares | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Equity - Greenbrier | Noncontrolling Interest | Total Equity | Contingently Redeemable Noncontrolling Interest |
|---|---|---|---|---|---|---|---|---|
| Stock based compensation expense | — | 5.0 | — | — | 5.0 | — | 5.0 | — |
| Cash dividends ($0.27 per share) | — | — | (9.1 ) | — | (9.1 ) | — | (9.1 ) | — |
| **Balance May 31, 2022** | 32.6 | $ 420.5 | $ 886.5 | $ (36.6 ) | $ 1,270.4 | $ 156.8 | $ 1,427.2 | $ 27.8 |

| | Attributable to Greenbrier | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Common Stock Shares | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Equity - Greenbrier | Noncontrolling Interest | Total Equity | Contingently Redeemable Noncontrolling Interest |
| **Balance August 31, 2022** | 32.6 | $ 424.8 | $ 897.7 | $ (45.6 ) | $ 1,276.9 | $ 152.2 | $ 1,429.1 | $ 27.7 |
| Net loss | — | — | (16.7 ) | — | (16.7 ) | (0.6 ) | (17.3 ) | — |
| Other comprehensive income, net | — | — | — | 13.9 | 13.9 | — | 13.9 | — |
| Noncontrolling interest adjustments | — | — | — | — | — | 5.5 | 5.5 | — |
| Restricted stock awards (net of cancellations) | 0.2 | 8.5 | — | — | 8.5 | — | 8.5 | — |
| Unamortized restricted stock | — | (10.9 ) | — | — | (10.9 ) | — | (10.9 ) | — |
| Stock based compensation expense | — | 3.2 | — | — | 3.2 | — | 3.2 | — |
| Joint venture partner distribution declared | — | — | — | — | — | (5.0 ) | (5.0 ) | — |
| Cash dividends ($0.27 per share) | — | — | (9.1 ) | — | (9.1 ) | — | (9.1 ) | — |
| **Balance November 30, 2022** | 32.8 | $ 425.6 | $ 871.9 | $ (31.7 ) | $ 1,265.8 | $ 152.1 | $ 1,417.9 | $ 27.7 |

*The accompanying notes are an integral part of these financial statements*

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## Condensed Consolidated Statements of Cash Flows

*(In millions, unaudited)*

| | Nine Months Ended May 31, | | Three Months Ended November 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Cash flows from operating activities** | | | | |
| Net earnings | $ 46.2 | $ 24.4 | | |

| | | | | |
|---|---|---|---|---|
| Adjustments to reconcile net earnings to net cash provided by (used in) operating activities: | | | | |
| Net earnings (loss) | | | $ 33.2 | $ (17.3) |
| Adjustments to reconcile net earnings (loss) to net cash used in operating activities: | | | | |
| Deferred income taxes | (18.4) | 16.9 | (29.3) | (19.0) |
| Depreciation and amortization | 79.8 | 75.9 | 26.8 | 26.0 |
| Net gain on disposition of equipment | (15.2) | (34.3) | | |
| Net loss (gain) on disposition of equipment | | | 0.1 | (3.3) |
| Stock based compensation expense | 8.8 | 10.9 | 3.4 | 3.2 |
| Asset impairment, disposal, and exit costs | 40.6 | — | | |
| Impairment of long-lived assets | | | — | 24.2 |
| Noncontrolling interest adjustments | 2.8 | 0.7 | 0.4 | 5.5 |
| Other | 2.8 | 3.4 | 0.9 | 0.9 |
| Decrease (increase) in assets: | | | | |
| Accounts receivable, net | (16.1) | (160.3) | 72.6 | 8.1 |
| Income tax receivable | 10.0 | (17.3) | 31.7 | 10.9 |
| Inventories | (80.7) | (224.2) | (61.6) | (56.3) |
| Leased railcars for syndication | (57.3) | (77.6) | (20.0) | (195.3) |
| Other assets | (42.9) | (16.1) | 4.9 | (7.0) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable and accrued liabilities | 8.3 | 77.2 | (103.2) | (53.7) |
| Deferred revenue | 32.5 | (8.0) | (4.6) | 17.6 |
| Net cash provided by (used in) operating activities | 1.2 | (328.4) | | |
| Net cash used in operating activities | | | (44.7) | (255.5) |
| **Cash flows from investing activities** | | | | |
| Proceeds from sales of assets | 76.3 | 155.1 | 0.4 | 13.8 |
| Capital expenditures | (253.9) | (248.8) | (68.3) | (57.0) |
| Investments in and advances to / repayments from unconsolidated affiliates | (3.5) | (4.2) | — | 0.9 |
| Cash distribution from unconsolidated affiliates and other | 6.3 | 1.8 | 0.6 | (0.7) |
| Net cash used in investing activities | (174.8) | (96.1) | (67.3) | (43.0) |
| **Cash flows from financing activities** | | | | |
| Net change in revolving notes with maturities of 90 days or less | (11.5) | (97.3) | 31.0 | (83.4) |
| Proceeds from revolving notes with maturities longer than 90 days | 220.0 | 35.0 | 90.1 | 110.0 |

| | | | | |
|---|---|---|---|---|
| Repayments of revolving notes with maturities longer than 90 days | (230.0) | — | (139.9) | (35.0) |
| Proceeds from issuance of notes payable | 75.0 | 323.3 | 178.6 | 41.0 |
| Repayments of notes payable | (27.1) | (15.0) | (9.7) | (9.2) |
| Debt issuance costs | (0.2) | (7.2) | (2.5) | — |
| Repurchase of stock | (48.0) | — | (1.3) | — |
| Dividends | (26.7) | (26.9) | (10.3) | (9.3) |
| Cash distribution to joint venture partner | (8.4) | (9.4) | — | (2.5) |
| Tax payments for net share settlement of restricted stock | (2.3) | (3.5) | (5.2) | (2.3) |
| Net cash provided by (used in) financing activities | (59.2) | 199.0 | | |
| Net cash provided by financing activities | | | 130.8 | 9.3 |
| Effect of exchange rate changes | 15.2 | 19.9 | (0.2) | 10.6 |
| **Decrease in Cash and cash equivalents and Restricted cash** | (217.6) | (205.6) | | |
| **Increase (decrease) in Cash and cash equivalents and Restricted cash** | | | 18.6 | (278.6) |
| **Cash and cash equivalents and restricted cash** | | | | |
| Beginning of period | 559.1 | 671.4 | 302.7 | 559.1 |
| End of period | $ 341.5 | $ 465.8 | $ 321.3 | $ 280.5 |
| **Balance sheet reconciliation** | | | | |
| Cash and cash equivalents | $ 321.4 | $ 449.7 | $ 307.3 | $ 263.3 |
| Restricted cash | 20.1 | 16.1 | 14.0 | 17.2 |
| Total cash and cash equivalents and restricted cash as presented above | $ 341.5 | $ 465.8 | $ 321.3 | $ 280.5 |
| **Cash paid during the period for** | | | | |
| Interest | $ 57.1 | $ 33.3 | $ 22.4 | $ 18.0 |
| Income taxes paid, net | $ 13.7 | $ 11.1 | $ 7.9 | $ 7.6 |
| **Non-cash activity** | | | | |
| Transfers between Leased railcars for syndication and Inventories and Equipment on operating leases, net | $ 40.0 | $ 13.0 | $ 50.7 | $ 33.3 |
| Capital expenditures accrued in Accounts payable and accrued liabilities | $ 3.2 | $ 5.7 | $ 4.5 | $ 3.9 |
| Change in Accounts payable and accrued liabilities associated with dividends declared | $ 0.2 | $ (0.1) | $ (0.7) | $ (0.2) |
| Change in Accounts payable and accrued liabilities associated with cash distributions to joint venture partner | $ 2.5 | $ 0.6 | $ — | $ 2.5 |
| Repurchase of stock accrued in Accounts payable and accrued liabilities | $ 1.4 | $ — | | |

*The accompanying notes are an integral part of these financial statements*

**Notes to Condensed Consolidated Financial Statements**

*(Unaudited)*

**Note 1 – Interim Financial Statements**

The Condensed Consolidated Financial Statements of The Greenbrier Companies, Inc. and its subsidiaries (Greenbrier or the Company) as of May 31, 2023 November 30, 2023 and for the three and nine months ended May 31, 2023 November 30, 2023 and 2022 have been prepared to reflect all adjustments (consisting of normal recurring accruals) that, in the opinion of management, are necessary for a fair presentation of the financial position, operating results and cash flows for the periods indicated. All references to years refer to the fiscal years ended August 31st unless otherwise noted. The results of operations for the three and nine months ended May 31, 2023 November 30, 2023 are not necessarily indicative of the results to be expected for the entire year ending August 31, 2023 August 31, 2024.

Certain notes and other information have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these unaudited financial statements should be read in conjunction with the Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the year ended August 31, 2022 August 31, 2023.

*Management Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. (GAAP) requires judgment on the part of management to arrive at estimates and assumptions on matters that are inherently uncertain. These estimates may affect the amount of assets, liabilities, revenue and expenses reported in the financial statements and accompanying notes and disclosure of contingent assets and liabilities within the financial statements. Estimates and assumptions are periodically evaluated and may be adjusted in future periods. Actual results could differ from those estimates.

*Share Repurchase Program* **–** The Board of Directors has authorized the Company to repurchase in aggregate up to $100.0 million of the Company's common stock. The program may be modified, suspended, or discontinued at any time without prior notice. notice and currently has an expiration date of January 31, 2025. Under the share repurchase program, shares of common stock may be purchased from time to time on the open market or through privately negotiated transactions. The timing and amount of purchases is based upon market conditions, securities law limitations and other factors. The share repurchase program does not obligate the Company to acquire any specific number of shares in any period. The prior authorization was set to expire on January 31, 2023. On January 5, 2023, the Board of Directors authorized the extension of the existing share repurchase program to January 31, 2025.

During the three and nine months ended May 31, 2023 November 30, 2023, the Company purchased a total of 1.2 38 million and 1.7 million thousand shares for $32.0 1.3 million and $49.4 million, respectively, of which 1.6 million shares for $46.1 million were purchased under the current authorization of the share repurchase program. million. As of May 31, 2023 November 30, 2023, the amount remaining for repurchase under the share repurchase program was $53.9 45.1 million.

There were no shares repurchased under the share repurchase program during the nine three months ended May 31, 2022.November 30, 2022.

*Reclassifications* - Certain immaterial reclassifications have been made to the accompanying prior year Condensed Consolidated Financial Statements to conform to the current year presentation.

*Recent Accounting Pronouncements*

Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (ASU 2023-07), which requires disclosure of incremental segment information on an annual and interim basis, primarily through enhanced disclosures of significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 and requires retrospective application to all periods presented upon adoption. Early adoption is permitted. The Company is currently evaluating the impact that ASU 2023-07 will have on its consolidated financial statements and disclosures.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (ASU 2023-09), which requires disclosure of incremental income tax information within the rate reconciliation and expanded disclosures of income taxes paid, among other disclosure requirements. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact that ASU 2023-09 will have on its consolidated financial statements and disclosures.



**Note 2 – Revenue Recognition**

Contract balances

Contract assets primarily consist of work completed for railcar maintenance but not billed at the reporting date. Contract liabilities primarily consist of customer prepayments for manufacturing and other management-type services, for which the Company has not yet satisfied the related performance obligations. Contract assets in the August 31, 2022 balance also included unbilled receivables on marine vessel construction for which the respective contracts do not yet permit billing at the reporting date.

The contract balances are as follows:

| *(in millions)* | Balance sheet classification | May 31, 2023 | August 31, 2022 | $ change | Balance sheet classification | November 30, 2023 | August 31, 2023 | $ change |
|---|---|---|---|---|---|---|---|---|
| Contract assets (1) | Accounts Receivable | $ — | $ 13.0 | $ (13.0) | | | | |
| Contract assets | Inventories | 7.9 | 6.0 | $ 1.9 | Accounts Receivable | $ 1.1 | $ 0.1 | $ 1.0 |
| Contract liabilities (1) (2) | Deferred revenue | 54.5 | 30.5 | $ 24.0 | | | | |
| Contract assets | | | | | Inventories | $ 9.3 | $ 7.0 | $ 2.3 |
| Contract liabilities (1) | | | | | Deferred revenue | $ 39.1 | $ 43.3 | $ (4.2) |

(1) Balance includes contract assets and liabilities associated with Gunderson Marine which was disposed of in May 2023. See Note 4 for further discussion.

(2) Contract liabilities balance includes deferred revenue within the scope of *Revenue from Contracts with Customers* (Topic 606).

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For the three and nine months ended May 31, 2023 November 30, 2023, the Company recognized $2.7 million and $12.6 6.5 million of revenue respectively that was included in Contract liabilities as of August 31, 2022 August 31, 2023.

Performance obligations

As of May 31, 2023 November 30, 2023, the Company has entered into contracts with customers for which revenue has not yet been recognized. The following table outlines estimated revenue related to performance obligations wholly or partially unsatisfied, that the Company anticipates will be recognized in future periods.

| *(in millions)* | May 31, 2023 | November 30, 2023 |
|---|---|---|
| Revenue type: | | |

| | | | | |
|---|---|---|---|---|
| Manufacturing – Railcar sales | $ | 2,029.9 | $ | 2,779.0 |
| Manufacturing – Sustainable conversions | $ | 87.6 | $ | 40.0 |
| Management services | $ | 139.5 | $ | 128.4 |
| Other | $ | 10.0 | $ | 10.5 |

Based on current production and delivery schedules and existing contracts, approximately $1.9 1.6 billion of Railcar sales are expected to be recognized in 2023 and 2024.the remaining nine months of 2024 while the remaining amount is expected to be recognized through 2026. The table above excludes estimated revenue to be recognized at the Company's Brazilian manufacturing operations, as they are accounted for under the equity method.

Sustainable conversions represent orders to modernize existing railcars and are expected to be recognized through 2023. in 2024.

Management services includes management and maintenance services of which approximately 52 54% are expected to be performed through 2027 2028 and the remaining amount through 2037.

**Note 3 – Inventories**

Inventories are valued at the lower of cost or net realizable value using the first-in first-out method. Work-in-process includes material, labor and overhead. Finished goods includes completed wheels, parts and railcars not on lease or in transit. The following table summarizes the Company's inventory Inventories balance:

| *(in millions)* | November 30, 2023 | | August 31, 2023 | |
|---|---|---|---|---|
| Manufacturing supplies and raw materials | $ | 631.4 | $ | 638.2 |
| Work-in-process | | 129.6 | | 138.2 |
| Finished goods | | 138.4 | | 64.4 |
| Excess and obsolete adjustment | | (15.8) | | (17.2) |
| | $ | 883.6 | $ | 823.6 |

| *(in millions)* | May 31, 2023 | | August 31, 2022 | |
|---|---|---|---|---|
| Manufacturing supplies and raw materials | $ | 710.6 | $ | 570.2 |
| Work-in-process | | 108.4 | | 183.3 |
| Finished goods | | 85.0 | | 75.9 |
| Excess and obsolete adjustment | | (16.0) | | (14.1) |
| | $ | 888.0 | $ | 815.3 |

**Note 4 – Gunderson Facility**

On November 17, 2022, as part of the Company's strategic review of the global business capacity footprint, the Company decided to permanently cease rail production at the Gunderson Facility and to explore alternatives to exit marine barge production. Due to the change in future use of the facility, management assessed recoverability of Gunderson assets in accordance with the Company's policy on impairment of long-lived assets.Based on an analysis of future undiscounted cash flows associated with these assets, management determined that the carrying value was not recoverable. The carrying amount of the Company's long-lived assets at the Gunderson Facility was $44.0 million and the fair value was $19.8 million as of the impairment date. The fair value was primarily determined based on estimated market prices of the assets and represented a Level 3 valuation in the fair value hierarchy. In the first quarter of 2023, the Company concluded that an impairment charge was necessary and $24.2 million was recorded in the Manufacturing segment as Asset impairment, disposal and exit costs within the Condensed Consolidated Statements of Income.

In May 2023, the Company sold its ownership interest in Gunderson Marine and the Portland Property (the Gunderson Facility) and recorded a $14.3 million loss on sale. The Company also permanently ceased rail production at the Gunderson Facility in May 2023 and incurred $2.1 million of severance. The $14.3 million loss on sale and $2.1 million of severance are recorded within the Manufacturing segment as Asset impairment, disposal and exit costs



within the Condensed Consolidated Statements of Income for the three months ended May 31, 2023. A total of $40.6 million was recorded within the Manufacturing segment as Asset impairment, disposal and exit costs within the Condensed Consolidated Statements of Income for the nine months ended May 31, 2023, which includes the $24.2 million impairment of long-lived assets, $14.3 million loss on sale, and $2.1 million of severance.

**Note 5 – Intangibles and Other Assets, net**

Intangible assets that are determined to have finite lives are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortized and are periodically evaluated for impairment.

The following table summarizes the Company's identifiable Intangible Intangibles and other assets, net balance:

| *(in millions)* | May 31, 2023 | August 31, 2022 | November 30, 2023 | August 31, 2023 |
|---|---|---|---|---|
| Intangible assets subject to amortization: | | | | |
| Customer relationships | $ 87.5 | $ 87.5 | $ 87.5 | $ 87.5 |
| Accumulated amortization | (68.4) | (66.1) | (69.9) | (69.1) |
| Other intangibles | 42.5 | 42.4 | 42.4 | 43.0 |
| Accumulated amortization | (20.6) | (16.5) | (22.9) | (22.3) |
| | 41.0 | 47.3 | 37.1 | 39.1 |
| Intangible assets not subject to amortization | 2.4 | 2.4 | 2.3 | 2.3 |

| | | | | |
|---|---|---|---|---|
| Prepaid and other assets | 47.5 | 32.4 | 49.2 | 56.4 |
| Operating lease ROU assets | 74.3 | 54.2 | | |
| Operating lease right-of-use assets | | | 71.0 | 70.6 |
| Nonqualified savings plan investments | 43.8 | 40.3 | 48.4 | 47.7 |
| Debt issuance costs, net | 6.3 | 8.7 | 7.1 | 6.3 |
| Assets held for sale | 0.3 | 3.8 | 0.3 | 0.3 |
| Deferred tax assets | 37.7 | — | 33.5 | 33.1 |
| | $ 253.3 | $ 189.1 | $ 248.9 | $ 255.8 |

Amortization expense was $2.0 million and $6.0 million for the three and nine months ended May 31, 2023, respectively and $1.9 million and $7.3 million for the three and nine months ended May 31, 2022, respectively. Amortization expense for the years ending August 31, 2023, 2024, 2025, 2026 and 2027 is expected to be $8.3 million, $7.7 million, $6.5 million, $6.1 million and $5.3 million, respectively.

**Note 6 – Goodwill**

The Company performed its annual goodwill impairment test during the third quarter. The Company determined the fair value of the reporting units considering both the income and market approaches. Under the income approach, the Company calculates the fair value of a reporting unit based on the present value of estimated future cash flows which incorporates forecasted revenues, long-term growth rate, gross margin percentages, operating expenses, and the use of discount rates. Under the market approach, the Company estimates the fair value based on observed market multiples for comparable businesses, when appropriate. Based on the results of the annual goodwill impairment test, the fair values of the reporting units exceeded their carrying values and the Company concluded that goodwill was not impaired.

As of May 31, 2023, the goodwill balance was $128.3 million of which $85.3 million related to the Manufacturing segment and $43.0 million related to the Maintenance Services segment. The Manufacturing segment includes the North America Manufacturing reporting unit with a goodwill balance of $56.3 million and the Europe Manufacturing reporting unit with a goodwill balance of $29.0 million.

As part of the Company's annual goodwill impairment test, the fair value of the Europe Manufacturing reporting unit indicated an increase in the maximum redemption amount of the Contingently redeemable noncontrolling interest in Greenbrier-Astra Rail. The increase in fair value is primarily attributed to the impact of industry and entity-specific indicators which positively impacted the estimated future cash flows of Greenbrier-Astra Rail. During the three and nine months ended May 31, 2023, the Company recorded a noncash $26.3 million redemption value adjustment to Contingently redeemable noncontrolling interest and Retained earnings to record the carrying value at the maximum redemption amount, which represented a Level 3 valuation within the fair value hierarchy.



**Note 75 – Revolving Notes**

Senior secured credit facilities aggregated to $1.1 1.4 billion as of May 31, 2023 November 30, 2023. The Company had an aggregate of $344.1 355.2 million available to draw down under committed credit facilities as of May 31, 2023 November 30, 2023. This amount consists of $281.4 280.8 million available on the North American credit facility, $32.7 19.4 million on the European credit facilities and $30.0 55.0 million on the Mexican credit facilities.

Nonrecourse credit facilities

*GBX Leasing* **–**As of November 30, 2023, a $550.0 million nonrecourse warehouse credit facility existed to support the operations of GBX Leasing. Advances under this facility bear interest at the Secured Overnight Financing Rate (SOFR) plus 1.85% plus 0.11% as a SOFR adjustment. Interest rate swap agreements cover approximately 99% of the outstanding balance to swap the floating interest rate to a fixed rate. The warehouse credit facility converts to a term loan in August 2025 and matures in August 2027.

Other credit facilities

*North America* **–** As of May 31, 2023 November 30, 2023, a $600.0 million revolving line of credit, maturing August 2026, secured by substantially all the Company's U.S. assets not otherwise pledged as security for term loans or the warehouse credit facility, existed to provide working capital and interim financing of equipment, principally for the Company's U.S. and Mexican operations. Advances under this North American credit facility bear interest at SOFR plus 1.75 1.50% plus 0.10% as a SOFR adjustment or Prime plus 0.75 0.50% depending on the type of borrowing. Available borrowings under the credit facility are generally based on defined levels of eligible inventory, receivables, property, plant and equipment and leased equipment, as well as total debt to consolidated capitalization and fixed charges coverage ratios.
*GBX Leasing* **–**As of May 31, 2023, a $350.0 million non-recourse warehouse credit facility existed to support the operations of GBX Leasing. Advances under this facility bear interest at SOFR plus 1.85% plus 0.11% as a SOFR adjustment. The warehouse credit facility converts to a term loan in August 2025 and matures in August 2027.

*Europe* **–** As of May 31, 2023 November 30, 2023, lines of credit totaling $73.4 63.7 million secured by certain of the Company's European assets, with variable rates that range from Warsaw Interbank Offered Rate (WIBOR) plus 1.2% to WIBOR plus 1.6% and Euro Interbank Offered Rate (EURIBOR) plus 1.1% to EURIBOR plus 1.5 1.9%, were available for working capital needs of the Company's European manufacturing operations. The European lines of credit include $35.3 21.9 million which is guaranteed by the Company. European credit facilities are regularly renewed. Currently, these European credit facilities have maturities that range from July 2023 June 2024 through September 2024 November 2025.

*Mexico* **–** As of May 31, 2023 November 30, 2023, the Company's Mexican railcar manufacturing operations had threelines of credit totaling $120.0 185.0 million for working capital needs. The first line of credit provides up to needs, $50.0 million and matures in October 2024. Advances under this facility bear interest at LIBOR plus 4.25%. The second line of credit provides up to $40.0 85.0 million of which the Company and its joint venture partner have each guaranteed 50%. Advances under this facility these facilities bear interest at variable rates that range from SOFR plus 2.55%. The Mexican railcar manufacturing joint venture will be able to draw amounts available under this facility through February 2025. The third line of credit provides up to $30.0 million, of which the Company and its joint venture partner have each guaranteed 50%. Advances under this facility bear interest at LIBOR SOFR plus3.75% to 4.25%. The Mexican railcar manufacturing joint venture will be able to draw amounts available under this facility through credit facilities have maturities that range from June 2024 through October 2026.

Revolving notes consisted of the following balances:

| *(in millions)* | May 31, 2023 | August 31, 2022 | November 30, 2023 | August 31, 2023 |
|---|---|---|---|---|
| Nonrecourse credit facility balances | | | | |
| GBX Leasing | | | $ 65.1 | $ 139.9 |
| Other credit facility balances | | | | |
| North America | $ 30.0 | $ 160.0 | 40.0 | — |
| GBX Leasing | 119.3 | — | | |
| Europe | 40.7 | 51.6 | 44.3 | 47.2 |
| Mexico | 90.0 | 85.0 | 130.0 | 110.0 |
| | $ 280.0 | $ 296.6 | | |
| Total Revolving notes | | | $ 279.4 | $ 297.1 |

Outstanding commitments under the North American credit facility included letters of credit which totaled $4.9 6.4 million and $6.9 4.9 million as of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, respectively.



**Note 8 6 – Accounts Payable and Accrued Liabilities**

| *(in millions)* | May 31, 2023 | August 31, 2022 | November 30, 2023 | August 31, 2023 |
|---|---|---|---|---|
| Trade payables | $ 400.6 | $ 401.5 | $ 324.2 | $ 396.8 |
| Accrued payroll and related liabilities | | | 129.4 | 158.6 |
| Accrued liabilities and other | 96.7 | 102.8 | 85.7 | 87.3 |
| Operating lease liabilities | 75.9 | 56.4 | 72.3 | 72.2 |
| Accrued payroll and related liabilities | 143.0 | 140.4 | | |
| Accrued warranty | 25.4 | 24.0 | 24.0 | 25.6 |
| Income taxes payable | | | 5.3 | 3.0 |
| | $ 741.6 | $ 725.1 | $ 640.9 | $ 743.5 |

**Note 9 7 – Warranty Accruals**

Warranty costs accruals are estimated and charged to operations to cover a defined warranty period. The estimated warranty cost is based on the history of warranty claims for each particular product type. For new product types without a warranty history, preliminary estimates are based on historical information for similar product types. The warranty accruals, included in Accounts payable and accrued liabilities on the Condensed Consolidated Balance Sheets, are reviewed periodically and updated based on warranty trends and expirations Sheets. Warranty accrual activity consisted of warranty periods. the following:

Warranty accrual activity:

| (in millions) | Three Months Ended May 31, 2023 | Three Months Ended May 31, 2022 | Nine Months Ended May 31, 2023 | Nine Months Ended May 31, 2022 | Three Months Ended November 30, 2023 | Three Months Ended November 30, 2022 |
|---|---|---|---|---|---|---|
| Balance at beginning of period | $ 24.5 | $ 30.1 | $ 24.0 | $ 27.9 | $ 25.6 | $ 24.0 |
| Charged to cost of revenue, net | 2.8 | 1.7 | 5.7 | 7.6 | 3.6 | 1.2 |
| Payments | (2.0) | (3.1) | (4.6) | (6.4) | (5.6) | (1.6) |
| Currency translation effect | 0.1 | (0.2) | 0.3 | (0.6) | 0.4 | 0.1 |
| Balance at end of period | $ 25.4 | $ 28.5 | $ 25.4 | $ 28.5 | $ 24.0 | $ 23.7 |

**Note 10 8 – Notes Payable, net**

| (In millions) | November 30, 2023 | August 31, 2023 |
|---|---|---|
| Leasing nonrecourse term loans | $ 813.0 | $ 640.2 |
| Senior term debt | 262.7 | 266.4 |
| 2.875% Convertible senior notes, due 2028 | 373.8 | 373.8 |
| 2.875% Convertible senior notes, due 2024 | 47.7 | 47.7 |
| Other notes payable | 1.7 | 1.8 |
| | $ 1,498.9 | $ 1,329.9 |
| Debt discount and issuance costs | (19.5) | (18.2) |
| | $ 1,479.4 | $ 1,311.7 |

Leasing nonrecourse term loans include:

- $343.0 million of nonrecourse senior term debt, which is secured by a pool of leased railcars. The principal balance as of November 30, 2023 was $329.7 million.

- $501.8 million of Asset-backed term notes, as discussed below. The principal balance as of November 30, 2023 was $483.3 million.

Terms and conditions, including recourse and nonrecourse provisions and scheduled maturities, and other long-term debt are described in Note 13 of our 2023 Annual Report on Form 10-K.

Asset-backed term notes

GBX Leasing 2022-1 LLC (GBXL I) was formed as a wholly owned special purpose entity of GBX Leasing to securitize the leasing assets of GBX Leasing. On November 20, 2023, GBXL I (Issuer) issued $178.5 million of term notes secured by a portfolio of railcars and associated operating leases and other assets, acquired and owned by GBXL I (the GBXL I Series 2023-1 Notes). Issued debt of GBXL I as of November 30, 2023 includes the $323.3 million GBXL I Series 2022-1 Notes, as described in Note 3 of our 2023 Annual Report on Form 10-K, and the GBXL I Series 2023-1 Notes, collectively the GBXL Notes. GBX Leasing used the net proceeds received from the issuance of the term notes to pay down the GBX Leasing warehouse credit facility.

The GBXL I Series 2023-1 Notes (the 2023 GBXL Notes) includes $158.9 million of GBXL I Series 2023-1 Class A Secured Railcar Equipment Notes (2023 Class A Notes) and $19.6 million of GBXL I Series 2023-1 Class B Secured Railcar Equipment Notes (2023 Class B Notes). The 2023 GBXL Notes bear interest at fixed rates of 6.42% and 7.28% for the 2023 Class A Notes and 2023 Class B Notes, respectively. The 2023 GBXL Notes are payable monthly and have a legal maturity date of November 20, 2053. The Company incurred $2.2 million in debt issuance costs, which will be amortized to interest expense through the expected repayment period. Both 2023 Class A and Class B Notes have an anticipated repayment date of November 20, 2030 and a legal maturity date. While the legal maturity date is in 2053, the cash flows generated from the railcar assets will pay down the 2023 GBXL Notes in line with the agreement, which based on expected cash flow payments, would result in repayment in advance of the legal maturity date. If the principal amount of the 2023 GBXL Notes has not been repaid in full by the anticipated repayment date, then the Issuer will also be required to pay additional interest to the holders at a rate equal to 4.00% per annum.

The GBXL Notes are obligations of the Issuer only and are nonrecourse to Greenbrier. The GBXL Notes are subject to a Master Indenture between the Issuer and U.S. Bank Trust Company, National Association, as trustee, as supplemented by the Series 2022-1 Supplement dated February 9, 2022 and the Series 2023-1 Supplement dated November 20, 2023. The GBXL Notes may be subject to acceleration upon the occurrence of certain events of default. On November 20, 2023, the Issuer established a liquidity facility for the GBXL Notes under a revolving credit agreement and thereby released the funds held as Restricted cash within the liquidity reserve account.

The following table summarizes the Issuer's net carrying amount of the debt and related assets.

| *(in millions)* | November 30, 2023 | August 31, 2023 |
|---|---|---|
| **Assets** | | |
| Restricted cash | $ — | $ 6.7 |
| Equipment on operating leases, net | $ 657.4 | $ 388.9 |
| **Liabilities** | | |

| | | | |
|---|---|---|---|
| Notes payable, net | $ 475.8 | $ | 302.1 |

**Note 9 – Accumulated Other Comprehensive Loss**

Accumulated other comprehensive loss, net of tax effect as appropriate, consisted of the following:

| *(in millions)* | Unrealized Gain (Loss) on Derivative Financial Instruments | Foreign Currency Translation Adjustment | Other | Accumulated Other Comprehensive Loss | Unrealized Gain (Loss) on Derivative Financial Instruments | Foreign Currency Translation Adjustment | Other | Accumulated Other Comprehensive Loss |
|---|---|---|---|---|---|---|---|---|
| Balance, August 31, 2022 | $ 13.0 | $ (57.4) | $ (1.2) | $ (45.6) | | | | |
| Balance, August 31, 2023 | | | | | $ 27.0 | $ (32.1) | $ (2.2) | $ (7.3) |
| Other comprehensive gain before reclassifications | 9.8 | 16.9 | 0.1 | 26.8 | 4.3 | — | 0.1 | 4.4 |
| Amounts reclassified from Accumulated other comprehensive loss | (4.8) | — | — | (4.8) | (3.5) | — | — | (3.5) |
| Balance, May 31, 2023 | $ 18.0 | $ (40.5) | $ (1.1) | $ (23.6) | | | | |
| Balance, November 30, 2023 | | | | | $ 27.8 | $ (32.1) | $ (2.1) | $ (6.4) |

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The amounts reclassified out of Accumulated other comprehensive loss into the Condensed Consolidated Statements of Income, Operations, with financial statement caption, were as follows:

| | Three Months Ended May 31, |
|---|---|

| *(in millions)* | 2023 | 2022 | Financial Statement Caption |
|---|---|---|---|
| (Gain) loss on derivative financial instruments: | | | |
| Foreign exchange contracts | $ (0.5) | $ 0.5 | Revenue and Cost of revenue |
| Interest rate swap contracts | (3.4) | 1.7 | Interest and foreign exchange |
| | (3.9) | 2.2 | Total before tax |
| | 1.2 | (0.7) | Income tax (benefit) expense |
| | $ (2.7) | $ 1.5 | Net of tax |



| | Nine Months Ended May 31, | | | Three Months Ended November 30, | | |
|---|---|---|---|---|---|---|
| *(in millions)* | 2023 | 2022 | Financial Statement Caption | 2023 | 2022 | Financial Statement Caption |
| (Gain) loss on derivative financial instruments: | | | | | | |
| Foreign exchange contracts | $ (0.2) | $ 0.9 | Revenue and Cost of revenue | $ (0.1) | $ 0.2 | Revenue and Cost of revenue |
| Interest rate swap contracts | (6.8) | 4.3 | Interest and foreign exchange | (4.3) | (1.0) | Interest and foreign exchange |
| | (7.0) | 5.2 | Total before tax | (4.4) | (0.8) | Total before tax |
| | 2.2 | (1.4) | Income tax (benefit) expense | 0.9 | 0.3 | Tax expense |
| | $ (4.8) | $ 3.8 | Net of tax | $ (3.5) | $ (0.5) | Net of tax |

**Note 11 10 – Earnings (Loss) Per Share**

The shares used in the computation of basic and diluted earnings (loss) per common share are reconciled as follows:

| | Three Months Ended May 31, | | Nine Months Ended May 31, | | Three Months Ended November 30, | |
|---|---|---|---|---|---|---|
| *(In thousands)* | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Weighted average basic common shares outstanding (1) | 31,757 | 32,588 | 32,346 | 32,560 | 31,025 | 32,719 |
| Dilutive effect of 2.875% convertible notes due 2024 (2) (1) | 822 | — | — | — | 826 | — |
| Dilutive effect of 2.875% convertible notes due 2028 (3) | — | — | — | — | | |
| Dilutive effect of restricted stock units (4) | 992 | 1,073 | 998 | 1,066 | | |
| Dilutive effect of 2.875% convertible notes due 2028 (2) (3) | | | | | — | — |
| Dilutive effect of restricted stock units (2) (4) | | | | | 931 | — |
| Weighted average diluted common shares outstanding | 33,571 | 33,661 | 33,344 | 33,626 | 32,782 | 32,719 |

(1) Restricted stock grants and restricted stock units that are considered participating securities, including some grants subject to certain performance criteria, are included in weighted average basic common shares outstanding when the Company is in a net earnings position.

(2) The dilutive effect of the 2.875% Convertible notes due 2024 was excluded for the three months ended May 31, 2022 and nine months ended May 31, 2023 and 2022 November 30, 2022 as they were considered anti-dilutive under the “if converted” method as further discussed below.

(2) The dilutive effect of common stock equivalents was excluded from the share calculation for the three months ended November 30, 2022 due to a net loss.

(3) The dilutive effect of the 2.875% Convertible notes due 2028 was excluded for the three and nine months ended May 31, 2023 and 2022 November 30, 2023 as the average stock price was less than the applicable conversion price and therefore was considered anti-dilutive. As these notes require cash settlement for the principal, only a premium is potentially dilutive under the "if converted" method as further discussed below.

(4) Restricted stock units that are not considered participating securities and restricted stock units subject to performance criteria, for which actual levels of performance above target have been achieved, are included in weighted average diluted common shares outstanding when the Company is in a net earnings position.

Basic earnings (loss) per common share (EPS) is computed by dividing Net earnings (loss) attributable to Greenbrier by weighted average basic common shares outstanding, which includes restricted stock grants and restricted stock units that are considered participating securities when the Company is in a net earnings position. outstanding.

For the three and nine months ended May 31, 2023 and 2022, November 30, 2023, diluted EPS was calculated using the more dilutive of two methods. The first method includes the dilutive effect, using the treasury stock method, associated with restricted stock units that are not considered participating securities and performance based restricted stock units subject to performance criteria, for which actual levels of performance above target have been achieved. The second method supplements the first by also including the “if converted” effect of the 2.875% Convertible notes due 2024 and shares underlying the 2.875% Convertible notes due 2028, when there is a conversion premium. Under the “if converted” method, debt issuance and interest costs, both net of tax, associated with the convertible notes due 2024 are added back to net earnings and the share count is increased by the shares underlying the convertible notes. The dilutive effect of common stock equivalents was excluded from the share calculation for the three months ended November 30, 2022 due to a net loss.



| | Three Months Ended May 31, | | Nine Months Ended May 31, | | Three Months Ended November 30, | |
|---|---|---|---|---|---|---|
| *(in millions, except shares which are reflected in thousands, and per share amounts)* | 2023 | 2022 | 2023 | 2022 | | |
| Net earnings attributable to Greenbrier | $ 21.3 | $ 3.1 | $ 37.7 | $ 26.7 | | |
| *(in millions, except number of shares which are reflected in thousands, and per share amounts)* | | | | | 2023 | 2022 |
| Net earnings (loss) attributable to Greenbrier | | | | | $ 31.2 | $ (16.7) |
| Weighted average basic common shares outstanding | 31,757 | 32,588 | 32,346 | 32,560 | 31,025 | 32,719 |
| **Basic earnings per share** | **$ 0.67** | **$ 0.10** | **$ 1.17** | **$ 0.82** | | |
| **Basic earnings (loss) per share** | | | | | **$ 1.00** | **$ (0.51)** |
| | | | | | | |
| Net earnings attributable to Greenbrier | $ 21.3 | $ 3.1 | $ 37.7 | $ 26.7 | | |
| Net earnings (loss) attributable to Greenbrier | | | | | $ 31.2 | $ (16.7) |
| Add back: | | | | | | |
| Interest and debt issuance costs on the 2.875% convertible notes due 2024, net of tax | 0.3 | n/a | n/a | n/a | 0.3 | n/a |

| | | | | | | |
|---|---|---|---|---|---|---|
| Earnings before interest and debt issuance costs on the 2.875% convertible notes due 2024 | $ 21.6 | n/a | n/a | n/a | | |
| Earnings before interest and debt issuance costs on the 2.875% convertible notes due 2024 | | | | | $ 31.5 | n/a |
| Weighted average diluted common shares outstanding | 33,571 | 33,661 | 33,344 | 33,626 | 32,782 | 32,719 |
| **Diluted earnings per share** | **$ 0.64** [1] | **$ 0.09** | **$ 1.13** | **$ 0.79** | | |
| **Diluted earnings (loss) per share** | | | | | **$ 0.96** [1] | **$ (0.51)** |

[1] Diluted earnings per share was calculated as follows:

Earnings before interest and debt issuance costs on the 2.875% convertible notes due 2024

Weighted average diluted common shares outstanding

**Note 12 – Stock Based Compensation**

The value of stock based compensation awards is amortized as compensation expense from the date of grant through the earlier of the vesting period or in some instances the recipient's eligible retirement date. Stock based compensation expense consists of restricted stock unit awards.

Stock based compensation expense was $2.9 million and $8.8 million for the three and nine months ended May 31, 2023, respectively and $5.0 million and $10.9 million for the three and nine months ended May 31, 2022, respectively. Compensation expense is recorded in Selling and administrative expense and Cost of revenue on the Condensed Consolidated Statements of Income.

**Note 13 11 – Derivative Instruments**

Foreign operations give rise to market risks from changes in foreign currency exchange rates. Foreign currency forward exchange contracts with established financial institutions are utilized to hedge a portion of that risk. Interest rate swap agreements are used to reduce the impact of changes in interest rates on certain current and probable future debt. The Company's foreign currency forward exchange contracts and interest rate swap agreements are designated as cash flow hedges, and therefore the effective portion of unrealized gains and losses is recorded in Accumulated other comprehensive income.

At May 31, 2023 November 30, 2023 exchange rates, notional amounts of forward exchange contracts for the purchase of Polish Zlotys and the sale of Euros; and the purchase of Mexican Pesos and the sale of U.S. Dollars aggregated to $68.6 126.9 million. The fair value of the contracts is included on the Condensed Consolidated Balance Sheets as Accounts payable and accrued liabilities when in a loss position, or as Accounts receivable, net when in a gain position. As the contracts mature at various dates through August 2024, September 2025, any such gain or loss remaining will be recognized in manufacturing revenue or cost of revenue along with the related transactions. In the event that the underlying transaction does not occur or does not occur in the period designated at the inception of the hedge, the amount classified in accumulated other comprehensive loss would be reclassified to the results of operations in Interest and foreign exchange at the time of occurrence. At May 31, 2023 November 30, 2023 exchange rates, approximately $1.9 2.0 million would be reclassified to revenue or cost of revenue in the next year.

At May 31, 2023 November 30, 2023, interest rate swap agreements maturing from September 2023 June 2024 through January 2032 had notional amounts that aggregated to $639.0 590.5 million. The fair value of the contracts is included on the Condensed Consolidated Balance Sheets in Accounts payable and accrued liabilities when in a loss position, or in Accounts receivable, net when in a gain position. As interest expense on the underlying debt is recognized, amounts corresponding to the interest rate swap are reclassified from Accumulated other comprehensive loss and charged or credited to interest expense. At May 31, 2023 November 30, 2023 interest rates, approximately $14.1 million of gain would be reclassified to interest expense in the next year.

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**Fair Values of Derivative Instruments**

*(in millions)*

| Asset Derivatives | | | Liability Derivatives | | | Asset Derivatives | | | Liability Derivatives | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | May 31, 2023 | August 31, 2022 | | May 31, 2023 | August 31, 2022 | | November 30, 2023 | August 31, 2023 | | November 30, 2023 | August 31, 2023 |
| Balance sheet location | Fair Value | Fair Value | Balance sheet location | Fair Value | Fair Value | Balance sheet location | Fair Value | Fair Value | Balance sheet location | Fair Value | Fair Value |

| Derivatives designated as hedging instruments | | | | | | | | | | | Derivatives designated as hedging instruments | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Foreign exchange contracts | Accounts receivable, net | $ | 3.5 | $ | 0.6 | Accounts payable and accrued liabilities | $ | — | $ | 2.9 | Accounts receivable, net | $ | 5.1 | $ | 2.5 | Accounts payable and accrued liabilities | $ | 0.1 | $ | 0.1 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Interest rate swap contracts | Accounts receivable, net | 25.9 | 20.8 | Accounts payable and accrued liabilities | — | - | Accounts receivable, net | 33.4 | 34.9 | Accounts payable and accrued liabilities | — | 0.1 |
| | | $ 29.4 | $ 21.4 | | $ — | $ 2.9 | | $ 38.5 | $ 37.4 | | $ 0.1 | $ 0.2 |
| **Derivatives not designated as hedging instruments** | | | | | | | **Derivatives not designated as hedging instruments** | | | | | |

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Foreign forward exchange contracts | Accounts receivable, net | $ | 0.4 | $ | — | Accounts payable and accrued liabilities | $ | — | $ | 0.1 | Accounts receivable, net | $ | — | $ | 0.5 | Accounts payable and accrued liabilities | $ | — | $ | — |

**The Effect of Derivative Instruments on the Statements of Income Operations**

*(in millions)*

Three Months Ended May 31, 2023 November 30, 2023 and 2022

| Derivatives in cash flow hedging relationships | Location of gain (loss) recognized in income on derivatives | Gain (loss) recognized in income on derivatives three months ended May 31, | | | | Location of gain (loss) recognized in income on derivatives | Gain (loss) recognized in income on derivatives three months ended November 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | 2022 | | | 2023 | | 2022 | |
| Foreign forward exchange contract | Interest and foreign exchange | $ | 0.1 | $ | 0.2 | Interest and foreign exchange | $ | 0.2 | $ | — |

| Derivative | Gain (loss) recognized in OCI on derivatives three months | Location | Gain (loss) reclassified from accumulated OCI | Location | Gain (loss) recognized on derivatives (amount excluded from | Gain (loss) recognized in OCI on derivatives three | Location of gain (loss) reclassified from accumulated | Gain (loss) reclassified from accumulated OCI into income three | Location of gain (loss) on derivatives (amount | Gain (loss) recognized on derivatives (amount excluded from |
|---|---|---|---|---|---|---|---|---|---|---|

| es in cash flow hedging relationships | ended May 31, | n of gain (loss) reclassified from accumulated OCI into income | into income three months ended May 31, | n of gain (loss) on derivatives (amount excluded from effectivene | effectiveness testing) three months ended May 31, | months ended November 30, | OCI into income | months ended November 30, | excluded from effectiveness testing) | effectiveness testing) three months ended November 30, |
|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | ss testing) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | | 2023 | 2022 | | 2023 | 2022 | 2023 | 2022 | | 2023 | 2022 | | 2023 | 2022 |
| Foreign exchange contracts | $ 2.7 | $ 1.5 | Revenue | $ — | $ (0.6) | Revenue | $ 0.6 | $ 0.3 | $ 2.4 | $ 1.5 | Revenue | $ 0.2 | $ (0.4) | Revenue | $ 0.6 | $ 0.3 |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Foreign forward exchange contracts | 0.6 | 0.8 | Cost of revenue | 0.5 | 0.1 | Cost of revenue | 0.1 | 0.2 | (0.2 ) | 0.3 | Cost of revenue | (0.1 ) | 0.2 | Cost of revenue | 0.3 | 0.1 |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Interest rate swap contracts | (7.2) | 15.2 | Interest and foreign exchange | 3.4 | (1.7) | Interest and foreign exchange | — | — | 3.1 | 10.4 | Interest and foreign exchange | 4.3 | 1.0 | Interest and foreign exchange | — | — |
| | $ (3.9) | $ 17.5 | | $ 3.9 | $ (2.2) | | $ 0.7 | $ 0.5 | $ 5.3 | $ 12.2 | | $ 4.4 | $ 0.8 | | $ 0.9 | $ 0.4 |



The following table presents the amounts in the Condensed Consolidated Statements of Income Operations in which the effects of the cash flow hedges are recorded and the effects of the cash flow hedge activity on these line items for the three months ended May 31, 2023 November 30, 2023 and 2022:

| | For the Three Months Ended May 31, | | For the Three Months Ended November 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |

| | Total | Amount of gain (loss) on cash flow hedge activity | Total | Amount of gain (loss) on cash flow hedge activity | Total | Amount of gain (loss) on cash flow hedge activity | Total | Amount of gain (loss) on cash flow hedge activity |
|---|---|---|---|---|---|---|---|---|
| Revenue | $ 1,038.1 | $ — | $ 793.5 | $ (0.6) | $ 808.8 | $ 0.2 | $ 766.5 | $ (0.4) |
| Cost of revenue | $ 910.0 | $ 0.5 | $ 717.2 | $ 0.1 | $ 687.5 | $ (0.1) | $ 697.0 | $ 0.2 |
| Interest and foreign exchange | $ 22.8 | $ 3.4 | $ 14.9 | $ (1.7) | $ 23.2 | $ 4.3 | $ 19.6 | $ 1.0 |

Nine Months Ended May 31, 2023 and 2022

| Derivatives in cash flow hedging relationships | Location of gain (loss) recognized in income on derivatives | Gain (loss) recognized in income on derivatives nine months ended May 31, 2023 | 2022 |
|---|---|---|---|
| Foreign forward exchange contract | Interest and foreign exchange | $ (0.2) | $ (0.2) |

| Derivatives in cash flow hedging relationships | Gain (loss) recognized in OCI on derivatives nine months ended May 31, 2023 | 2022 | Location of gain (loss) reclassified from accumulated OCI into income | Gain (loss) reclassified from accumulated OCI into income nine months ended May 31, 2023 | 2022 | Location of gain (loss) on derivatives (amount excluded from effectiveness testing) | Gain (loss) recognized on derivatives (amount excluded from effectiveness testing) nine months ended May 31, 2023 | 2022 |
|---|---|---|---|---|---|---|---|---|
| Foreign forward exchange contracts | $ 4.7 | $ (3.5) | Revenue | $ (0.9) | $ (1.0) | Revenue | $ 1.4 | $ 0.8 |
| Foreign forward exchange contracts | 1.7 | 0.9 | Cost of revenue | 1.1 | 0.1 | Cost of revenue | 0.5 | 0.6 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Interest rate swap contracts | 11.8 | 17.5 | Interest and foreign exchange | 6.8 | (4.3) | Interest and foreign exchange | — | — |
| | $ 18.2 | $ 14.9 | | $ 7.0 | $ (5.2) | | $ 1.9 | $ 1.4 |

The following table presents the amounts in the Condensed Consolidated Statements of Income in which the effects of the cash flow hedges are recorded and the effects of the cash flow hedge activity on these line items for the nine months ended May 31, 2023 and 2022:

| | For the Nine Months Ended May 31, | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | Total | Amount of gain (loss) on cash flow hedge activity | Total | Amount of gain (loss) on cash flow hedge activity |
| Revenue | $ 2,926.6 | $ (0.9) | $ 2,027.0 | $ (1.0) |
| Cost of revenue | $ 2,612.2 | $ 1.1 | $ 1,848.3 | $ 0.1 |
| Interest and foreign exchange | $ 64.0 | $ 6.8 | $ 39.3 | $ (4.3) |



**Note 14 12 – Segment Information**

The Company operates in three reportable segments: Manufacturing; Maintenance Services; and Leasing & Management Services.

The accounting policies of the segments are described in the summary of significant accounting policies in the Consolidated Financial Statements contained in the Company’s Annual Report on Form 10-K for the year ended August 31, 2022 August 31, 2023. Performance is evaluated based on Earnings (loss) from operations. Corporate includes selling and administrative costs not directly related to goods and services and certain costs that are intertwined among segments due to our integrated business model. The Company does not allocate Interest and foreign exchange or Income tax expense for either external or internal reporting purposes. Intersegment sales and transfers are valued as if the sales or transfers were to third parties. Related revenue and margin are eliminated in consolidation and therefore are not included in consolidated results in the Company’s Consolidated Financial Statements.

The information in the following table is derived directly from the segments’ internal financial reports used for corporate management purposes.

For the three months ended May 31, 2023 November 30, 2023:

| | Revenue | Earnings (loss) from operations |
|---|---|---|

| *(in millions)* | External | Intersegment | Total | External | Intersegment | Total |
|---|---|---|---|---|---|---|
| Manufacturing | $ 870.2 | $ 73.3 | $ 943.5 | $ 44.1 | $ 7.9 | $ 52.0 |
| Maintenance Services | 122.9 | 11.0 | 133.9 | 11.0 | — | 11.0 |
| Leasing & Management Services | 45.0 | 0.3 | 45.3 | 25.9 | — | 25.9 |
| Eliminations | — | (84.6) | (84.6) | — | (7.9) | (7.9) |
| Corporate | — | — | — | (30.3) | — | (30.3) |
| | $ 1,038.1 | $ — | $ 1,038.1 | $ 50.7 | $ — | $ 50.7 |

For the nine months ended May 31, 2023:

| | Revenue | | | Earnings (loss) from operations | | | Revenue | | | Earnings (loss) from operations | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions)* | External | Intersegment | Total | External | Intersegment | Total | External | Intersegment | Total | External | Intersegment | Total |
| Manufacturing | $ 2,485.3 | $ 214.6 | $ 2,699.9 | $ 87.3 | $ 20.7 | $ 108.0 | $ 675.9 | $ 58.5 | $ 734.4 | $ 54.3 | $ 4.7 | $ 59.0 |
| Maintenance Services | 306.4 | 25.7 | 332.1 | 23.3 | — | 23.3 | 83.8 | 9.2 | 93.0 | 10.6 | — | 10.6 |
| Leasing & Management Services | 134.9 | 1.0 | 135.9 | 82.2 | 0.1 | 82.3 | 49.1 | 0.2 | 49.3 | 26.3 | — | 26.3 |
| Eliminations | — | (241.3) | (241.3) | — | (20.8) | (20.8) | — | (67.9) | (67.9) | — | (4.7) | (4.7) |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Corporate | — | — | — | (79.5) | — | (79.5) | — | — | — | (26.3) | — | (26.3) |
| | $ 2,926.6 | $ — | $ 2,926.6 | $ 113.3 | $ — | $ 113.3 | $ 808.8 | $ — | $ 808.8 | $ 64.9 | $ — | $ 64.9 |

For the three months ended May 31, 2022 November 30, 2022:

| | Revenue | | | Earnings (loss) from operations | | | Revenue | | | Earnings (loss) from operations | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions)* | External | Intersegment | Total | External | Intersegment | Total | External | Intersegment | Total | External | Intersegment | Total |
| Manufacturing | $ 650.9 | $ 38.3 | $ 689.2 | $ 20.5 | $ 1.8 | $ 22.3 | $ 646.5 | $ 44.5 | $ 691.0 | $ (3.4) | $ 4.0 | $ 0.6 |
| Maintenance Services | 101.5 | 8.6 | 110.1 | 8.6 | — | 8.6 | 85.5 | 8.5 | 94.0 | 5.5 | — | 5.5 |
| Leasing & Management Services | 41.1 | 0.6 | 41.7 | 19.2 | 0.1 | 19.3 | 34.5 | 0.2 | 34.7 | 15.6 | — | 15.6 |
| Eliminations | — | (47.5) | (47.5) | — | (1.9) | (1.9) | — | (53.2) | (53.2) | — | (4.0) | (4.0) |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Corporate | — | — | — | (28.7) | — | (28.7) | — | — | — | (22.5) | — | (22.5) |
| | $ 793.5 | $ — | $ 793.5 | $ 19.6 | $ — | $ 19.6 | $ 766.5 | $ — | $ 766.5 | $ (4.8) | $ — | $ (4.8) |

For the nine months ended May 31, 2022:

| | Revenue | | | Earnings (loss) from operations | | |
|---|---|---|---|---|---|---|
| *(in millions)* | External | Intersegment | Total | External | Intersegment | Total |
| Manufacturing | $ 1,659.1 | $ 79.5 | $ 1,738.6 | $ 34.6 | $ 2.1 | $ 36.7 |
| Maintenance Services | 260.5 | 17.4 | 277.9 | 10.4 | — | 10.4 |
| Leasing & Management Services | 107.4 | 1.3 | 108.7 | 84.0 | 0.1 | 84.1 |
| Eliminations | — | (98.2) | (98.2) | — | (2.2) | (2.2) |
| Corporate | — | — | — | (72.4) | — | (72.4) |
| | $ 2,027.0 | $ — | $ 2,027.0 | $ 56.6 | $ — | $ 56.6 |



| | Total assets | | Total assets | |
|---|---|---|---|---|
| *(in millions)* | May 31, 2023 | August 31, 2022 | November 30, 2023 | August 31, 2023 |
| Manufacturing | $ 1,891.1 | $ 1,853.9 | $ 1,799.3 | $ 1,847.0 |
| Maintenance Services | 295.1 | 284.8 | 311.3 | 294.4 |
| Leasing & Management Services | 1,325.6 | 1,152.2 | 1,537.6 | 1,458.1 |
| Unallocated, including cash | 409.9 | 560.6 | 366.5 | 378.9 |
| | $ 3,921.7 | $ 3,851.5 | $ 4,014.7 | $ 3,978.4 |

Reconciliation of Earnings (loss) from operations to Earnings (loss) before income tax and earnings from unconsolidated affiliates:

| | Three Months Ended May 31, | | Nine Months Ended May 31, | | Three Months Ended November 30, | |
|---|---|---|---|---|---|---|
| *(in millions)* | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Earnings from operations | $ 50.7 | $ 19.6 | $ 113.3 | $ 56.6 | | |
| Earnings (loss) from operations | | | | | $ 64.9 | $ (4.8) |
| Interest and foreign exchange | 22.8 | 14.9 | 64.0 | 39.3 | 23.2 | 19.6 |
| Earnings before income tax and earnings from unconsolidated affiliates | $ 27.9 | $ 4.7 | $ 49.3 | $ 17.3 | | |
| Earnings (loss) before income tax and earnings from unconsolidated affiliates | | | | | $ 41.7 | $ (24.4) |



**Note 15 13 – Leases**

Lessor

Equipment on operating leases is reported net of accumulated depreciation of $61.3 74.9 million and $48.6 68.0 million as of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, respectively. Depreciation expense was $6.9 7.8 million and $19.7 6.0 million for the three and nine months ended May 31, 2023, respectively November 30, 2023 and $5.5 million and $15.9 million for the three and nine months ended May 31, 2022, 2022, respectively. In addition, certain railcar equipment leased-in by the Company on operating leases is subleased to customers under non-cancelable operating leases with lease terms ranging from one to approximately thirteen years. Operating lease rental revenues included in the Company's Condensed Consolidated Statements of Income Operations for the three and nine months ended May 31, 2023 November 30, 2023 and 2022 was $23.1 27.7 million and $66.5 19.6 million, respectively, which included $4.0 5.4 million and $13.7 million, respectively, of revenue as a result of daily, monthly or car hire utilization arrangements. Operating lease rental revenues included in the Company's Condensed Consolidated Statements of Income for the three and nine months ended May 31, 2022 was $16.0 million and $47.3 million, respectively, which included $3.8 million and $12.3 4.8 million, respectively, of revenue as a result of daily, monthly or car hire utilization arrangements.

Aggregate minimum future amounts receivable under all non-cancelable operating leases and subleases at May 31, 2023 November 30, 2023, will mature as follows:

| *(in millions)* | | |
|---|---|---|
| Remaining three months of 2023 | $ | 20.1 |
| 2024 | | 64.9 |
| 2025 | | 58.1 |
| 2026 | | 51.7 |

| | | |
|---|---|---|
| 2027 | | 44.4 |
| Thereafter | | 94.9 |
| | $ | 334.1 |

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| (in millions) | | |
|---|---|---|
| Remaining nine months of 2024 | $ | 65.9 |
| 2025 | | 79.1 |
| 2026 | | 71.5 |
| 2027 | | 63.9 |
| 2028 | | 49.4 |
| Thereafter | | 98.8 |
| | $ | 428.6 |

Lessee

The Company leases railcars, real estate, and certain equipment under operating and, to a lesser extent, finance lease arrangements. As of and for the three and nine months ended May 31, 2023 November 30, 2023 and 2022, finance leases were not a material component of the Company's lease portfolio. The Company's real estate and equipment leases have remaining lease terms ranging from less than one year to 75 years, with some including options to extend up to 15 8 years. The Company recognizes a lease liability and corresponding right-of-use (ROU) asset based on the present value of lease payments. To determine the present value of lease payments, as most of its leases do not provide a readily determinable implicit rate, the Company's incremental borrowing rate is used to discount the lease payments based on information available at lease commencement date. The Company gives consideration to its recent debt issuances as well as publicly available data for instruments with similar characteristics when estimating its incremental borrowing rate.

The components of operating lease costs were as follows:

| | Three Months Ended May 31, | | Nine Months Ended May 31, | | Three Months Ended November 30, | |
|---|---|---|---|---|---|---|
| (in millions) | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Operating lease expense | $ 2.9 | $ 2.7 | $ 9.3 | $ 7.9 | $ 4.2 | $ 3.1 |
| Short-term lease expense | 2.9 | 1.1 | 7.3 | 3.8 | 1.7 | 1.9 |
| Total | $ 5.8 | $ 3.8 | $ 16.6 | $ 11.7 | $ 5.9 | $ 5.0 |

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Aggregate minimum future amounts payable under operating leases having initial or remaining non-cancelable terms at May 31, 2023 November 30, 2023, will mature as follows:

| (in millions) | | | | |
|---|---|---|---|---|
| Remaining three months of 2023 | $ | 4.2 | | |
| 2024 | | 15.3 | | |
| Remaining nine months of 2024 | | | $ | 11.6 |
| 2025 | | 12.6 | | 13.6 |
| 2026 | | 11.7 | | 12.3 |
| 2027 | | 8.9 | | 9.5 |
| 2028 | | | | 8.6 |
| Thereafter | | 31.5 | | 23.5 |
| Total lease payments | $ | 84.2 | $ | 79.1 |
| Less: Imputed interest | | (8.3) | | (6.8) |
| Total lease obligations | $ | 75.9 | $ | 72.3 |

The table below presents additional information related to the Company's leases:

| | |
|---|---|
| Weighted average remaining lease term (years): | |
| Operating leases | 10.5 10.7 |
| | |
| Weighted average discount rate: | |
| Operating leases | 2.5 2.4 % |

Supplemental cash flow information related to leases were as follows:

| (in millions) | | Nine months ended May 31, 2023 |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ | 9.9 |
| ROU assets obtained in exchange for new operating lease liabilities | $ | 27.8 |



| (in millions) | Three Months Ended November 30, 2023 |
|---|---|

| | | |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ | 4.6 |
| ROU assets obtained in exchange for new operating lease liabilities | $ | 2.1 |

**Note 16 14 – Commitments and Contingencies**

Portland Harbor Superfund Site

The Company's former Portland, Oregon manufacturing facility (the Portland Property) is located adjacent to the Willamette River. In December 2000, the U.S. Environmental Protection Agency (EPA) classified portions of the Willamette River bed known as the Portland Harbor, including the portion fronting the Company's manufacturing facility, as a federal "National Priority List" or "Superfund" site due to sediment contamination (the Portland Harbor Site). The Company and more than 140 other parties have received a "General Notice" of potential liability from the EPA relating to the Portland Harbor Site. The letter advised the Company that it may be liable for the costs of investigation and remediation (which liability may be joint and several with other potentially responsible parties) as well as for natural resource damages resulting from releases of hazardous substances to the site. Ten private and public entities, including the Company (the Lower Willamette Group or LWG), signed an Administrative Order on Consent (AOC) to perform a remedial investigation/feasibility study (RI/FS) of the Portland Harbor Site under EPA oversight, and several additional entities did not sign such consent, but nevertheless contributed financially to the effort. The EPA-mandated RI/FS was produced by the LWG and cost over $110 million during a 17-year period. The Company bore a percentage of the total costs incurred by the LWG in connection with the investigation. The Company's aggregate expenditure during the 17-year period was not material. Some or all of any such outlay may be recoverable from other responsible parties. The EPA issued its Record of Decision (ROD) for the Portland Harbor Site on January 6, 2017 and accordingly on October 26, 2017, the AOC was terminated.



Separate from the process described above, which focused on the type of remediation to be performed at the Portland Harbor Site and the schedule for such remediation, 96 parties, including the State of Oregon and the federal government, are participating in a non-judicial, mediated allocation process to try to allocate costs associated with remediation of the Portland Harbor Site. The Company will continue to participate in the allocation process. Approximately 110 additional parties signed tolling agreements related to such allocations. On April 23, 2009, the Company and the other AOC signatories filed suit against 69 other parties due to a possible limitations period for some such claims; *Arkema Inc. et al v. A & C Foundry Products, Inc. et al*, U.S. District Court, District of Oregon, Case #3:09-cv-453-PK. All but 12 of these parties elected to sign tolling agreements and be dismissed without prejudice, and the case has been stayed by the court until January 14, 2025.

The EPA's January 6, 2017 ROD identifies a clean-up remedy that the EPA estimates will take 13 years of active remediation, followed by 30 years of monitoring with an estimated undiscounted cost of $1.7 billion. The EPA typically expects its cost estimates to be accurate within a range of -30% to +50%, but this ROD states that changes in costs are likely to occur. The EPA has identified several Sediment Decision Units within the ROD cleanup area. One of the units, RM9W, includes the nearshore area of the river sediments offshore of the Portland Property as well as downstream of the facility. It also includes a portion of the Portland Property's riverbank. The ROD does not break down total remediation costs by Sediment Decision Unit. The EPA requested that potentially responsible parties enter AOCs during 2019 agreeing to conduct remedial design studies. Some parties have signed AOCs, including one party with respect to RM9W which includes the area offshore of the Portland Property. The Company has not signed an AOC in connection with remedial design, but is assisting in funding a portion of the RM9W remedial design.

The ROD does not address responsibility for the costs of clean-up, nor does it allocate such costs among the potentially responsible parties. Responsibility for funding and implementing the EPA's selected cleanup remedy will be determined at an unspecified later date. Based on the investigation to date, the Company believes that it did not contribute in any material way to contaminants of concern in the river sediments or the damage of natural resources in the Portland Harbor Site and that the damage in the area of the Portland Harbor Site adjacent to the Portland Property precedes the Company's ownership of the Portland Property. Because these environmental investigations are still underway, sufficient information is currently not available to determine the Company's liability, if any, for the cost of any required remediation or restoration of the Portland Harbor Site or to estimate a range of potential loss. Based on the results of the pending investigations and future assessments of natural resource damages, the Company may be required to incur costs associated with additional phases of investigation or remedial action, and may be liable for damages to natural resources.

On January 30, 2017 the Confederated Tribes and Bands of Yakama Nation sued 33 parties including the Company as well as the federal government and the State of Oregon for costs it incurred in assessing alleged natural resource damages to the Columbia River from contaminants deposited in Portland Harbor. *Confederated Tribes and Bands of*



*the Yakama Nation v. Air Liquide America Corp., et al.,* U.S. Court for the District of Oregon Case No. 3i17-CV-00164-SB. The complaint does not specify the amount of damages the plaintiff will seek. The case has been stayed until January 14, 2025.

Oregon Department of Environmental Quality (DEQ) Regulation of Portland Property

The Company entered into a Voluntary Cleanup Agreement with the Oregon Department of Environmental Quality (DEQ) in which the Company agreed to conduct an investigation of whether, and to what extent, past or present operations at the Portland Property may have released hazardous substances into the environment. The Company has also signed an Order on Consent with the DEQ to finalize the investigation of potential onsite sources of contamination that may have a release pathway to the Willamette River. The Company's aggregate expenditure has not been material, however it could incur significant expenses for remediation. Some or all of any such outlay may be recoverable from other responsible parties.

Sale of Portland Property

The Company sold the Portland Property in May 2023, but remains potentially liable with respect to the above matters. Any of these matters could adversely affect the Company's business and Consolidated Financial Statements. However, any contamination or exacerbation of contamination that occurs after the sale of the property will be the liability of the current and future owners and operators of the Portland Property.

Other Litigation, Commitments and Contingencies

From time to time, the Company is involved as a defendant in litigation in the ordinary course of business, the outcomes of which cannot be predicted with certainty. While the ultimate outcome of such legal proceedings cannot be determined at this time, the Company believes that the resolution of pending litigation will not have a material adverse effect on the Company's Consolidated Financial Statements.

As of May 31, 2023 November 30, 2023, the Company had outstanding letters of credit aggregating to $4.9 6.4 million associated with performance guarantees, facility leases and workers compensation insurance.

**Note 17 15 – Fair Value Measures**

Certain assets and liabilities are reported at fair value on either a recurring or nonrecurring basis. Fair value, for this disclosure, is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, under a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

Level 1 - observable inputs such as unadjusted quoted prices in active markets for identical instruments;

Level 2 - inputs, other than the quoted market prices in active markets for similar instruments, which are observable, either directly or indirectly; and

Level 3 - unobservable inputs for which there is little or no market data available, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value on a recurring basis as of May 31, 2023 November 30, 2023 were:

| *(in millions)* | Total | Level 1 | Level 2 (1) | Level 3 |
|---|---|---|---|---|
| Assets: | | | | |
| Derivative financial instruments | $ 29.8 | $ — | $ 29.8 | $ — |
| Nonqualified savings plan investments | 43.8 | 43.8 | — | — |
| Cash equivalents | 60.7 | 60.7 | — | — |
| | $ 134.3 | $ 104.5 | $ 29.8 | $ — |
| Liabilities: | | | | |
| Derivative financial instruments | $ — | $ — | $ — | $ — |



| *(in millions)* | Total | Level 1 | Level 2 (1) | Level 3 |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Assets: | | | | |
| Derivative financial instruments | $ 38.5 | $ — | $ 38.5 | $ — |
| Nonqualified savings plan investments | 48.4 | 48.4 | — | — |
| Cash equivalents | 51.6 | 51.6 | — | — |
| | $ 138.5 | $ 100.0 | $ 38.5 | $ — |
| Liabilities: | | | | |
| Derivative financial instruments | $ 0.1 | $ — | $ 0.1 | $ — |

Assets and liabilities measured at fair value on a recurring basis as of August 31, 2022 August 31, 2023 were:

| (in millions) | Total | Level 1 | Level 2 (1) | Level 3 | Total | Level 1 | Level 2 (1) | Level 3 |
|---|---|---|---|---|---|---|---|---|
| Assets: | | | | | | | | |
| Derivative financial instruments | $ 21.4 | $ — | $ 21.4 | $ — | $ 37.9 | $ — | $ 37.9 | $ — |
| Nonqualified savings plan investments | 40.3 | 40.3 | — | — | 47.7 | 47.7 | — | — |
| Cash equivalents | 119.4 | 119.4 | — | — | 51.2 | 51.2 | — | — |
| | $ 181.1 | $ 159.7 | $ 21.4 | $ — | $ 136.8 | $ 98.9 | $ 37.9 | $ — |
| Liabilities: | | | | | | | | |
| Derivative financial instruments | $ 3.0 | $ — | $ 3.0 | $ — | $ 0.2 | $ — | $ 0.2 | $ — |

(1) Level 2 assets and liabilities include derivative financial instruments that are valued based on observable inputs. See Note 13 11 - Derivat Instruments for further discussion.

**Note 18 16 – Related Party Transactions**

The Company has a 41.9% interest in Axis, LLC (Axis), a joint venture. The Company purchased $2.2 2.3 million and $6.7 2.7 million of railcar components from Axis for the three and nine months ended May 31, 2023, respectively, November 30, 2023 and $3.5 million and $9.7 million for the three and nine months ended May 31, 2022, 2022, respectively.

The Company has a 40% interest in the common equity of an unconsolidated affiliate that buys and sells railcar assets that are leased to third parties. Upon sale of railcars to this entity from the Company, 60% of the related revenue and margin is recognized and 40% is deferred until the railcars are ultimately sold by the entity. The Company recognized $15.1 million in revenue when the remaining railcars were sold out of the leasing warehouse during the three and nine months ended May 31,

2023. The Company had no material revenue with railcars sold out of the leasing warehouse during the three and nine months ended May 31, 2022.

**Note 19 – Subsequent Events**

On June 16, 2023, the Company amended its GBX Leasing warehouse credit facility agreement (Amended Loan Agreement). The Amended Loan Agreement increased the aggregate loan commitment from $350.0 million to $550.0 million. The Company intends to use proceeds from borrowings to fund additions in its owned lease fleet.

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

**Executive Summary**

We operate in three reportable segments: Manufacturing; Maintenance Services; and Leasing & Management Services. Our segments are operationally integrated. The Manufacturing segment, which currently operates from facilities in the U.S., Mexico, Poland, and Romania, and Turkey, produces double-stack intermodal freight railcars, tank cars, conventional intermodal railcars and automotive railcar products. The Maintenance Services segment performs wheel and axle servicing, railcar maintenance and produces a variety of parts for the rail industry in North America. The Leasing & Management Services segment owns approximately 12,500 14,100 railcars as of May 31, 2023 November 30, 2023. We also provide management services for approximately 409,000 railcars for railroads, shippers, carriers, institutional investors and other leasing and transportation companies in North America as of May 31, 2023. America. Through unconsolidated affiliates we produce rail and industrial components and have an ownership stake in a railcar manufacturer in Brazil.

Management identifies the following trends which have impacted continue to impact our business and our results for the nine three months ended May 31, 2023 November 30, 2023. Overall, demand in the marketplace remains strong. strong for our products and services. Supply chain challenges, inflation, rising interest rates, rail service congestion, inflation, high interest rates, and labor shortages continued continue to impact our business. Despite the continued challenging operating environment, we achieved accomplished the following in during the first nine months of 2023: quarter ended November 30, 2023:

- Revenue increased by $899.6 million $42.3 million and 44.4% 5.5% compared to the same period last year driven by 39.2% 15.6% increase in railcar deliveries and higher average selling price. deliveries.
- Margin has improved $135.7 million $51.8 million and 75.9% 74.5% compared to the same period last year driven by 15.6% increase in railcar deliveries, improved operating efficiencies across the business and operating efficiencies. favorable product mix.
- Obtained new railcar orders Net earnings attributable to Greenbrier increased $47.9 million compared to the same period last year driven in part by operating efficiencies in connection with the optimization of 14,700 units valued at approximately $1.9 billion during the nine months ended May 31, 2023. our industrial footprint to support our strategic plan discussed below.

•In the second quarter,

As we acquired the minority interest in GBX Leasing, continue to execute on our strategic plan, we remain focused on increasing recurring revenue, expanding our aggregate gross margin, and wholly own raising our entire lease fleet. return on invested capital.

Our backlog remains strong with railcar deliveries into calendar 2024. 2026. Our railcar backlog was 23,400 29,700 units with an estimated value of $2.9 billion $3.8 billion as of May 31, 2023 November 30, 2023. Our backlog includes $770 million $880 million of railcars intended for syndication which are supported by lease agreements with external customers and may be syndicated to third parties or held in our lease fleet depending on a variety of factors. Multi-year supply agreements are a part of rail industry practice. A portion of the orders included in backlog reflects an assumed product mix. Under terms of the orders, the exact mix and pricing will be determined in the future, which may impact backlog. Approximately 4% 3% of backlog units and estimated backlog value as of May 31, 2023 November 30, 2023 was associated with our Brazilian manufacturing operations which is accounted for under the equity method.

Our backlog of railcar units is not necessarily indicative of future results of operations. Certain orders in backlog are subject to customary documentation and completion of terms. Customers may attempt to cancel or modify orders in backlog. Historically, little variation has been experienced between the quantity ordered and the quantity actually delivered, though the timing of deliveries may be modified from time to time.

On November 17, 2022, as part of our strategic review of the global business capacity footprint, we decided to permanently cease rail production at our Gunderson Facility during 2023 and to explore alternatives to exit marine barge production. As a result, in the first quarter of fiscal 2023 we recorded an impairment of our long-lived assets of $24.2 million. In May 2023, we sold our ownership interest in Gunderson Marine and recorded a $14.3 million loss on sale. We also permanently ceased rail production at the Gunderson Facility in May 2023.

As described in Part I Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended August 31, 2022 August 31, 2023 the items described above may have a material negative impact on our business, liquidity, results of operations and stock price. Beyond these general observations, we are unable to predict when, how, or with what magnitude these items will impact our business.



**Three Months Ended May 31, 2023 November 30, 2023 Compared to the Three Months Ended May 31, 2022 November 30, 2022**

**Overview**

Revenue, Cost of revenue, Margin and Earnings (loss) from operations (operating profit or loss) presented below, include amounts from external parties and exclude intersegment activity that is eliminated in consolidation.

| (in millions, except per share amounts) | Three Months Ended May 31, 2023 | Three Months Ended May 31, 2022 | Three Months Ended November 30, 2023 | Three Months Ended November 30, 2022 |
|---|---|---|---|---|
| Revenue: | | | | |
| Manufacturing | $ 870.2 | $ 650.9 | $ 675.9 | $ 646.5 |
| Maintenance Services | 122.9 | 101.5 | 83.8 | 85.5 |
| Leasing & Management Services | 45.0 | 41.1 | 49.1 | 34.5 |
| | 1,038.1 | 793.5 | 808.8 | 766.5 |
| Cost of revenue: | | | | |
| Manufacturing | 786.5 | 611.3 | 600.9 | 604.5 |
| Maintenance Services | 109.8 | 91.1 | 71.6 | 79.6 |
| Leasing & Management Services | 13.7 | 14.8 | 15.0 | 12.9 |
| | 910.0 | 717.2 | 687.5 | 697.0 |
| Margin: | | | | |
| Manufacturing | 83.7 | 39.6 | 75.0 | 42.0 |
| Maintenance Services | 13.1 | 10.4 | 12.2 | 5.9 |
| Leasing & Management Services | 31.3 | 26.3 | 34.1 | 21.6 |
| | 128.1 | 76.3 | 121.3 | 69.5 |
| Selling and administrative | 63.3 | 57.4 | 56.3 | 53.4 |
| Net gain on disposition of equipment | (2.3) | (0.7) | | |
| Asset impairment, disposal, and exit costs | 16.4 | — | | |
| Earnings from operations | 50.7 | 19.6 | | |
| Net loss (gain) on disposition of equipment | | | 0.1 | (3.3) |
| Impairment of long-lived assets | | | — | 24.2 |
| Earnings (loss) from operations | | | 64.9 | (4.8) |
| Interest and foreign exchange | 22.8 | 14.9 | 23.2 | 19.6 |
| Earnings before income tax and earnings from unconsolidated affiliates | 27.9 | 4.7 | | |
| Income tax expense | (3.6) | (1.1) | | |
| Earnings before earnings from unconsolidated affiliates | 24.3 | 3.6 | | |
| Earnings (loss) before income tax and earnings from unconsolidated affiliates | | | 41.7 | (24.4) |
| Income tax (expense) benefit | | | (10.0) | 3.8 |
| Earnings (loss) before earnings from unconsolidated affiliates | | | 31.7 | (20.6) |

| | | | | |
|---|---|---|---|---|
| Earnings from unconsolidated affiliates | 2.4 | 4.0 | 1.5 | 3.3 |
| Net earnings | 26.7 | 7.6 | | |
| Net earnings attributable to noncontrolling interest | (5.4) | (4.5) | | |
| Net earnings attributable to Greenbrier | $ 21.3 | $ 3.1 | | |
| Diluted earnings per common share | $ 0.64 | $ 0.09 | | |
| Net earnings (loss) | | | 33.2 | (17.3) |
| Net (earnings) loss attributable to noncontrolling interest | | | (2.0) | 0.6 |
| Net earnings (loss) attributable to Greenbrier | | | $ 31.2 | $ (16.7) |
| Diluted earnings (loss) per common share | | | $ 0.96 | $ (0.51) |

Performance for our segments is evaluated based on operating profit or loss. Corporate includes selling and administrative costs not directly related to goods and services and certain costs that are intertwined among segments due to our integrated business model. Management does not allocate Interest and foreign exchange or Income tax expense for either external or internal reporting purposes.

| | Three Months Ended May 31, | | Three Months Ended November 30, | |
|---|---|---|---|---|
| *(in millions)* | 2023 | 2022 | 2023 | 2022 |
| Operating profit (loss): | | | | |
| Manufacturing | $ 44.1 | $ 20.5 | $ 54.3 | $ (3.4) |
| Maintenance Services | 11.0 | 8.6 | 10.6 | 5.5 |
| Leasing & Management Services | 25.9 | 19.2 | 26.3 | 15.6 |
| Corporate | (30.3) | (28.7) | (26.3) | (22.5) |
| | $ 50.7 | $ 19.6 | $ 64.9 | $ (4.8) |

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**Consolidated Results**

| | Three Months Ended May 31, | | Increas e (Decre ase) | % Chan ge | Three Months Ended November 30, | | Increase (Decrease) | % Change |
|---|---|---|---|---|---|---|---|---|
| *(in millions)* | 2023 | 2022 | | | 2023 | 2022 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Revenue | 1,0<br>38.<br>$ 1 | 79<br>3.<br>$ 5 | 24<br>$ 4.6 | 30<br>.8% | $ 808.8 | $ 766.5 | $ 42.3 | 5.5% |
| Cost of revenue | 91<br>$ 0.0 | 71<br>7.<br>$ 2 | 19<br>$ 2.8 | 26<br>.9% | $ 687.5 | $ 697.0 | $ (9.5) | (1.4%) |
| Margin (%) | 12.<br>3% | 9.<br>6% | 2.7% | * | 15.0% | 9.1% | 5.9% | * |
| Net earnings attributable to Greenbrier | 21.<br>$ 3 | 3.<br>$ 1 | 18.<br>$ 2 | * | | | | |
| Net earnings (loss) attributable to Greenbrier | | | | | $ 31.2 | $ (16.7) | $ 47.9 | * |

* Not meaningful

Through our integrated business model, we provide a broad range of custom products and services in each of our segments, which have various selling prices and margins. The demand for and mix of products and services delivered changes from period to period, which causes fluctuations in our results of operations.

The 30.8% 5.5% increase in revenue for the three months ended May 31, 2023 November 30, 2023 as compared to the three months ended May 31, 2022 November 30, 2022 was primarily due to a 33.7% increase in Manufacturing revenue. The 4.5% increase in Manufacturing revenue was and 42.3% increase in Leasing and Management Services revenue. The increases were primarily attributed driven by higher deliveries and syndication activity during the three months ended November 30, 2023 partially offset by a lower average selling price due to a 30.6% increase change in railcar deliveries. product mix when compared to the prior comparable period.

The 26.9% increase 1.4% decrease in cost of revenue for the three months ended May 31, 2023 November 30, 2023 as compared to the three months ended May 31, 2022 November 30, 2022 was primarily due to a 28.7% increase 0.6% decrease in Manufacturing cost of revenue. The increase decrease in Manufacturing cost of revenue was primarily attributed to operating efficiencies and a 30.6% increase change in railcar deliveries during product mix within our Manufacturing segment when compared to the three months ended May 31, 2023. prior comparable period.

Margin as a percentage of revenue was 12.3% 15.0% and 9.6% 9.1% for the three months ended May 31, 2023 November 30, 2023 and 2022, respectively. The overall margin as a percentage of revenue was positively impacted by operating efficiencies at and favorable product mix within our Manufacturing segment as a result of operating well as improved pricing at consistently higher production levels. our Maintenance Services segment.

The $18.2 million $47.9 million increase in Net earnings attributable to Greenbrier for the three months ended May 31, 2023 November 30, 2023 as compared to the three months ended May 31, 2022 November 30, 2022 was primarily due to an to:

- An increase in Margin for the three months ended November 30, 2023 primarily due to higher railcar deliveries, for three months ended May 31, 2023. This was partially offset by:

  an increase in syndication revenue and operating efficiencies.

- A loss on sale $24.2 million impairment of long-lived assets at our Gunderson Marine of $14.3 million and severanc $2.1 million facility during the three months ended May 31, 2023 November 30, 2022.

•An increase in Interest and foreign exchange

These were partially offset by higher income tax expense for associated with improved earnings during the three months ended May 31, 2023 primarily attributed to an increase in interest expense from higher interest rates and borrowings. November 30, 2023.

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### Manufacturing Segment

| *(In millions, except railcar deliveries)* | Three Months Ended May 31, 2023 | Three Months Ended May 31, 2022 | Increase (Decrease) | % Change | Three Months Ended November 30, 2023 | Three Months Ended November 30, 2022 | Increase (Decrease) | % Change |
|---|---|---|---|---|---|---|---|---|
| Revenue | $ 870.2 | $ 650.9 | $ 219.3 | 33.7 % | $ 675.9 | $ 646.5 | $ 29.4 | 4.5 % |
| Cost of revenue | $ 786.5 | $ 611.3 | $ 175.2 | 28.7 % | $ 600.9 | $ 604.5 | $ (3.6) | (0.6 %) |
| Margin (%) | 9.6 % | 6.1 % | 3.5 % | * | 11.1 % | 6.5 % | 4.6 % | * |
| Operating profit ($) | $ 44.1 | $ 20.5 | $ 23.6 | 115.1 % | | | | |
| Operating profit (%) | 5.1 % | 3.1 % | 2.0 % | * | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Operating profit (loss) ($) | | | | | $ 54.3 | $ (3.4) | $ 57.7 | * |
| Operating profit (loss) (%) | | | | | 8.0% | (0.5%) | 8.5% | * |
| Deliveries | 6,400 | 4,900 | 1,500 | 30.6% | 5,200 | 4,500 | 700 | 15.6% |

* Not meaningful

Our Manufacturing segment primarily generates revenue from manufacturing a wide range of freight railcars and from the conversion of existing or in-service railcars through our facilities in North America and Europe.

Manufacturing revenue increased $219.3 million $29.4 million or 33.7% 4.5% for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase in revenue was primarily attributed to a 30.6% 15.6% increase in railcar deliveries. deliveries and higher syndications partially offset by a lower average selling price due to a change in product mix when compared to the prior comparable period.

Manufacturing cost of revenue increased $175.2 million decreased $3.6 million or 28.7% 0.6% for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase decrease in cost of revenue was primarily attributed to operating efficiencies and a 30.6% increase change in railcar deliveries and higher costs associated with component outsourcing to support the higher production product mix during the three months ended May 31, 2023 November 30, 2023.

Manufacturing margin as a percentage of revenue increased 3.5% 4.6% for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase in margin percentage for the three months ended May 31, 2023 November 30, 2023 was primarily attributed to operating at consistently higher production levels. This was partially offset by increased costs associated with outsourcing to support efficiencies and favorable product mix during the higher production levels.three months ended November 30, 2023.

Manufacturing operating profit increased $23.6 million $57.7 million for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase in operating profit was primarily attributed to increased deliveries for improved Margin during the three months ended May 31, 2023 at improved margins, partially offset by November 30, 2023 as well as an impairment loss during the loss on sale of Gunderson Marine.three months ended November 30, 2022.

**Maintenance Services Segment**

| (in millions) | Three Months Ended May 31, 2023 | Three Months Ended May 31, 2022 | Increase (Decrease) | % Change | Three Months Ended November 30, 2023 | Three Months Ended November 30, 2022 | Increase (Decrease) | % Change |
|---|---|---|---|---|---|---|---|---|
| Revenue | $ 122.9 | $ 101.5 | $ 21.4 | 21.1% | $ 83.8 | $ 85.5 | $ (1.7) | (2.0%) |
| Cost of revenue | $ 109.8 | $ 91.1 | $ 18.7 | 20.5% | $ 71.6 | $ 79.6 | $ (8.0) | (10.1%) |
| Margin (%) | 10.7% | 10.2% | 0.5% | * | 14.6% | 6.9% | 7.7% | * |
| Operating profit ($) | $ 11.0 | $ 8.6 | $ 2.4 | 27.9% | $ 10.6 | $ 5.5 | $ 5.1 | 92.7% |
| Operating profit (%) | 9.0% | 8.5% | 0.5% | * | 12.6% | 6.4% | 6.2% | * |

* Not meaningful

Our Maintenance Services segment primarily generates revenue from railcar component manufacturing and servicing and from providing railcar maintenance services.

Maintenance Services revenue increased $21.4 million decreased $1.7 million or 21.1% 2.0% for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase decrease was primarily attributed to improved pricing.lower volumes with higher average selling price.

Maintenance Services cost of revenue increased $18.7 million decreased $8.0 million or 20.5% 10.1% for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase decrease was primarily due to higher material and labor costs.operating efficiencies.

Maintenance Services margin as a percentage of revenue increased 0.5% 7.7% for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase in margin percentage was primarily attributed to improved pricing and operating efficiencies. This was partially offset by lower scrap metal pricing during the three months ended May 31, 2023.

Maintenance Services operating profit increased $2.4 million $5.1 million for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase in operating profit was primarily attributed to improved pricing and operating efficiencies. This was partially offset by lower scrap metal pricing during the three months ended May 31, 2023.

**Leasing & Management Services Segment**

| | Three Months Ended May 31, | | Increase | % | Three Months Ended November 30, | | Increase | % |
|---|---|---|---|---|---|---|---|---|
| *(in millions)* | 2023 | 2022 | (Decrease) | Change | 2023 | 2022 | (Decrease) | Change |
| Revenue | $ 45.0 | $ 41.1 | $ 3.9 | 9.5% | $ 49.1 | $ 34.5 | $ 14.6 | 42.3% |
| Cost of revenue | $ 13.7 | $ 14.8 | $ (1.1) | (7.4%) | $ 15.0 | $ 12.9 | $ 2.1 | 16.3% |
| Margin (%) | 69.6% | 64.0% | 5.6% | * | 69.5% | 62.6% | 6.9% | * |
| Operating profit ($) | $ 25.9 | $ 19.2 | $ 6.7 | 34.9% | $ 26.3 | $ 15.6 | $ 10.7 | 68.6% |
| Operating profit (%) | 57.6% | 46.7% | 10.9% | * | 53.6% | 45.2% | 8.4% | * |

* Not meaningful

Our Leasing & Management Services segment generates revenue from leasing railcars from our lease fleet, providing various management services, syndication revenue associated with leases attached to new railcar sales, and interim rent on leased railcars for syndication.

Leasing & Management Services revenue increased $3.9 million $14.6 million or 9.5% 42.3% for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase was primarily attributed to higher syndication activity and higher lease rents due to higher lease rates, a larger fleet and higher utilization of the fleet, partially offset by lower interim rent on leased railcars for syndication.improved lease rates.

Leasing & Management Services cost of revenue decreased $1.1 million increased $2.1 million or 7.4% 16.3% for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The decrease increase was primarily due to lower transportation costs.higher costs from the larger fleet.

Leasing & Management Services margin as a percentage of revenue increased 5.6% 6.9% for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase in margin percentage was primarily attributed to growth in higher syndication activity and higher utilization of the lease fleet. rents.

Leasing & Management Services operating profit increased $6.7 million $10.7 million for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022. The increase was primarily attributed to growth higher syndication activity and improved Margin in and higher utilization of the lease fleet for the three months ended May 31, 2023 November 30, 2023.



**Selling and Administrative Expense**

| *(in millions)* | Three Months Ended May 31, 2023 | Three Months Ended May 31, 2022 | Increase (Decrease) | % Change | Three Months Ended November 30, 2023 | Three Months Ended November 30, 2022 | Increase (Decrease) | % Change |
|---|---|---|---|---|---|---|---|---|
| Selling and administrative expense | $ 63.3 | $ 57.4 | $ 5.9 | 10.3 % | $ 56.3 | $ 53.4 | $ 2.9 | 5.4 % |

Selling and administrative expense was $63.3 million $56.3 million or 6.1% 7.0% of revenue for the three months ended May 31, 2023 November 30, 2023 compared to $57.4 million $53.4 million or 7.2% 7.0% of revenue for the prior comparable period. The $5.9 million $2.9 million increase was primarily attributed to an increase in employee related costs due to higher incentive compensation expense as a result of increased profitability when compared to the prior year.costs.

**Net Gain Loss (Gain) on Disposition of Equipment**

Net gain loss (gain) on disposition of equipment primarily typically includes the sale of assets from our lease fleet (Equipment on operating leases, net) and disposition of property, plant and equipment. Assets are periodically sold in the normal course of business in order to optimize our fleet and to manage risk and liquidity.

Net gain loss on disposition of equipment was $2.3 million $0.1 million for the three months ended May 31, 2023 November 30, 2023 compared to $0.7 million a gain of $3.3 million for the prior comparable period. The loss during the three months ended November 30, 2023 was primarily driven by a loss on a property lease termination.

**Asset Impairment Disposal and Exit Costs of Long-Lived Assets**

The three months ended May 31, 2023 November 30, 2022 included a loss on the sale $24.2 million impairment of long-lived assets at our Gunderson Marine of $14.3 million and $2.1 million of severance costs related to ceasing rail production at the Gunderson Facility. facility.

### Interest and Foreign Exchange

Interest and foreign exchange expense was composed of the following:

| *(in millions)* | Three Months Ended May 31, 2023 | Three Months Ended May 31, 2022 | Increase (Decrease) | Three Months Ended November 30, 2023 | Three Months Ended November 30, 2022 | Increase (Decrease) |
|---|---|---|---|---|---|---|
| Interest and foreign exchange: | | | | | | |
| Interest and other expense | $ 20.0 | $ 15.4 | $ 4.6 | $ 21.9 | $ 17.8 | $ 4.1 |
| Foreign exchange (gain) loss | 2.8 | (0.5) | 3.3 | 1.3 | 1.8 | (0.5) |
| | $ 22.8 | $ 14.9 | $ 7.9 | $ 23.2 | $ 19.6 | $ 3.6 |

The $7.9 million $3.6 million increase in Interest and foreign exchange expense for the three months ended May 31, 2023 November 30, 2023 compared to the three months ended May 31, 2022 November 30, 2022 was partially attributed to an increase in interest expense from higher interest rates and borrowings. The $3.3 million change in Foreign exchange (gain) loss was primarily attributed to the change in the Mexican Peso's foreign exchange rate relative to the U.S. Dollar.



### Income Tax

For the three months ended May 31, 2023 November 30, 2023, we had income tax expense of $3.6 million $10.0 million on a pre-tax income of $27.9 million $41.7 million for an effective tax rate of 12.9% 24.0%. Tax expense included The effective tax rate benefited from net favorable discrete items primarily adjustments related to changes in our foreign currency exchange rates for our U.S. Dollar denominated foreign operations. subsidiaries.

For the three months ended May 31, 2022 November 30, 2022, we had income tax expense benefit of $1.1 million $3.8 million on a pre-tax income loss of $4.7 million for an effective $24.4 million. The tax rate of 23.4%. Tax expense for the three months ended May 31, 2022 included benefit was attributed to a net favorable discrete items. impact related to the impairment of long-lived assets at our Gunderson facility, partially offset by changes in foreign currency exchange rates and inflationary adjustments at our U.S. Dollar denominated foreign operations.

The provision for income taxes during interim quarterly reporting periods is based on our estimates of the effective tax rates for the full fiscal year and may be positively or negatively impacted by adjustments that are required to be reported in the quarter. The effective tax rate can fluctuate year-to-year due to changes in the mix of foreign and domestic pre-tax earnings. It can also fluctuate with changes in the proportion of pre-tax earnings attributable to our Mexican railcar manufacturing joint venture. The joint venture is treated as a partnership for tax purposes and, as a result, the partnership's entire pre-tax earnings are included in earnings before income taxes and earnings from unconsolidated affiliates, whereas only our 50% share of the tax is included in Income tax expense.

**Earnings From Unconsolidated Affiliates**

Through unconsolidated affiliates we produce rail and industrial components and have an ownership stake in a railcar manufacturer in Brazil. We record the results from these unconsolidated affiliates on an after-tax basis.

Earnings from unconsolidated affiliates were $2.4 million $1.5 million and $4.0 million $3.3 million for the three months ended May 31, 2023 November 30, 2023 and 2022, respectively. The decrease was primarily related to lower volumes.

**Noncontrolling Interest**

Net earnings (loss) attributable to noncontrolling interest was earnings of $5.4 million $2.0 million for the three months ended May 31, 2023 November 30, 2023 compared to $4.5 million a loss of $0.6 million for the three months ended May 31, 2022 November 30, 2022. Net earnings (loss) attributable to noncontrolling interest primarily represents our joint venture partner's share in the results of operations of our Mexican railcar manufacturing joint ventures, adjusted for intercompany sales, and our European partner's share of the results of our European operations.



**Nine Months Ended May 31, 2023 Compared to the Nine Months Ended May 31, 2022**

**Overview**

Revenue, Cost of revenue, Margin and Earnings from operations (operating profit or loss) presented below, include amounts from external parties and exclude intersegment activity that is eliminated in consolidation.

| | For the Nine Months Ended May 31, | |
|---|---|---|
| *(in millions, except per share amounts)* | 2023 | 2022 |
| Revenue: | | |
| Manufacturing | $ 2,485.3 | $ 1,659.1 |
| Maintenance Services | 306.4 | 260.5 |
| Leasing & Management Services | 134.9 | 107.4 |
| | 2,926.6 | 2,027.0 |
| Cost of revenue: | | |

| | | |
|---|---|---|
| Manufacturing | 2,292.2 | 1,567.9 |
| Maintenance Services | 279.0 | 244.0 |
| Leasing & Management Services | 41.0 | 36.4 |
| | 2,612.2 | 1,848.3 |
| Margin: | | |
| Manufacturing | 193.1 | 91.2 |
| Maintenance Services | 27.4 | 16.5 |
| Leasing & Management Services | 93.9 | 71.0 |
| | 314.4 | 178.7 |
| Selling and administrative | 175.7 | 156.4 |
| Net gain on disposition of equipment | (15.2) | (34.3) |
| Asset impairment, disposal, and exit costs | 40.6 | — |
| Earnings from operations | 113.3 | 56.6 |
| Interest and foreign exchange | 64.0 | 39.3 |
| Earnings before income taxes and earnings from unconsolidated affiliates | 49.3 | 17.3 |
| Income tax expense | (11.7) | (2.9) |
| Earnings before earnings from unconsolidated affiliates | 37.6 | 14.4 |
| Earnings from unconsolidated affiliates | 8.6 | 10.0 |
| Net earnings | 46.2 | 24.4 |
| Net (earnings) loss attributable to noncontrolling interest | (8.5) | 2.3 |
| Net earnings attributable to Greenbrier | $ 37.7 | $ 26.7 |
| Diluted earnings per common share | $ 1.13 | $ 0.79 |

Performance for our segments is evaluated based on operating profit or loss. Corporate includes selling and administrative costs not directly related to goods and services and certain costs that are intertwined among segments due to our integrated business model. Management does not allocate Interest and foreign exchange or Income tax expense for either external or internal reporting purposes.

| | For the Nine Months Ended May 31, | |
|---|---|---|
| *(in millions)* | 2023 | 2022 |
| Operating profit (loss): | | |
| Manufacturing | $ 87.3 | $ 34.6 |
| Maintenance Services | 23.3 | 10.4 |
| Leasing & Management Services | 82.2 | 84.0 |
| Corporate | (79.5) | (72.4) |
| | $ 113.3 | $ 56.6 |

**Consolidated Results**

| *(in millions)* | For the Nine Months Ended May 31, 2023 | | For the Nine Months Ended May 31, 2022 | | Increase (Decrease) | | % Change |
|---|---|---|---|---|---|---|---|
| Revenue | $ | 2,926.6 | $ | 2,027.0 | $ | 899.6 | 44.4 % |
| Cost of revenue | $ | 2,612.2 | $ | 1,848.3 | $ | 763.9 | 41.3 % |
| Margin (%) | | 10.7 % | | 8.8 % | | 1.9 % | * |
| Net earnings attributable to Greenbrier | $ | 37.7 | $ | 26.7 | $ | 11.0 | 41.2 % |

* Not meaningful

Through our integrated business model, we provide a broad range of custom products and services in each of our segments, which have various selling prices and margins. The demand for and mix of products and services delivered changes from period to period, which causes fluctuations in our results of operations.

The 44.4% increase in revenue for the nine months ended May 31, 2023 as compared to the nine months ended May 31, 2022 was primarily due to a 49.8% increase in Manufacturing revenue. The increase in Manufacturing revenue was primarily attributed to a 39.2% increase in railcar deliveries and higher average selling price.

The 41.3% increase in cost of revenue for the nine months ended May 31, 2023 as compared to the nine months ended May 31, 2022 was primarily due to a 46.2% increase in Manufacturing cost of revenue. The increase in Manufacturing cost of revenue was primarily attributed to a 39.2% increase in railcar deliveries and higher material and other input costs during the nine months ended May 31, 2023.

Margin as a percentage of revenue was 10.7% and 8.8% for the nine months ended May 31, 2023 and 2022, respectively. The overall margin as a percentage of revenue was positively impacted by an increase in Manufacturing margin from 5.5% to 7.8% primarily attributed to operating at consistently higher production levels during the nine months ended May 31, 2023.

The $11.0 million increase in net earnings attributable to Greenbrier for the nine months ended May 31, 2023 as compared to the nine months ended May 31, 2022 was primarily due an increase in Margin primarily due to higher railcar deliveries and average selling price for the nine months ended May 31, 2023. This was partially offset by:

- The impairment of long-lived assets at our Gunderson Facility and loss on sale of Gunderson Marine during the months ended May 31, 2023.
- Higher Interest and foreign exchange expense for the nine months ended May 31, 2023 primarily attributed t increase in interest expense from higher interest rates and borrowings.
- An increase in Selling and administrative expense for the nine months ended May 31, 2023 primarily attributed to hi employee related costs, IT support costs and revenue-based fees paid to our joint venture partner in Mexico.
- A lower Net gain on disposition of equipment for the nine months ended May 31, 2023.

### Manufacturing Segment

| (In millions, except railcar deliveries) | For the Nine Months Ended May 31, 2023 | 2022 | Increase (Decrease) | % Change |
|---|---|---|---|---|
| Revenue | $ 2,485.3 | $ 1,659.1 | $ 826.2 | 49.8 % |
| Cost of revenue | $ 2,292.2 | $ 1,567.9 | $ 724.3 | 46.2 % |
| Margin (%) | 7.8 % | 5.5 % | 2.3 % | * |
| Operating profit ($) | $ 87.3 | $ 34.6 | $ 52.7 | 152.3 % |
| Operating profit (%) | 3.5 % | 2.1 % | 1.4 % | * |
| Deliveries | 18,100 | 13,000 | 5,100 | 39.2 % |

* Not meaningful

Our Manufacturing segment primarily generates revenue from manufacturing a wide range of freight railcars and from the conversion of existing or in-service railcars through our facilities in North America and Europe.

Manufacturing revenue increased $826.2 million or 49.8% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase in revenue was primarily attributed to a 39.2% increase in railcar deliveries and higher average selling price.

Manufacturing cost of revenue increased $724.3 million or 46.2% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase in cost of revenue was primarily attributed to a 39.2% increase in railcar deliveries and higher material and other input costs during the nine months ended May 31, 2023.

Manufacturing margin as a percentage of revenue increased 2.3% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase in margin percentage for the nine months ended May 31, 2023 was primarily attributed to operating at consistently higher production levels. This was partially offset by increased costs associated with component outsourcing to support the higher production.

Manufacturing operating profit increased $52.7 million for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase in operating profit was primarily attributed to an increase in railcar deliveries at improved margins. This increase was partially offset by the $40.6 million of charges related to the sale and closure of our Gunderson Facility.

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### Maintenance Services Segment

| (in millions) | For the Nine Months Ended May 31, 2023 | 2022 | Increase (Decrease) | % Change |
|---|---|---|---|---|
| Revenue | $ 306.4 | $ 260.5 | $ 45.9 | 17.6 % |

| | | | | |
|---|---|---|---|---|
| Cost of revenue | $ 279.0 | $ 244.0 | $ 35.0 | 14.3 % |
| Margin (%) | 8.9 % | 6.3 % | 2.6 % | * |
| Operating profit ($) | $ 23.3 | $ 10.4 | $ 12.9 | 124.0 % |
| Operating profit (%) | 7.6 % | 4.0 % | 3.6 % | * |

* Not meaningful

Our Maintenance Services segment primarily generates revenue from railcar component manufacturing and servicing and from providing railcar maintenance services.

Maintenance Services revenue increased $45.9 million or 17.6% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase was primarily attributed to improved pricing and higher volumes.

Maintenance Services cost of revenue increased $35.0 million or 14.3% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase was primarily due to higher costs associated with operating at higher volumes.

Maintenance Services margin as a percentage of revenue increased 2.6% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase in margin percentage was primarily attributed to improved pricing and operating efficiencies during the nine months ended May 31, 2023. This was partially offset by a decrease in scrap metal pricing during the nine months ended May 31, 2023.

Maintenance Services operating profit increased $12.9 million for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase in operating profit was primarily attributed to improved pricing and efficiencies during the nine months ended May 31, 2023, partially offset by a decrease in scrap metal pricing during the nine months ended May 31, 2023.



**Leasing & Management Services Segment**

| | For the Nine Months Ended May 31, | | Increase | % |
|---|---|---|---|---|
| *(in millions)* | 2023 | 2022 | (Decrease) | Change |
| Revenue | $ 134.9 | $ 107.4 | $ 27.5 | 25.6 % |
| Cost of revenue | $ 41.0 | $ 36.4 | $ 4.6 | 12.6 % |
| Margin (%) | 69.6 % | 66.1 % | 3.5 % | * |
| Operating profit ($) | $ 82.2 | $ 84.0 | $ (1.8 ) | (2.1 %) |
| Operating profit (%) | 60.9 % | 78.2 % | (17.3 %) | * |

* Not meaningful

Our Leasing & Management Services segment generates revenue from leasing railcars from our lease fleet, providing various management services, syndication revenue associated with leases attached to new railcar sales, and interim rent on leased railcars for syndication.

Leasing & Management Services revenue increased $27.5 million or 25.6% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase was primarily attributed to higher lease rents due to higher lease rates, a larger fleet, and higher utilization of the fleet.

Leasing & Management Services cost of revenue increased $4.6 million or 12.6% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase was primarily due to higher costs from the larger fleet.

Leasing & Management Services margin as a percentage of revenue increased 3.5% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The increase in margin percentage was primarily attributed to higher lease rates and growth of the lease fleet.

Leasing & Management Services operating profit decreased $1.8 million or 2.1% for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022. The decrease was primarily attributed to lower Net gains on disposition of equipment for the nine months ended May 31, 2023, partially offset by higher Margin as a result of growth in and higher utilization of the lease fleet during the nine months ended May 31, 2023.



**Selling and Administrative Expense**

| *(in millions)* | For the Nine Months Ended May 31, 2023 | For the Nine Months Ended May 31, 2022 | Increase (Decrease) | % Change |
|---|---|---|---|---|
| Selling and administrative expense | $ 175.7 | $ 156.4 | $ 19.3 | 12.3 % |

Selling and administrative expense was $175.7 million or 6.0% of revenue for the nine months ended May 31, 2023 compared to $156.4 million or 7.7% of revenue for the prior comparable period. The $19.3 million increase was primarily attributed to higher employee related costs, IT support costs and revenue-based fees paid to our joint venture partner in Mexico.

**Net Gain on Disposition of Equipment**

Net gain on disposition of equipment primarily includes the sale of assets from our lease fleet (Equipment on operating leases, net) and disposition of property, plant and equipment. Assets are periodically sold in the normal course of business in order to optimize our fleet and to manage risk and liquidity.

Net gain on disposition of equipment was $15.2 million and $34.3 million for the nine months ended May 31, 2023 and 2022, respectively. The decrease in Net gain on disposition of equipment was primarily attributed to fewer sales of assets from our lease fleet during the nine months ended May 31, 2023.

**Asset Impairment, Disposal and Exit Costs**

The nine months ended May 31, 2023 included an impairment of long-lived assets of $24.2 million related to our change in the future use of our Gunderson Facility, loss on sale of Gunderson Marine of $14.3 million and $2.1 million of severance associated with ceasing rail production at the Gunderson Facility.

**Interest and Foreign Exchange**

Interest and foreign exchange expense was composed of the following:

| *(in millions)* | For the Nine Months Ended May 31, 2023 | For the Nine Months Ended May 31, 2022 | Increase (Decrease) |
|---|---|---|---|
| Interest and foreign exchange: | | | |
| Interest and other expense | $ 58.7 | $ 38.7 | $ 20.0 |
| Foreign exchange loss | 5.3 | 0.6 | 4.7 |
| | $ 64.0 | $ 39.3 | $ 24.7 |

The $24.7 million increase in Interest and foreign exchange expense for the nine months ended May 31, 2023 compared to the nine months ended May 31, 2022 was primarily attributed to an increase in interest expense from higher interest rates and borrowings. The $4.7 million change in Foreign exchange loss was primarily attributed to the change in the Mexican Peso's foreign exchange rate relative to the U.S. Dollar.



**Income Tax**

For the nine months ended May 31, 2023, we had income tax expense of $11.7 million on pre-tax income of $49.3 million for an effective tax rate of 23.7%. Tax expense included net favorable discrete items primarily related to changes in foreign currency exchange rates for our U.S. Dollar denominated foreign operations.

For the nine months ended May 31, 2022, we had income tax expense of $2.9 million on pre-tax income of $17.3 million for an effective tax rate of 16.8%. Tax expense for the nine months ended May 31, 2022 included net favorable discrete items.

The provision for income taxes during interim quarterly reporting periods is based on our estimates of the effective tax rates for the full fiscal year and may be positively or negatively impacted by adjustments that are required to be reported in the quarter. The effective tax rate can fluctuate year-to-year due to changes in the mix of foreign and domestic pre-tax earnings. It can also fluctuate with changes in the proportion of pre-tax earnings attributable to our Mexican railcar manufacturing joint venture. The joint venture is treated as a partnership for tax purposes and, as a result, the partnership’s entire pre-tax earnings are included in Earnings before income taxes and earnings from unconsolidated affiliates, whereas only our 50% share of the tax is included in Income tax expense.

**Earnings From Unconsolidated Affiliates**

Through unconsolidated affiliates we produce rail and industrial components and have an ownership stake in a railcar manufacturer in Brazil. We record the results from these unconsolidated affiliates on an after-tax basis.

Earnings from unconsolidated affiliates was $8.6 million for the nine months ended May 31, 2023 compared to $10.0 million for the nine months ended May 31, 2022. The decrease was primarily related to lower sales volumes at our Brazil operations.

**Noncontrolling Interest**

Net (earnings) loss attributable to noncontrolling interest was earnings of $8.5 million for the nine months ended May 31, 2023 compared to a loss of $2.3 million for the nine months ended May 31, 2022. Net (earnings) loss attributable to noncontrolling interest primarily represents our joint venture partner's share in the results of operations of our Mexican railcar manufacturing joint ventures, adjusted for intercompany sales, and our European partner’s share of the results of our European operations. The increase of $10.8 million from the prior year is primarily a result of an increase in earnings due to higher railcar deliveries at our Mexican railcar manufacturing joint venture.



**Liquidity and Capital Resources**

| | Nine Months Ended May 31, | | Three Months Ended November 30, | |
|---|---|---|---|---|
| *(in millions)* | 2023 | 2022 | 2023 | 2022 |
| Net cash provided by (used in) operating activities | $ 1.2 | $ (328.4) | | |
| Net cash used in operating activities | | | $ (44.7) | $ (255.5) |
| Net cash used in investing activities | (174.8) | (96.1) | (67.3) | (43.0) |
| Net cash provided by (used in) financing activities | (59.2) | 199.0 | | |
| Net cash provided by financing activities | | | 130.8 | 9.3 |
| Effect of exchange rate changes | 15.2 | 19.9 | (0.2) | 10.6 |
| Decrease in Cash and cash equivalents and Restricted cash | $ (217.6) | $ (205.6) | | |
| Increase (decrease) in Cash and cash equivalents and Restricted cash | | | $ 18.6 | $ (278.6) |

We have been financed through cash generated from operations and borrowings. At May 31, 2023 November 30, 2023 Cash and cash equivalents and Restricted cash were $341.5 million $321.3 million, a decrease an increase of $217.6 million $18.6 million from $559.1 million $302.7 million at August 31, 2022 August 31, 2023.

Cash Flows From Operating Activities

The change in cash used in operating activities for the nine three months ended May 31, 2023 November 30, 2023 compared to the nine three months ended May 31, 2022 November 30, 2022 was primarily due to a moderation change in working capital increases Leased railcars for syndication and an increase in deferred revenue when compared to the prior year.Net earnings.

Cash Flows From Investing Activities

Cash used in investing activities primarily related to capital expenditures net of proceeds from the sale of assets and investment activity with our unconsolidated affiliates. The change in cash used in investing activities for the nine three months ended May 31, 2023 November 30, 2023 compared to the nine three months ended May 31, 2022 November 30, 2022 was primarily attributable to fewer fleet sales and an increase in capital expenditures when compared to the nine three months ended May 31, 2022 November 30, 2022 in our Leasing & Management Services segment.

| | Nine Months Ended May 31, | | Three Months Ended November 30, | |
|---|---|---|---|---|
| *(in millions)* | 2023 | 2022 | 2023 | 2022 |
| Capital expenditures: | | | | |
| Leasing & Management Services | $ 205.4 | $ 219.4 | $ (54.3) | $ (46.1) |
| Manufacturing | 41.0 | 25.4 | (11.9) | (10.4) |
| Maintenance Services | 7.5 | 4.0 | (2.1) | (1.1) |
| Total capital expenditures (gross) | $ 253.9 | $ 248.8 | $ (68.3) | $ (57.6) |
| Proceeds from sales of assets | (76.3) | (155.1) | 0.4 | 13.8 |
| Total capital expenditures (net of proceeds) | $ 177.6 | $ 93.7 | $ (67.9) | $ (43.8) |

Capital expenditures primarily relate to additions to our lease fleet and on-going investments into the safety and productivity of our facilities. Proceeds from the sale of assets primarily relate to sales of railcars from our lease fleet within Leasing & Management Services. Assets from our lease fleet are periodically sold in the normal course of business to accommodate customer demand and to manage risk and liquidity. Proceeds from sales of assets are expected to be approximately $76 million $85 million for 2023. 2024.

Gross capital expenditures for 2023 2024 are expected to be approximately $280 million $300 million for Leasing & Management Services, approximately $90 million $165 million for Manufacturing and approximately $15 million for Maintenance Services. Capital expenditures for 2023 2024 primarily relate to additions to our lease fleet reflecting our enhanced leasing strategy and continued investments into the safety and productivity of our facilities.

Cash Flows From Financing Activities

The change in cash provided by (used in) financing activities for the nine three months ended May 31, 2023 November 30, 2023 compared to the nine three months ended May 31, 2022 November 30, 2022 was primarily attributed to lower higher proceeds from the issuance of debt, higher debt notes payable, net of repayments and higher share repurchases when compared the net change in revolving notes to May 31, 2022. support our operations. During the nine three months ended May 31, 2023 November 30, 2023 we issued $178.5 million of asset backed securities and used proceeds to pay down $139.9 million of our GBX Leasing warehouse facility. We also drew the remaining $75 million on our term facility and drew $119.3 million $65.1 million on the GBXL GBX Leasing warehouse facility as we continue to grow the fleet.

Dividend & Share Repurchase Program

A quarterly dividend of $0.30 per share was declared on June 27, 2023 January 4, 2024.

The Board of Directors has authorized our company to repurchase shares of our common stock. The share repurchase program has an expiration date of January 31, 2025. As of May 31, 2023, the amount remaining for repurchase was $53.9 million. Under the share repurchase program, shares of common stock may be purchased from time to time on the open market or through privately negotiated transactions. The timing and amount of purchases is based upon market conditions, securities law limitations and other factors. The program may be modified, suspended or discontinued at any time without prior notice. The share repurchase program does not obligate us to acquire any specific number of shares in any period.

During the three and nine months ended May 31, 2023 November 30, 2023, we purchased a total of 1.2 million and 1.7 million 38 thousand shares for $32.0 million and $49.4 million $1.3 million. As of November 30, 2023, respectively, of which 1.6 million shares the amount remaining for $46.1 million were purchased under the current authorization of the share repurchase program. There were no shares repurchased under the share repurchase program during the nine months ended May 31, 2022 was $45.1 million.

Cash, Borrowing Availability and Credit Facilities

As of May 31, 2023 November 30, 2023, we had $321.4 million $307.3 million in Cash and cash equivalents and $344.1 million $355.2 million in available borrowings. Our current cash The available balance is part of our strategy to maintain strong liquidity to respond to current uncertainties.

draw under committed credit facilities includes $280.8 million on the North American credit facility, $19.4 million on the European credit facilities and $55.0 million on the Mexican credit facilities.

Senior secured credit facilities aggregated to $1.1 billion $1.4 billion as of May 31, 2023. We had an aggregate November 30, 2023 which consisted of $344.1 million available to draw down under committed credit facilities as the following components:

*GBX Leasing* **–**As of May 31, 2023. This amount consists of $281.4 million available on the North American November 30, 2023, a $550.0 million non-recourse warehouse credit facility $32.7 million on existed to support the European operations of GBX Leasing. Advances under this facility bear interest at SOFR plus 1.85% plus 0.11% as a SOFR adjustment. Interest rate swap agreements cover approximately 99% of the outstanding balance to swap the floating interest rate to a fixed rate. The warehouse credit facilities facility converts to a term loan in August 2025 and $30.0 million on the Mexican credit facilities.

matures in August 2027.

*North America* **–** As of May 31, 2023 November 30, 2023, a $600.0 million revolving line of credit, maturing August 2026, secured by substantially all our U.S. assets not otherwise pledged as security for term loans or the warehouse credit facility, existed to provide working capital and interim financing of equipment, principally for our U.S. and Mexican operations. Advances under this North American credit facility bear interest at SOFR plus 1.75% 1.50% plus 0.10% as a SOFR adjustment or Prime plus 0.75% 0.50% depending on the type of borrowing. Available borrowings under the credit facility are generally based on defined levels of eligible inventory, receivables, property, plant and equipment and leased equipment, as well as total debt to consolidated capitalization and fixed charges coverage ratios.

*GBX Leasing* **–**As of May 31, 2023, a $350.0 million non-recourse warehouse credit facility existed to support the operations of GBX Leasing. Advances under this facility bear interest at SOFR plus 1.85% plus 0.11% as a SOFR adjustment. The warehouse credit facility converts to a term loan in August 2025 and matures in August 2027.

*Europe* **–** As of May 31, 2023 November 30, 2023, lines of credit totaling $73.4 million $63.7 million secured by certain of our European assets, with variable rates that range from Warsaw Interbank Offered Rate (WIBOR) WIBOR plus 1.2% to WIBOR plus 1.6% and Euro Interbank Offered Rate (EURIBOR) plus 1.1% to EURIBOR plus 1.5% 1.9%, were available for working capital needs of our European manufacturing operations. The European lines of credit include $35.3 million $21.9 million which are is guaranteed by us. European credit facilities are regularly renewed. Currently, these European credit facilities have maturities that range from July 2023 June 2024 through September 2024.

November 2025.

*Mexico* **–** As of May 31, 2023 November 30, 2023, our Mexican railcar manufacturing operations had three lines of credit totaling $120.0 million $185.0 million for working capital needs. The first line of credit provides up to $50.0 million and matures in October 2024. Advances under this facility bear interest at LIBOR plus 4.25%. The second line of credit provides up to $40.0 million, needs, $85.0 of which we and our joint venture partner have each guaranteed 50%. Advances under this facility these facilities bear interest at variable rates that range from SOFR plus 2.55%. The Mexican railcar manufacturing joint venture will be able to draw amounts available under this facility through February 2025. The third line of credit provides up to $30.0 million, of which we and our joint venture partner have each guaranteed 50%. Advances under this facility bear interest at LIBOR SOFR plus 3.75% to 4.25%. The Mexican railcar manufacturing joint venture will be able to draw amounts available under this facility credit facilities have maturities that range from June 2024 through June 2024. October 2026.



Credit facility balances:

| *(in millions)* | May 31, 2023 | August 31, 2022 | November 30, 2023 | August 31, 2023 |
|---|---|---|---|---|
| Nonrecourse credit facility balances | | | | |
| GBX Leasing | | | $ 65.1 | $ 139.9 |
| Other credit facility balances | | | | |
| North America | $ 30.0 | $ 160.0 | 40.0 | — |
| GBX Leasing | 119.3 | — | | |
| Europe | 40.7 | 51.6 | 44.3 | 47.2 |

| | | | | |
|---|---|---|---|---|
| Mexico | 90.0 | 85.0 | 130.0 | 110.0 |
| | $ 280.0 | $ 296.6 | | |
| Total Revolving notes | | | $ 279.4 | $ 297.1 |

Outstanding commitments under the North American credit facility included letters of credit which totaled $4.9 million $6.4 million and $6.9 million $4.9 million as of May 31, 2023 November 30, 2023 and August 31, 2022 August 31, 2023, respectively.

On June 16, 2023, we amended our GBX Leasing warehouse credit facility agreement (Amended Loan Agreement). The Amended Loan Agreement increased the aggregate loan commitment from $350.0 million to $550.0 million. We intend to use proceeds from borrowings to fund additions in our owned lease fleet.

Other Information

The revolving and operating lines of credit, along with notes payable, contain covenants with respect to us and our various subsidiaries, the most restrictive of which, among other things, limit our ability to: incur additional indebtedness or guarantees; pay dividends or repurchase stock; enter into financing leases; create liens; sell assets; engage in transactions with affiliates, including joint ventures and non U.S. subsidiaries, including but not limited to loans, advances, equity investments and guarantees; enter into mergers, consolidations or sales of substantially all our assets; and enter into new lines of business. The covenants also require certain maximum ratios of debt to total capitalization and minimum levels of fixed charges (interest plus rent) coverage. As of May 31, 2023 November 30, 2023, we were in compliance with all such restrictive covenants.

From time to time, we may seek to repurchase or otherwise retire or exchange securities, including outstanding convertible notes, borrowings and equity securities, and take other steps to reduce our debt, extend the maturities of our debt or otherwise improve our balance sheet. These actions may include open market repurchases, unsolicited or solicited privately negotiated transactions or other retirements, repurchases or exchanges. Such retirements, repurchases or exchanges of one note or security for another note or security (now or hereafter existing), if any, will depend on a number of factors, including, but not limited to, prevailing market conditions, trading levels of our debt, our liquidity requirements and contractual restrictions, if applicable. The amounts involved in any such transactions may, individually or in the aggregate, be material and may involve all or a portion of a particular series of notes or other indebtedness which may reduce the float and impact the trading market of notes or other indebtedness which remain outstanding.

We have global operations that conduct business in their local currencies as well as other currencies. To mitigate the exposure to transactions denominated in currencies other than the functional currency, we enter into foreign currency forward exchange contracts with established financial institutions to protect the margin on a portion of foreign currency sales in firm backlog.

To mitigate the exposure to changes in interest rates, we have managed a portion of our variable rate debt with interest rate swap agreements, effectively converting $436.5 million $590.5 million of variable rate debt to fixed rate debt as of May 31, 2023 November 30, 2023. During the nine months ended May 31, 2023 we completed the transition of our interest rate swaps to update the reference rate from LIBOR to SOFR.

Given the strong credit standing of the counterparties, no provision has been made for credit loss due to counterparty non-performance.

We expect existing funds and cash generated from operations, together with proceeds from financing activities including borrowings under existing credit facilities and long-term financings, to be sufficient to fund expected debt repayments, working capital needs, planned capital expenditures, additional investments in our unconsolidated affiliates and dividends during the next twelve months.

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**Off-Balance Sheet Arrangements**

We do not currently have off balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our Consolidated Financial Statements.

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**Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with GAAP accounting principles generally accepted in the U.S. requires judgment on the part of management to arrive at estimates and assumptions on matters that are inherently uncertain. These estimates may affect the amount of assets, liabilities, revenue and expenses reported in the financial statements and accompanying notes and disclosure of contingent assets and liabilities within the financial statements. Estimates and assumptions are periodically evaluated and may be adjusted in future periods. Actual results could differ from those estimates.

*Impairment of long-lived assets* **-** We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. When such events or changes in circumstances occur, a recoverability test is performed based upon estimated undiscounted cash flows expected to be realized over the remaining useful life of the asset group. If the carrying amount of an asset group exceeds the estimated undiscounted future cash flows, an impairment would be measured as the difference between the fair value of the asset group and the carrying amount of the asset group.

An asset group is generally established by identifying the lowest level of cash flows generated by a group of assets that are largely independent of the cash flows of other assets. Determining whether a long-lived asset is impaired requires various estimates and assumptions, including whether a triggering event has occurred, the identification of asset groups, and the determination of the fair value of real and personal property. Estimates of future cash flows are by nature highly uncertain and contemplate factors that may change over time. For further information, see Note 4 to the Condensed Consolidated Financial Statements.

*Goodwill* - In accordance with Accounting Standards Codification (ASC) Topic 350, Intangibles–Goodwill and Other (ASC 350), we We evaluate goodwill for possible impairment annually or more frequently if events or changes in circumstances indicate that the carrying amounts of our reporting units exceed their fair value. We determine the fair value of our reporting units based on a weighting of income and market approaches. Under the income approach, we calculate the fair value of a reporting unit based on the present value of estimated future cash flows which incorporates forecasted revenues, long-term growth rate, gross margin percentages, operating expenses, and the use of discount rates. Under the market approach, we estimate the fair value based on observed market multiples for comparable businesses. If the fair value of a reporting unit is lower than its carrying value, an impairment to goodwill is recorded, not to exceed the carrying amount of goodwill in the reporting unit.

We performed a quantitative assessment for our annual goodwill impairment test during the third quarter of 2023. Based on the results of our assessment, the estimated fair values of all reporting units with goodwill increased from our prior quantitative assessment, and exceeded their carrying values; therefore, we concluded that goodwill was not impaired. Pursuant to the authoritative guidance, we make certain estimates and assumptions to determine our reporting units and whether the fair value for each reporting unit is greater than its carry value. The above highlighted judgments contemplated estimates and effects of macroeconomic trends that are inherently uncertain. Changes in these estimates, which may include the effects of inflation and policy reactions thereto, increases in pricing of materials and components, changes in demand, or potential macroeconomic events may cause future assessment conclusions to differ. For further information, see Note 6

As of November 30, 2023, our goodwill balance was $128.6 million of which $85.6 million related to our Manufacturing segment and $43.0 million related to our Maintenance Services segment. Our Manufacturing segment includes the Condensed Consolidated Financial Statements. North America Manufacturing reporting unit with a goodwill balance of $56.3 million; and the Europe Manufacturing reporting unit with a goodwill balance of $29.3 million.

*Income taxes* **-**The asset and liability method is used to account for income taxes. We are required to estimate the timing of the recognition of deferred tax assets and liabilities, make assumptions about the future deductibility of deferred tax assets and assess deferred tax liabilities based on enacted law and tax rates for each tax jurisdiction to determine the amount of deferred tax assets and liabilities. Deferred income taxes are provided for the temporary effects of differences between assets and liabilities recognized for financial statement and income tax reporting purposes. Valuation allowances reduce deferred tax assets to an amount that will more likely than not be realized. We recognize liabilities for a tax benefit from uncertain tax positions based on whether evidence indicates that in the financial statements only when it is more likely than not that the position will be sustained on audit. upon examination by relevant tax authorities.

It Our annual tax rate is inherently difficult based on our income, statutory tax rates, and subjective tax planning opportunities available to estimate whether a valuation allowance or uncertain us in the various jurisdictions in which we operate. Judgment is required in determining our tax position is necessary. In making this assessment, management may analyze future taxable income, reversing temporary differences and/or expense and in evaluating our tax positions, as tax laws are complex and subject to different interpretations by taxpayers and government taxing ongoing authorities. Our income tax planning strategies. Should rate is affected by the tax rates that apply to our foreign earnings and could be adversely impacted by higher or lower earnings than anticipated in a change in circumstances lead particular jurisdiction. In addition to a change in judgment about local country tax laws and regulations, our income tax rate depends on the realizability of extent that our foreign earnings are taxed by the U.S. through provisions such as the global intangible low-taxed income (GILTI) tax and base erosion and anti-abuse tax (BEAT). We review our deferred tax assets in future years, and tax positions quarterly and adjust the Company would adjust related valuation allowances in the period that the change in circumstances occurs, along with a corresponding increase or charge to income. Changes in tax law or court interpretations may result in the recognition of a tax benefit or an additional charge to the tax provision.

*Warranty accruals* - Warranty costs to cover a defined warranty period are estimated and charged to operations. The estimated warranty cost is based on historical warranty claims for each particular product type. For balances as new product types without a warranty history, preliminary estimates are based on historical information for similar product types.
These estimates are inherently uncertain as they are based on historical data for existing products and judgment for new products. If warranty claims are made in the current period for issues that have not historically been the subject of warranty claims and were not taken into consideration in establishing the accrual or if claims for issues already considered in establishing the accrual exceed expectations, warranty expense may exceed the accrual for that particular product. Conversely, there is the possibility that claims may be lower than estimates. The warranty accrual is periodically reviewed and updated based on warranty trends. However, as we cannot predict future claims, the potential exists for the difference in any one reporting period to be material. For further information regarding our warranty accrual, see Note 9 to the Condensed Consolidated Financial Statements.
becomes available.

*Environmental costs* - At times we may be involved in various proceedings related to environmental matters. We estimate future costs for known environmental remediation requirements and accrue for them when it is probable that we have incurred a liability and the related costs can be reasonably estimated based on currently available information. Adjustments to these liabilities are made when additional information becomes available that affects the estimated costs to study or remediate any environmental issues or when expenditures for which reserves are established are made.

Judgments used in determining if a liability is estimable are subjective and based on known facts and our historic experience. If further developments in or resolution of an environmental matter result in facts and circumstances that differ from those assumptions used to develop these reserves, the accrual for environmental remediation could be materially understated or overstated. Due to the uncertain nature of environmental matters, there can be no assurance that we will not become involved in future litigation or other proceedings or, if we were found to be responsible or liable in any litigation or proceeding, that such costs would not be material to us. For further information regarding our environmental costs, see Note 16 14 to the Condensed Consolidated Financial Statements.

**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

*Foreign Currency Exchange Risk*

We have global operations that conduct business in their local currencies as well as other currencies. To mitigate the exposure to transactions denominated in currencies other than the functional currency of each entity, we enter into foreign currency forward exchange contracts to protect revenue or margin on a portion of forecasted foreign currency sales and expenses. At May 31, 2023 November 30, 2023 exchange rates, notional amounts of forward exchange contracts for the purchase of Polish Zlotys and the sale of Euros; and the purchase of Mexican Pesos and the sale of U.S. Dollars aggregated to $68.6 million $126.9 million. Because of the variety of currencies in which purchases and sales are transacted and the interaction between currency rates, it is not possible to predict the impact that a movement in a single foreign currency exchange rate would have on future operating results.

In addition to exposure to transaction gains or losses, we are also exposed to foreign currency exchange risk related to the net asset position of our foreign subsidiaries. At May 31, 2023 November 30, 2023, net assets of foreign subsidiaries aggregated to $164.5 million $155.3 million and a 10% strengthening of the U.S. Dollar relative to the foreign currencies would result in a decrease in equity of $16.5 million $15.5 million, or 1.3% 1.2% of Total equity - Greenbrier. This calculation assumes that each exchange rate would change in the same direction relative to the U.S. Dollar.

*Interest Rate Risk*

We have managed a portion of our variable rate debt with interest rate swap agreements, effectively converting $639.0 million $590.5 million of variable rate debt to fixed rate debt. Notwithstanding these interest rate swap agreements, we are still exposed to interest rate risk relating to our revolving debt and a portion of term debt, which are at variable rates. At May 31, 2023 November 30, 2023, 85% 84% of our outstanding debt had fixed rates and 15% 16% had variable rates. At May 31, 2023 November 30, 2023, a uniform increase by 10% in variable interest rates would result in approximately $1.2 million $1.5 million of additional annual interest expense.

**Item 4. CONTROLS AND PROCEDURES**

*Evaluation of Disclosure Controls and Procedures*

Our management has evaluated, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (the Exchange Act). report. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective as of such date due to the material weakness in ensuring internal control over financial reporting that information required to be was disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Annual Report on Form 10-K for the fiscal year ended August 31, 2023.

*Ongoing Remediation of Previously Identified Material Weakness*

In connection The Company's management, under the oversight of the Audit Committee, is designing and implementing corrective actions to remediate the control deficiencies contributing to the material weakness. These remediation actions are ongoing and include or are expected to include:

- Enhancing risk assessment and control design to address potential financial reporting risk related to sys implementations;
- Improving policy and procedure documentation related to IT general controls to better define roles and responsibili improve control owner understanding, and provide a basis for knowledge transfer upon personnel changes; and
- Enhancing our education concerning the principles and requirements of each control, with the audit a focus on th related to user access, change management, and segregation of our duties over IT systems impacting finar statements as of reporting.

As we continue to evaluate and for the year ended August 31, 2022, we identified a material weakness in enhance our internal control over financial reporting. As of August 31, 2022 reporting, we determined we did not have effective may determine that additional measures to address the material weaknesses or adjustments to the remediation plan may be required. Once controls over change management of system configurations in one IT environment to ensure all changes were logged and approved. During fiscal 2023, management, with the oversight of our Audit Committee, implemented measures designed to remediate the August 31, 2022 material weakness described above.

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During are designed and implemented, the third quarter controls must be operating effectively for a sufficient period of 2023, we completed our testing time and be tested by management in order to consider them remediated and conclude that the design is effective to address the risks of design and operating effectiveness of the implemented controls and found them to be effective.material misstatement.

*Changes in Internal Control over Financial Reporting*

In the ordinary course of business, we review our internal control over financial reporting and make changes to our systems and processes to improve such controls and increase efficiency, while ensuring that we maintain an effective internal control environment. During the third quarter of 2023, we began to implement in stages implemented a new financial reporting ERP system at our primary North America manufacturing and maintenance services businesses. Each implementation will

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impact our internal controls over financial reporting. Except for the system implementation and changes in response to connection with our implementation of the remediated material weakness and system implementations noted remediation plans above, there have been no changes in our internal control over financial reporting during the quarter ended May 31, 2023 November 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

There is hereby incorporated by reference the information disclosed in Note 16 14 to the Condensed Consolidated Financial Statements, Part I of this Quarterly Report on Form 10-Q.

### Item 1A. Risk Factors

This Form 10-Q should be read in conjunction with Part I Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended August 31, 2022 August 31, 2023. There have been no material changes in the risk factors described in our Annual Report on Form 10-K for the year ended August 31, 2022 August 31, 2023.

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

The Board of Directors has authorized the Company to repurchase shares of the Company's common stock. On January 5, 2023, the The share repurchase program has an expiration date of this share repurchase program January 31, 2025. The amount remaining for purchase was extended to January 31, 2025 $45.1 million as of November 30, 2023. Share repurchases under this program during the three months ended May 31, 2023 November 30, 2023 were as follows:

| *(in millions, except shares which are reflected in thousands, and per share amounts)* | Total Number of Shares Purchased | Average Price Paid per Share (Including Commissions) | 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 |
|---|---|---|---|---|
| March 1, 2023 - March 31, 2023 | 310 | $ 30.09 | 310 | $ 76.6 |
| April 1, 2023 - April 30, 2023 | 241 | $ 29.06 | 241 | $ 69.6 |
| May 1, 2023 - May 31, 2023 | 580 | $ 26.96 | 580 | $ 53.9 |

| *(in millions, except number of shares which are reflected in thousands, and per* | Total Number | Average Price | Total Number of | Approximate Dollar |
|---|---|---|---|---|

| *share amounts)* | of Shares Purchased | Paid per Share (Including Commissions) | Shares Purchased as Part of Publicly Announced Plans or Programs | Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| September 1, 2023 - September 30, 2023 | — | $ — | — | $ — |
| October 1, 2023 - October 31, 2023 | 33 | $ 33.38 | 33 | $ 45.3 |
| November 1, 2023 - November 30, 2023 | 5 | $ 34.89 | 5 | $ 45.1 |

**Item 5. Other Information**

During the three months ended November 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.



**Item 6. Exhibits**

(a) List of Exhibits:

10.1 Amendment No. 3 to Warehouse Loan Agreement Series 2023-1 Supplement dated June 16, 2023, by among GBXL I, November 20, 2023 between GBX Leasing 2022-1 LLC and U.S. Bank Trust Company, National Association as borrower, Bank indenture trustee (including Forms of America, N.A., Note attached as a Lender Exhibit A and agent and Credit Agricole Corporate and Investment Bank, as lender, and Wells Fargo Bank, N.A., as lender Exhibit B thereto). [Portions omitted] * **

31.1 Certification pursuant to Rule 13a – 14 (a).

31.2 Certification pursuant to Rule 13a – 14 (a).

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 Linkbase Document. |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (Formatted as inline XBRL and contained in Exhibit 101). |

* Information in this exhibit identified by brackets is confidential and has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to Greenbrier if publicly disclosed.

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** Certain attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. Greenbrier will furnish supplementally a copy of such attachments to the SEC or its staff upon request.



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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**THE GREENBRIER COMPANIES, INC.**

| | | | |
|---|---|---|---|
| Date: | June 29, 2023 January 5, 2024 | By: | /s/ Adrian J. Downes |
| | | | Adrian J. Downes |
| | | | Senior Vice President and Chief Financial Officer |

(Principal Financial Officer)



**EXECUTION VERSION**

**Exhibit 10.1**

AMENDMENT NO. 3

Certain confidential information contained in this exhibit, marked by brackets, has been omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

# SERIES 2023-1 SUPPLEMENT

**GBX LEASING 2022-1 LLC**,

as Issuer,

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**,

as Indenture Trustee

dated as of November 20, 2023

SERIES 2023-1 NOTES

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EXHIBITS



SCHEDULES



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**THIS AMENDMENT NO. 3 TO THE WAREHOUSE LOAN AGREEMENT (this “ SERIES 2023-1 SUPPLEMENT**Amendment”), dated as of June 16, 2023 (the November 20, 2023 (this “**Effective Date Series 2023-1 Supplement**”), is entered into by issued pursuant to, and among GBXL I, LLC, as borrower (in such capacity, incorporating the “Borrower”), Bank terms of, America, N.A., as a Lender (as defined in the Loan Agreement, which is defined below) (“Bank of America”) and as agent (in such capacity, the “Agent”), Credit Agricole Corporate and Investment Bank, as a Lender (“CA-CIB”) and Wells Fargo Bank, N.A., as a Lender (“Wells Fargo”). Capitalized terms used but not defined herein have the meanings provided in the Loan Agreement.

R E C I T A L S

**WHEREAS**, reference is made to the Warehouse Loan Agreement, Master Indenture, dated as of April 1, 2021 the date hereof (as amended, modified or otherwise modified supplemented from time to time, the "**Loan Agreement Master Indenture**", and, together with this Series 2023-1 Supplement, the "**Series 2023-1 Indenture**") between **GBX LEASING 2022-1 LLC**, a Delaware limited liability company (the "**Issuer**"), by and among the Borrower, GBXL I (Canada) Ltd.**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, as Indenture Trustee (the "**Canadian Subsidiary Indenture Trustee**"), the Lenders from time to time party thereto, the Agent, and Wilmington Trust Company, as collateral agent (the " .Collateral Agent") and depositary;

WITNESSETH THAT:

**WHEREAS**, the Borrower Issuer and the Agent hereby request that Wells Fargo join the Loan Agreement as a Lender and Wells Fargo wishes Indenture Trustee wish to join the Loan Agreement as a Lender on the date hereof on the terms set forth in the Loan Agreement, as amended by this Amendment Principal Terms of a Series of Notes with two Classes (the Class A Notes and the Agent, Bank of America Class B Notes) within such Series to be issued pursuant to this Series 2023-1 Supplement; and CA-CIB hereby consent to Wells Fargo joining the Loan Agreement as a Lender;

**WHEREAS**, the Borrower and the Agent hereby request that Bank of America increase its Commitment by $50,000,000 and Bank of America agrees to increase its Commitment by $50,000,000 on the date hereof on the terms set forth in the Loan Agreement, as amended by this Amendment;

**WHEREAS**, the Borrower requests that each Lender and the Agent amend the Loan Agreement, upon and subject to the terms and conditions set forth in this Amendment, as set forth herein;

**NOW THEREFORE**, based upon the above Recitals, in consideration of the mutual premises and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, contained, the parties hereto intending to be legally bound, hereby agree as follows:

**SECTION 1 ARTICLE IJOINDER.**

**DEFINITIONS**

**On the Effective Date, Wells Fargo hereby becomes a "Lender" for all purposes of the Loan Agreement** **Section 1.01.**

Definitions. Capitalized terms used herein and the other Loan Documents and not otherwise defined shall have the rights meaning set forth in the Master Indenture. Whenever used in this Series 2023-1 Supplement, the following words and obligations phrases shall have the following meanings, and the definitions of a Lender thereunder. By its execution such terms are applicable to the singular as well as the plural forms of this Amendment, Wells Fargo: (i) confirms that it has received a copy such terms and to the masculine as well as to the feminine and neuter genders of such terms.

"**144A Book-Entry Notes**" means Series 2023-1 Notes substantially in the form attached as Exhibit A or Exhibit B hereto, with the applicable legend for 144A Book-Entry Notes required by Section 2.02 of the Loan Agreement, together Master Indenture inscribed on the face thereof.

"**2023-1 Series Account**" means the Series Account for the Series 2023-1 Notes, established in accordance with copies Section 3.01 hereof and Sections 3.01 and 3.07 of the financial statements referred Master Indenture. The account number of the 2023-1 Series Account is 2627310000.

"**Average Life Date**" is defined in Section 2.06(c).

"**Class A Interest Rate**" means six point four two percent (6.42%) per annum.

"**Class A Note**" means an Equipment Note substantially in the form of Exhibit A.

"**Class A Optional Redemption**" is defined in Section 2.06(a).

"**Class A Optional Redemption Date**" is defined in Section 2.06(a).

"**Class A Redemption Premium**" is defined in Section 2.06(a).

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"**Class A Stated Interest Amount**" means, for any Payment Date, an amount equal to the "Stated Interest Amount" (as defined in Sections 5.05 the Master Indenture) calculated with respect to the Class A Notes. The Class A Stated Interest Amount constitutes the Stated Interest Amount for the Class A Notes.

"**Class B Interest Rate**" means seven point two eight percent (7.28%) per annum.

"**Class B Note**" means an Equipment Note substantially in the form of Exhibit B.

"**Class B Optional Redemption**" is defined in Section 2.06(b).

"**Class B Optional Redemption Date**" is defined in Section 2.06(b).

"**Class B Redemption Premium**" is defined in Section 2.06(b).

"**Class B Stated Interest Amount**" means, for any Payment Date, an amount equal to the "Stated Interest Amount" (as defined in the Master Indenture) calculated with respect to the Class B Notes. The Class B Stated Interest Amount constitutes the Stated Interest Amount for the Class B Notes.

“**Closing Date**” for the Series 2023-1 Notes means November 20, 2023.

“**Control Party**” for the Series 2023-1 Notes means the Majority Noteholders.

“**Equipment Note Purchase Agreement**” means, with respect to the Equipment Notes, the Note Purchase Agreement, dated November 7, 2023, among the Issuer, GBX Leasing, LLC and 6.01 thereof the Initial Purchasers signatory thereto.

“**H.15(519)**” is defined in Section 2.06(c).

“**Initial Closing Date**” means February 9, 2022.

“**Initial Purchasers**” means each “Initial Purchaser” within the meaning of and such other documents and information as it has deemed defined in the Equipment Note Purchase Agreement.

“**Majority Noteholders**” means with respect to the Series 2023-1 Notes, as of any date of determination, Noteholders of Series 2023-1 Notes that, individually or in the aggregate, evidence more than fifty percent (50%) of the then aggregate Outstanding Principal Balance of the Series 2023-1 Notes.

“**Marginal Interest**” is defined in Section 2.04(b).

“**May 2026 Payment Date**” means the Payment Date occurring in May 2026.

“**Offering Circular**” means the Issuer’s final offering circular dated November 7, 2023 relating to the offering of the Series 2023-1 Notes.

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appropriate to make its own credit analysis and decision to enter into this Amendment; (ii) agrees that it will, independently and without reliance upon the Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Agreement; (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to the Agent“**Optional Redemption**” means a voluntary prepayment by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (iv) represents and warrants that under Applicable Laws no tax is required to be withheld by the Agent or the Borrower with respect to any payments to be made to Wells Fargo hereunder or under any Loan Document (except as may be described in Section 3.01(f)(i) or (ii) Issuer of the Loan Agreement), and unless otherwise indicated in the space opposite Wells Fargo’s signature below, no tax forms described in Section 3.01(d) of the Loan Agreement are required to be delivered by Wells Fargo; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms Outstanding Principal Balance of the Loan Agreement and the other Loan Documents are required to be performed by it as Series 2023-1 Notes (or a Lender and (vi) confirms that its Commitment shall be the amount set forth in Schedule 1.01 of the Loan Agreement, as amended by this Amendment.

**SECTION 2 COMMITMENTS.**

Bank of America hereby confirms that its Commitment shall be increased to the amount set forth in Schedule 1.01 of the Loan Agreement, as amended by this Amendment. In connection with the increase of the Committed Amount pursuant to this Amendment, at such time and in such manner as the Borrower and the Agent shall agree, the Lenders (including Wells Fargo) shall assign and assume outstanding Loans so as to cause the amounts of such Loans held by each Lender to conform to its Commitment Percentage of the Loans, as further set forth in the flow of funds attached hereto as Exhibit A.

**SECTION 3 AMENDMENTS.**

The Loan Agreement is hereby amended as follows:

(a) The figure "$350,000,000" on the cover of the Loan Agreement is replaced with "$550,000,000".

(b) The definition of "Committed Amount" shall be amended by replacing "$350,000,000" with "$550,000,000".

(c) The definition of "Debt Service Coverage Ratio" shall be amended by (i) deleting "minus" from the end of (ii)(C) and replacing it with "plus" and (ii) deleting (ii)(D) and making the current (ii)(E) the new (ii)(D).

(d) The definition of "Majority Lenders" shall be amended by adding the following language at the end of such definition:

"; provided that the Majority Lenders will consist of at least two Lenders if at the relevant time two or more Lenders are parties to this Agreement".



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(e) Section 2.07(c)(i) of the Loan Agreement shall be amended by deleting clauses "seventh" and "eighth" and replacing them with the following:

"seventh, on a *pari passu* basis based on the applicable amounts payable under clauses (x) and (y) of this clause seventh, (x) to the ratable payment of the unpaid principal of the Loans in an amount not exceeding an amount such that, after giving effect to such payment, no Collateral Deficiency then exists, and (y) to the Derivatives Counterparties for the payment of Derivatives Termination Values payable by the Borrower;"

Clauses "ninth", "tenth", "eleventh" and "twelfth" of Section 2.07(c)(i) of the Loan Agreement shall be amended accordingly to be clauses "eighth", "ninth", "tenth" and "eleventh".

(f) Schedule 1.01 to the Loan Agreement is hereby deleted in its entirety and replaced with the following:

SCHEDULE 1.01

LENDERS AND COMMITMENTS

| Lender | Commitment Amount | Commitment Percentage |
|---|---|---|
| Bank of America, N.A. | $350,000,000 | 63.64% |
| Wells Fargo Bank, N.A. | $150,000,000 | 27.27% |
| Credit Agricole Corporate and Investment Bank | $50,000,000 | 9.09% |
| Totals | $550,000,000 | 100.00% |

**SECTION 4 LOAN AGREEMENT IN FULL FORCE AND EFFECT, AS AMENDED.**

All provisions of the Loan Agreement and the other Transaction Documents (including all Obligations of the Borrower and rights of the Agent and the Lenders thereunder) shall remain in full force and effect, as amended by this Amendment. This Amendment in no way is intended to constitute a novation of the Loan Agreement or other Loan Documents that existed prior to the date hereof. Notwithstanding the amendment of the Loan Agreement pursuant to this Amendment, the Borrower shall continue to be liable for all obligations that accrued prior to the date of this Amendment. After this Amendment becomes effective, all references to the Loan Agreement and corresponding references thereto or therein such as "hereof", "herein", or words of similar effect referring to the Loan Agreement shall be deemed to mean the Loan Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend or supplement any provision of the Loan Agreement or other Transaction Documents other than as expressly set forth herein. This Amendment shall constitute a Loan Document under the Loan Agreement.



**SECTION 5 CONDITIONS TO EFFECTIVENESS.**

The obligations of each Lender and the Agent to enter into this Amendment, and the effectiveness of this Amendment, are subject to satisfaction of the following conditions:

(i) Each Lender and the Agent shall have received copies of this Amendment duly executed by each of the parties hereto;

(ii) Wells Fargo shall have received a copy of a fee letter, dated as of the date hereof (the "Wells Fargo Fee Letter"), between Wells Fargo and the Borrower;

(iii) Bank of America, N.A. shall have received a copy of a fee letter, dated as of the date hereof (the "BofA Fee Letter" and together with the Wells Fargo Fee Letter, the "Fee Letters"), between Bank of America, N.A. and the Borrower;

(iv) The Borrower shall have paid the Upfront Fee (as defined in the Fee Letters) to Wells Fargo and Bank of America, N.A., respectively, in immediately available funds; and

(v) The Borrower shall have paid or reimbursed to each Lender and the Agent, as applicable, all outstanding fees, costs and expenses (including reasonable attorneys' fees) in connection with the execution of this Amendment.

**SECTION 6 REPRESENTATIONS.**

In order to induce the Agent and each Lender to execute and deliver this Amendment, the Borrower represents and warrants as of the date of this Amendment (after giving effect hereto) as follows:

(i) it is duly incorporated or organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization;

(ii) the execution, delivery and performance by it of this Amendment and the Loan Agreement, as amended hereby, are within its powers, have been duly authorized, and do not contravene (A) its charter, by-laws, or other organizational documents, or (B) any applicable law;

(iii) no consent, license, permit, approval or authorization of, or registration, filing or declaration with any Governmental Authority, is required in connection with the execution, delivery, performance, validity or enforceability of this Amendment or the Loan Agreement, as amended hereby;

(iv) this Amendment has been duly executed and delivered by it and is effective to amend the Loan Agreement as contemplated by this Amendment;

(v) each of this Amendment and the Loan Agreement, as amended and waived hereby, constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as enforceability may be limited by



applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity;

(vi) upon giving effect to this Amendment, there is no Event of Default or Early Amortization Event; and

(vii) each of its respective representations and warranties set forth in the Loan Agreement is true and correct as of the date hereof, after giving effect to this Amendment as though made on the date hereof (unless any such representation or warranty by its terms expressly relates to an earlier date, in which case such representation or warranty is true and correct in all material respects on and as of such earlier date).

**SECTION 7 MISCELLANEOUS.**

(a) This Amendment may be executed simultaneously in any number of counterparts, and by the different parties hereto on the same or separate counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument. Each of the parties agree that this Amendment and any other documents to be delivered in connection herewith and therewith may be electronically signed, that any digital or electronic signatures (including pdf, facsimile or electronically imaged signatures provided by DocuSign or any other digital signature provider as specified in writing to the Agent) appearing on this Amendment or such other documents are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to, or a signed copy of, this Amendment and such other documents may be made by facsimile, email or other electronic transmission. This Amendment and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Amendment (each, a "Communication"), including Communications required to be in writing, may be in the form of an Electronic Record (as defined below) and may be executed using Electronic Signatures (as defined below). Each of the parties hereto agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on it to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation enforceable against it Class thereof) in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Agent of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Agent may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of such Person's business,



and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Each party shall be entitled to rely on any Electronic Signature purportedly given by or on behalf any other party without further verification and upon the request of any party, any Electronic Signature shall be promptly followed by such manually executed counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

(b) The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be deemed to affect Series 2023-1 Supplement.

"**Rapid Amortization Additional Interest Rate**" means four percent (4%) per annum.

"**Rapid Amortization Date**" means the meaning or construction of date, if any, of on which the provisions hereof.

(c) This Amendment may not be amended or otherwise modified except as provided in the Loan Agreement.

(d) The failure or unenforceability of any provision hereof shall not affect the other provisions of this Amendment.

(e) Whenever the context and construction so require, all words used in the singular number herein shall be deemed to have been used in the plural number, and vice versa, and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine.

(f) The Loan Agreement, as amended by this Amendment, represents the final agreement among the parties Rapid Amortization Event occurs with respect to the matters set forth therein and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements among the parties. There are no unwritten oral agreements among the partiesSeries 2023-1 Notes.

"**Rapid Amortization Event**" means, with respect to the Series 2023-1 Notes, that the aggregate Outstanding Principal Balance of the Series 2023-1 Notes (after all payments on the Series 2023-1 Notes on the applicable Payment Date) exceeds zero on the Payment Date falling in November 2030.

"**Rating Agency**" means, in connection with the Series 2023-1 Notes, S&P.

"**Redemption Premium**" means the Class A Redemption Premium or the Class B Redemption Premium, as applicable, which amount shall be the Redemption Premiums for each respective Class of the Series 2023-1 Notes.

"**Regulation S Temporary Book-Entry Notes**" means Series 2023-1 Notes in the form attached as Exhibit A or Exhibit B, as the case may be, with the applicable legend for Regulation S Temporary Book-Entry Notes required by Section 2.02 of the Master Indenture inscribed on the face thereof.

"**Remaining Weighted Average Life**" is defined in Section 2.06(c).

"**Scheduled Targeted Principal Balance**" means (a) with respect to the Class A Notes and each Payment Date, the amount set forth opposite such matters.

(g) THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) THEREOF AND SHALL BE SUBJECT TO THE WAIVER OF JURY TRIAL AND NOTICE PROVISIONS OF THE LOAN AGREEMENT.

[Remainder Payment Date on Appendix B-1 to the Offering Circular under the column titled "Principal Balance ($)" and (b) with respect to the Class B Notes and each Payment Date, the amount set forth opposite such Payment Date on Appendix B-2 to the Offering Circular under the column titled "Principal Balance ($)"; provided that the Scheduled Targeted Principal Balance for each Class of Page Intentionally Left Blank] the Series 2023-1 Notes is subject to adjustment from time to time pursuant to Section 3.14 of the Master Indenture.

"**Series 2023-1 Final Maturity Date**" means the Payment Date occurring in November 2053, which shall constitute the Final Maturity Date with respect to the Series 2023-1 Notes.

“**Series 2023-1 Issuance Expenses**” means the Issuance Expenses relating to the issuance of the Series 2023-1 Notes.

IN WITNESS WHEREOF,“**Series 2023-1 Noteholders**” means the parties have caused this Amendment Noteholders of the Series 2023-1 Notes, or any Class of such Notes, as the context may require.

“**Series 2023-1 Notes**” means Notes, designated as the Class A Notes and the Class B Notes, in each case, to be executed by their issued on the Closing Date and having the terms and conditions specified in this Series 2023-1 Supplement, substantially in the respective officers thereunto duly authorized, as form of the date first written above.

GBXL I, LLC, as Borrower

By: GBX Leasing, LLC, its sole member

By: Exhibit A and
Name:
Title:

BANK OF AMERICA, N.A.,
as Lender and as Agent

By:
Name:
Title:

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, as Lender

By:
Name:
Title:

By:
Name:
Title:

WELLS FARGO BANK, N.A., as Lender

By:
Name:
Title:

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EXHIBIT Exhibit B hereto, and including any and all replacements, extensions, substitutions or renewals of such Notes.

“**<u>Series 2023-1 Optional Redemption Date</u>**”is defined in Section 2.06(d).

“**<u>Series Account</u>**” means, with respect to the Series 2023-1 Notes, the 2023-1 Series Account.

“**<u>Stated Interest Amount</u>**” means, with respect to the Series 2023-1 Notes and any Payment Date, an amount equal to the Class A Stated Interest Amount and the Class B Stated Interest Amount.

“**<u>Stated Rate</u>**” means (i) with respect to the Class A Notes, the Class A Note Interest Rate and (ii) with respect to the Class B Notes, the Class B Note Interest Rate.

“**<u>Treasury Rate</u>**” is defined in Section 2.06(c).

“**Unrestricted Book-Entry Notes**” means Series 2023-1 Notes substantially in the form of Exhibit A or Exhibit B, with the applicable legend required by Section 2.02 of the Master Indenture for Unrestricted Book-Entry Notes inscribed on the face thereof.

## ARTICLE II

## THE SERIES 2023-1 NOTES

**Section 2.01.** Designation of Series; Series 2023-1 Notes.

(a) There is hereby created a Series of Notes under the Series 2023-1 Indenture to be known as the “Series 2023-1 Notes” or, with respect to any Equipment Notes, the “Secured Railcar Equipment Notes, Series 2023-1”.

(b) There is hereby created within the Series 2023-1 Notes two separate Classes, designated as the “Class A Notes” and the “Class B Notes”. The Series 2023-1 Notes will be issued in the initial principal balance as set forth below:

(i) the Class A Notes will be issued in the initial principal balance of one hundred fifty eight million nine hundred thousand dollars ($158,900,000); and

(ii) the Class B Notes will be issued in the initial principal balance of nineteen million six hundred thousand dollars ($19,600,000).

(c) The Class A Notes are classified as “Additional Notes”, “Series 2023-1 Notes”, “Class A Equipment Notes” and “Fixed Rate Notes”, as each such term is used in the Master Indenture. The Class B Notes are classified as “Additional Notes”, “Series 2023-1 Notes”, “Class B Equipment Notes” and “Fixed Rate Notes”, as each such term is used in the Master Indenture. The Series 2023-1 Notes will be rated on the Closing Date by S&P, and the Series 2023-1 Notes will be paid in accordance with the Flow of Funds.

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(d) The first Payment Date with respect to the Series 2023-1 Notes shall be the Payment Date in December 2023.

(e) Payments of principal on the Series 2023-1 Notes shall be payable from funds on deposit in the 2023-1 Series Account or otherwise at the times and in the amounts set forth in Article III of the Master Indenture and Sections 2.05, 2.06 and 3.02 of this Series 2023-1 Supplement.

(f) The Issuer shall pay Series 2023-1 Issuance Expenses out of the proceeds of the Series 2023-1 Notes on the Closing Date and/or from Capital Contributions made to the Issuer on or prior to the Closing Date.

**Section 2.02.** Grant of Security Interest in 2023-1 Series Account. The Issuer hereby pledges, transfers, assigns, and otherwise conveys to the Indenture Trustee for the benefit and security of the Series 2023-1 Noteholders, and grants to the Indenture Trustee for the benefit and security of the Series 2023-1 Noteholders a security interest in and Encumbrance on, all of the Issuer's right, title and interest, whether now existing or hereafter created or acquired and wherever located, in, to and under the assets and property described below: (a) the 2023-1 Series Account, and all funds from time to time on deposit therein; and (b) all Proceeds, accessions, profits, products, income benefits, substitutions and replacements, whether voluntary or involuntary, of and to any of the property of the Issuer described in the preceding clause (a).

**Section 2.03.** Authentication and Delivery.

(a) On the Closing Date, the Issuer shall sign, and shall direct the Indenture Trustee in writing pursuant to Section 2.01(b) of the Master Indenture to duly authenticate, and the Indenture Trustee, upon receiving such direction, (i) shall authenticate, subject to compliance with the conditions precedent set forth in Section 4.01 hereof, the Series 2023-1 Notes in accordance with such written directions, and (ii) subject to compliance with the conditions precedent set forth in Section 4.01 hereof, shall deliver such Series 2023-1 Notes to the Initial Purchasers in accordance with such written directions.

(b) The Series 2023-1 Notes are not being registered with the U.S. Securities and Exchange Commission and, after their sale to the Initial Purchasers in accordance with the Equipment Note Purchase Agreement, may not be sold, transferred or otherwise disposed of except in compliance with the provisions of the Master Indenture and as set forth in the applicable Series 2023-1 Notes.

(c) In accordance with Section 2.01(c) of the Master Indenture, any Class A Equipment Notes or Class B Equipment Notes of the Series 2023-1 Notes resold in reliance on Rule 144A shall be represented by a 144A Book-Entry Note. Any Class A Equipment Notes or Class B Equipment Notes of the Series 2023-1 Notes sold in reliance on Regulation S shall initially be represented by a Regulation S Temporary Book-Entry Note and shall be exchangeable for interests in the related Unrestricted Book-Entry Note.

(d) The Series 2023-1 Notes shall be executed by manual or facsimile signature on behalf of the Issuer by a Responsible Officer and shall be substantially in the form of Exhibit

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A and Exhibit B, as the case may be, with the appropriate legend required by Section 2.02 of the Master Indenture inscribed on the face thereof.

**Section 2.04.** Interest Payments on the Series 2023-1 Notes.

(a) Interest on Series 2023-1 Notes. Interest on the Outstanding Principal Balance of each Series 2023-1 Note shall accrue during each Interest Accrual Period (i) at the Class A Interest Rate, in the case of the Class A Notes and (ii) at the Class B Interest Rate, in the case of the Class B Notes, and, in each case, will be calculated on the basis of a 360-day year consisting of twelve 30-day months and be due and payable in arrears on each Payment Date. Notwithstanding anything to the contrary in the Master Indenture or this Series 2023-1 Supplement, the initial Interest Accrual Period for the Series 2023-1 Notes shall begin on the Closing Date and end on (but exclude) December 20, 2023.

(b) Additional Interest. If any interest payment on any Class of the Series 2023-1 Notes is not timely paid in full when due, such overdue interest will bear interest at the applicable Stated Rate, payable as Additional Interest to the extent permitted by applicable law at the times and subject to the priorities set forth in the Flow of Funds. If a Rapid Amortization Event occurs with respect to a Class of Series 2023-1 Notes, the Issuer will also be required to pay the Noteholders of such Class of Series 2023-1 Notes, as part of, Additional Interest, interest on each Payment Date occurring on and after the Rapid Amortization Date in an amount equal to the Rapid Amortization Additional Interest Rate multiplied by the Outstanding Principal Balance of such Class of Series 2023-1 Notes (after giving effect to all payments on the relevant Class of Series 2023-1 Notes made on such day) (such interest, the "**Marginal Interest**") to the extent permitted by applicable law at the times and subject to the priorities set forth in the Flow of Funds. Such Marginal Interest due (if any) shall be (i) calculated on the basis of a 360-day year consisting of twelve 30-day months and (ii) due and payable in arrears on each Payment Date on or after the Rapid Amortization Date.

**Section 2.05.** Principal Payments on the Series 2023-1 Notes. The Scheduled Principal Payment Amount calculated for the Series 2023-1 Notes for each Payment Date shall be payable to the Series 2023-1 Noteholders on each Payment Date from amounts deposited in the 2023-1 Series Account on such Payment Date as provided in (and subject to the provisions of) the Flow of Funds under the Master Indenture and Section 3.02 hereof. At any time that an Early Amortization Event or an Event of Default is then continuing, or if a Rapid Amortization Event with respect to the Series 2023-1 Notes has occurred, then, in addition to the foregoing, the Outstanding Principal Balance of the Series 2023-1 Notes shall be payable on each Payment Date to the extent that amounts are available for such purpose in accordance with the Flow of Funds and Section 3.02 hereof.

**Section 2.06.** Prepayment of Principal on the Series 2023-1 Notes. (a) No Class A Optional Redemption may occur prior to the first anniversary of the Closing Date. Subject to the restrictions in Sections 3.12 and 3.13 of the Master Indenture, the Issuer will have the option to prepay, in an Optional Redemption on any Business Day occurring on or after the first anniversary of the Closing Date (each such date, a "**Class A Optional Redemption Date**"), all or a portion of the Outstanding Principal Balance of the Class A Notes (such redemption, a "**Class A Optional Redemption**"), for a Redemption Price equal to the sum of (i) the amount of the Outstanding Principal Balance of the Class A Notes being redeemed on such Class A Optional Redemption Date, plus (ii) accrued and unpaid interest (including Additional Interest, if any) thereon to the Class A Optional Redemption Date, plus (iii) if occurring prior to the May 2026 Payment Date, a redemption premium (the "**Class A Redemption Premium**") calculated as follows:

> The Class A Redemption Premium will be an amount equal to the product of (x) a fraction (expressed as a percentage), the numerator of which is the amount of the Outstanding Principal Balance of the Class A Notes being redeemed and the denominator of which is the Outstanding Principal Balance of all Class A Notes immediately prior to such redemption and (y) the excess, if any, of (i) the sum of the present values of all the scheduled payments of principal and interest based upon Scheduled Targeted Principal Balances of the Class A Notes from the Class A Optional Redemption Date to and including the May 2026 Payment Date (assuming full prepayment on such date) discounted monthly to the Class A Optional Redemption Date at a rate equal to the Treasury Rate plus three quarters of one percent (0.75%)), based on a 360-day year of twelve 30-day months, over (ii) the Outstanding Principal Balance of the Class A Notes, plus any accrued but unpaid interest thereon.

(b) No Class B Optional Redemption may occur prior to the first anniversary of the Closing Date or while any Class A Notes are Outstanding unless the same are concurrently redeemed in full (or, if no Early Amortization Event has occurred and is continuing, a partial Optional Redemption of the Class B Notes may be effected if the Issuer concurrently effects an Optional Redemption in part of the Class A Notes within such Series in the same proportion as the Optional Redemption in part of the Class B Notes). Subject to the restrictions in Sections 3.12 and 3.13 of the Master Indenture, the Issuer will have the option to prepay, in an Optional Redemption on any on any Business Day occurring on or after the first anniversary of the Closing Date (each such date, a "**Class B Optional Redemption Date**"), all or a portion of the Outstanding Principal Balance of the Class B Notes (any such redemption, a "**Class B Optional Redemption**"), for a Redemption Price equal to the sum of (i) the amount of the Outstanding Principal Balance of the Class B Notes being redeemed on such Class B Optional Redemption Date, plus (ii) accrued and unpaid interest (including Additional Interest, if any) thereon to the Class B Optional Redemption Date, plus (iii) if occurring prior to the May 2026 Payment Date, a redemption premium (the "**Class B Redemption Premium**") calculated as follows:

> The Class B Redemption Premium will be an amount equal to the product of (x) a fraction (expressed as a percentage), the numerator of which is the amount of the Outstanding Principal Balance of the Class B Notes being redeemed and the denominator of which is the Outstanding Principal Balance of all Class B Notes immediately prior to such redemption and (y) the excess, if any, of (i) the sum of the present values of all the scheduled payments of principal and interest based upon Scheduled Targeted Principal Balances of the Class B Notes from the Class B Optional Redemption Date to and

including the May 2026 Payment Date (assuming full prepayment on such date), discounted monthly to the Class B Optional Redemption Date at a rate equal to the Treasury Rate plus three quarters of one percent (0.75%), based on a 360-day year of twelve 30-day months; over

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(ii) the aggregate Outstanding Principal Balance of the Class B Notes plus any accrued but unpaid interest thereon.

(c) For purposes of calculating the applicable Redemption Premium, the term "**Treasury Rate**" means, with respect to each applicable Series 2023-1 Note, a *per annum* rate (expressed as a monthly equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield), determined to be the *per annum* rate equal to the monthly yield to maturity for United States Treasury securities maturing on the Average Life Date of such applicable Series 2023-1 Note as determined by interpolation between the most recent weekly average yields to maturity for two series of United States Treasury securities, (i) one maturing as close as possible to, but earlier than, the Average Life Date of such Series 2023-1 Note and (ii) the other maturing as close as possible to, but later than, the Average Life Date of such Series 2023-1 Note, in each case, as published in the most recent H.15(519) (or, if a weekly average yield to maturity of United States Treasury securities maturing on the Average Life Date of such Series 2023-1 Note is reported in the most recent H.15(519), as published in H.15(519)). "**H.15(519)**" means "Statistical Release H.15(519), Selected Interest Rates," or any successor publication published by the Board of Governors of the Federal Reserve System. The most recent H.15(519) means the latest H.15(519) which is published prior to the close of business on the third (3rd) Business Day preceding the scheduled prepayment date.

The term "**Average Life Date**" of each applicable Series 2023-1 Note means the date which follows the prepayment date by a period equal to the Remaining Weighted Average Life of such Series 2023-1 Note. The "**Remaining Weighted Average Life**" of a Series 2023-1 Note at the prepayment or determination date of such Series 2023-1 Note shall be the number of days equal to the quotient obtained by dividing (a) the sum of the products obtained by multiplying (i) the Scheduled Targeted Principal Balances for each remaining Payment Date (from the applicable Optional Redemption Date to the May 2026 Payment Date, in the case of the Class A Notes and the Class B Notes, in each case, assuming full prepayment on such Payment Date, as applicable) by (ii) the number of days from and including the prepayment or determination date to but excluding the scheduled payment date of such principal payment, by (b) the Outstanding Principal Balance of the applicable Series 2023-1 Notes on such date of prepayment or determination. The Issuer will calculate (or cause to be calculated) the applicable Redemption Price and Redemption Premium (if any) and deliver such information in writing to the Indenture Trustee at the time that it gives notice of an Optional Redemption pursuant to Sections 3.12 and 3.13 of the Master Indenture.

(d) Subject to the restrictions in Sections 3.12 and 3.13 of the Master Indenture, the Issuer will have the option to prepay, in an Optional Redemption on any Business Day occurring on or after the May 2026 Payment Date (each such Payment Date, a "**Series 2023-1 Optional Redemption Date**"), all of the Outstanding Principal Balance of the Series 2023-1 Notes, for the Redemption Price equal to the Outstanding Principal Balance of the Series 2023-1 Notes, plus accrued and unpaid interest thereon (including Additional Interest, if any) to the Series 2023-1 Optional Redemption Date; *provided*, however, that such Redemption Price shall not include any Redemption Premium.

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(e) Any Optional Redemption may be funded with funds in the Collections Account, with the proceeds of Additional Notes or cash Capital Contributions or with any other funds of the Issuer.

(f) Notwithstanding anything herein to the contrary, no Redemption Premium will be due as a result of (i) any Permitted Discretionary Sales which, (1) occur on or prior to the first anniversary of the Closing Date, which in the aggregate are less than 25% of the sum of (x) the Adjusted Value of the Portfolio Railcars owned by the Issuer on the Closing Date calculated as of the Closing Date and (y) the Adjusted Value of the Portfolio Railcars acquired by the Issuer after the Closing Date (if any) calculated as of the relevant Delivery Date or (2) occur after the first anniversary of the Closing Date, which in the aggregate are less than 30% of the sum of (x) the Adjusted Value of the Portfolio Railcars owned by the Issuer on the Closing Date calculated as of the Closing Date and (y) the Adjusted Value of the Portfolio Railcars acquired by the Issuer after the Closing Date (if any) calculated as of the relevant Delivery Date, (ii) any Involuntary Railcar Dispositions, [] or Scrap Value Disposition, (iii) in respect of, or during, an Early Amortization Event or if an Event of Default shall have occurred and is continuing, or (iv) a redemption of the Series 2023-1 Notes occurring on or after the May 2026 Payment Date.

**Section 2.07.**Manner of Payment. Except as otherwise provided in Section 2.05 of the Master Indenture, all payments on the Series 2023-1 Notes payable on each Payment Date shall be paid to the Series 2023-1 Noteholders reflected in the Register as of the related Record Date by wire transfer of immediately available funds for receipt prior to 2:00 p.m. (New York City time) on such Payment Date. Any payments received by the Series 2023-1 Noteholders after 2:00 p.m. (New York City time) on any day shall be considered to have been received on the next succeeding Business Day.

**Section 2.08.**Restrictions on Transfer. On the Closing Date, the Issuer shall sell (i) the Series 2023-1 Notes to the Initial Purchasers pursuant to the Equipment Note Purchase Agreement and deliver such Series 2023-1 Notes in accordance herewith and therewith. Thereafter, no Series 2023-1 Note may be sold, transferred or otherwise disposed of except in compliance with the provisions of the Master Indenture. Except as provided in the Master Indenture, the Indenture Trustee shall have no obligations or duties with respect to determining whether any transfers of the Series 2023-1 Notes are made in accordance with the Securities Act or any other law; provided that with respect to Definitive Notes, the

Indenture Trustee shall enforce such transfer restrictions in accordance with the terms set forth in the Series 2023-1 Indenture.

**Section 2.09.**Final Maturity Date. The Outstanding Principal Balance of the Series 2023-1 Notes together with all accrued and unpaid interest (including all Additional Interest) thereon, and other amounts payable by the Issuer to the Series 2023-1 Noteholders pursuant to the terms of the Series 2023-1 Indenture, shall be due and payable in full on the earlier to occur of (i) the date on which the Series 2023-1 Notes have been accelerated in accordance with the provisions of Section 4.02 of the Master Indenture and (ii) the Series 2023-1 Final Maturity Date.

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## ARTICLE III

## 2023-1 SERIES ACCOUNT

**Section 3.01.**2023-1 Series Account. The Indenture Trustee shall establish on the Closing Date pursuant to Sections 3.01 and 3.07 of the Master Indenture and shall maintain, so long as any Series 2023-1 Note is Outstanding, an Indenture Account which shall be designated as the "2023-1 Series Account," which account shall be held in the name of the Indenture Trustee for the benefit of the Series 2023-1 Noteholders, and which account constitutes a Series Account for the Series 2023-1 Notes for all purposes under the Master Indenture. All deposits of funds for the benefit of the Series 2023-1 Noteholders from the Collections Account and the Liquidity Reserve Account shall be accumulated in, and withdrawn from, the 2023-1 Series Account in accordance with the provisions of the Series 2023-1 Indenture. Notwithstanding anything to the contrary herein, amounts on deposit in the 2023-1 Series Account shall not be invested.

**Section 3.02.**Distributions from 2023-1 Series Account. On each Payment Date (to the extent sufficient cleared and immediately available funds are available in the 2023-1 Series Account), the Indenture Trustee, as specified in the related Payment Date Schedule with respect to the Flow of Funds, shall distribute funds then on deposit in the 2023-1 Series Account to the Series 2023-1 Noteholders in accordance with Section 3.11 of the Master Indenture.

**Section 3.03.**Liquidity Facility. On the Closing Date, the Issuer will establish a Liquidity Facility pursuant to a Revolving Credit Agreement between the Issuer, as borrower, and Wells Fargo Bank, N.A., as liquidity facility provider. On the Closing Date, the Liquidity Reserve Target Amount will be $[].

**Section 3.04.**Liquidity Facility Collateral Account. The Indenture Trustee has established pursuant to Section 3.01 of the Master Indenture, and shall maintain, so long as the Liquidity Facility is outstanding, an Indenture Account which shall be designated as the "Liquidity Facility Collateral Account," which account shall be held in the name of the Indenture Trustee and which account constitutes an Indenture Account for all purposes under the Master Indenture.

## ARTICLE IV

## CONDITIONS TO ISSUANCE

**Section 4.01.**Conditions to Issuance. The Indenture Trustee shall not authenticate the Series 2023-1 Notes unless (a) all conditions to the issuance of the Series 2023-1 Notes under the Equipment Note Purchase Agreement shall have been satisfied, and (b) the Issuer shall have delivered a certificate to the Indenture Trustee to the effect that all conditions set forth in the Equipment Note Purchase Agreement shall have been satisfied.

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## ARTICLE V

## REPRESENTATIONS AND WARRANTIES

**Section 5.01.**Master Indenture Representations and Warranties. To induce the Series 2023-1 Noteholders to purchase the Series 2023-1 Notes, the Issuer hereby makes to the Indenture Trustee for the benefit of the Series 2023-1 Noteholders, as of the Closing Date and as of the other dates specified for the applicable representations in the Master Indenture, all of the representations and warranties set forth in Section 5.01 of the Master Indenture.

## ARTICLE VI

## MISCELLANEOUS PROVISIONS

**Section 6.01.**Ratification of Master Indenture. As supplemented by this Series 2023-1 Supplement, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as so supplemented by this Series 2023-1 Supplement shall be read, taken and construed as one and the same instrument. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Master Indenture, the terms and provisions of this Series 2023-1 Supplement shall govern.

**Section 6.02.**Counterparts. This Series 2023-1 Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**Section 6.03.**Governing Law. THIS SERIES 2023-1 SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAWS BUT OTHERWISE WITHOUT REFERENCE TO ITS CONFLICTS OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

**Section 6.04.**Notices to the Rating Agency. Whenever any notice or other communication is required to be given to the Rating Agencies in respect of the Series 2023-1 Notes pursuant to the Master Indenture, a Series Supplement or this Series 2023-1 Supplement, such notice or communication shall be delivered to S&P, at 55 Water Street, New York, NY 10041, Attention: S&P Surveillance (Facsimile: (212) 438-0122).

**Section 6.05.**Notices to the Liquidity Facility Provider. Whenever any notice or other communication is required to be given to the Liquidity Facility Provider in respect of the Series 2022-1 Notes or the Series 2023-1 Notes pursuant to the Master Indenture, a Series Supplement or this Series 2023-1 Supplement, such notice or communication shall be delivered to Wells Fargo Bank, National Association, 550 South Tryon Street, 5th Floor Charlotte, North Carolina 28202-4200 MAC D1086-051, Attention: John Fulvimar, E mail: john.fulvimar@wellsfargo.com.

**Section 6.06.**Amendments and Modifications. The terms of this Series 2023-1 Supplement may be waived, modified or amended only in a written instrument signed by each of

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the Issuer and the Indenture Trustee in accordance with Article IX of the Master Indenture. Amendments, waivers and modifications of this Series 2023-1 Supplement that constitute matters set forth in clauses (i) through (viii) of Section 9.02(a) of the Master Indenture, may be effected only with the prior written Direction of Noteholders of each Outstanding Series 2023-1 Note adversely affected thereby.

[Signature pages follow]

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**IN WITNESS WHEREOF**, the Issuer and the Indenture Trustee have caused this Series 2023-1 Supplement to be duly executed and delivered all as of the day and year first above written.

**GBX LEASING 2022-1 LLC**

By: GBX Leasing, LLC, its sole member

By:
Name: Adrian Downes
Title: Senior Vice President

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, as Indenture Trustee

By:
Name:
Title:

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**Exhibit 31.1**

## CERTIFICATIONS

I, Lorie L. Tekorius, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Greenbrier Companies, Inc. for the quarterly period ended May 31, 2023 November 30, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: June 29, 2023 January 5, 2024

/s/ Lorie L. Tekorius

Lorie L. Tekorius

Chief Executive Officer

(Principal Executive Officer)

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**Exhibit 31.2**

## CERTIFICATIONS (cont'd)

I, Adrian J. Downes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Greenbrier Companies, Inc. for the quarterly period ended May 31, 2023 November 30, 2023;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as

defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: June 29, 2023 January 5, 2024

/s/ Adrian J. Downes

Adrian J. Downes

Senior Vice President and Chief Financial Officer

(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 The Greenbrier Companies, Inc. (the "Company") on Form 10-Q for the quarterly period ended May 31, 2023 November 30, 2023, as filed with the Securities and Exchange Commission on the date therein specified (the "Report"), I, Lorie L. Tekorius, Chief Executive Officer, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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.

Date: June 29, 2023 January 5, 2024

/s/ Lorie L. Tekorius

Lorie L. Tekorius
Chief Executive Officer
(Principal Executive Officer)

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**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 The Greenbrier Companies, Inc. (the "Company") on Form 10-Q for the quarterly period ended May 31, 2023 November 30, 2023, as filed with the Securities and Exchange Commission on the date therein specified (the "Report"), I, Adrian J. Downes, Senior Vice President and Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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.

Date: June 29, 2023 January 5, 2024

/s/ Adrian J. Downes

Adrian J. Downes

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

## DISCLAIMER

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