

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

FORM 10-Q

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

For the quarterly report ended June 29, 2024

OR

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

For the transition period from _____ to _____

Commission file number 1-6770



MUELLER INDUSTRIES INC.

(Exact name of registrant as specified in its charter)

Delaware

25-0790410

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

150 Schilling Boulevard

Suite 100

Collierville

Tennessee

38017

(Address of principal executive offices)

(Zip Code)

(901) 753-3200

(Registrant's telephone number, including area code)

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

Title of each class

Trading Symbol

Name of exchange on which registered

Common Stock

MLI

NYSE

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

Yes No

The number of shares of the Registrant's common stock outstanding as of July 19, 2024 was 113,324,148 .

MUELLER INDUSTRIES, INC.

FORM 10-Q

For the Quarterly Period Ended June 29, 2024

As used in this report, the terms "Company," "Mueller," and "Registrant" mean Mueller Industries, Inc. and its consolidated subsidiaries taken as a whole, unless the context indicates otherwise.

INDEX

Page Number

Part I. Financial Information

Item 1. – Financial Statements (Unaudited)

<u>a.) Condensed Consolidated Statements of Income</u>	<u>3</u>
<u>b.) Condensed Consolidated Statements of Comprehensive Income</u>	<u>4</u>
<u>c.) Condensed Consolidated Balance Sheets</u>	<u>5</u>
<u>d.) Condensed Consolidated Statements of Cash Flows</u>	<u>7</u>
<u>e.) Condensed Consolidated Statements of Changes in Equity</u>	<u>9</u>
<u>f.) Notes to Condensed Consolidated Financial Statements</u>	<u>11</u>
<u>Item 2. – Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Item 3. – Quantitative and Qualitative Disclosures About Market Risk</u>	<u>37</u>
<u>Item 4. – Controls and Procedures</u>	<u>39</u>

Part II. Other Information

<u>Item 1. – Legal Proceedings</u>	<u>39</u>
<u>Item 1A. – Risk Factors</u>	<u>39</u>
<u>Item 2. – Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>40</u>
<u>Item 5. – Other Information</u>	<u>40</u>
<u>Item 6. – Exhibits</u>	<u>41</u>
<u>Signatures</u>	<u>42</u>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<i>(In thousands, except per share data)</i>	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net sales	\$ 997,745	\$ 896,984	\$ 1,847,399	\$ 1,868,176
Cost of goods sold	724,990	639,272	1,333,693	1,318,070
Depreciation and amortization	10,018	10,416	19,187	21,073
Selling, general, and administrative expense	52,731	56,062	101,088	108,693
Gain on insurance settlement	—	(19,466)	—	(19,466)
Operating income	210,006	210,700	393,431	439,806
Interest expense	(107)	(135)	(222)	(278)
Interest income	14,383	7,732	31,628	13,967
Realized and unrealized gains on short-term investments	—	20,820	365	22,730
Other (expense) income, net	(1,356)	1,841	(726)	2,167
Income before income taxes	222,926	240,958	424,476	478,392
Income tax expense	(58,384)	(62,122)	(110,218)	(123,479)
(Loss) income from unconsolidated affiliates, net of foreign tax	(1,095)	715	(9,102)	(269)
Consolidated net income	163,447	179,551	305,156	354,644
Net income attributable to noncontrolling interests	(3,282)	(1,840)	(6,628)	(3,694)
Net income attributable to Mueller Industries, Inc.	\$ 160,165	\$ 177,711	\$ 298,528	\$ 350,950
Weighted average shares for basic earnings per share ⁽¹⁾	111,216	111,320	111,316	111,354
Effect of dilutive stock-based awards ⁽¹⁾	2,763	2,680	2,746	2,046
Adjusted weighted average shares for diluted earnings per share ⁽¹⁾	113,979	114,000	114,062	113,400
Basic earnings per share ⁽¹⁾	\$ 1.44	\$ 1.60	\$ 2.68	\$ 3.15
Diluted earnings per share ⁽¹⁾	\$ 1.41	\$ 1.56	\$ 2.62	\$ 3.09
Dividends per share ⁽¹⁾	\$ 0.20	\$ 0.15	\$ 0.40	\$ 0.30

See accompanying notes to condensed consolidated financial statements.

⁽¹⁾ Adjusted retroactively to reflect the two -for-one stock split that occurred on October 20, 2023. Refer to [Note 2 - Earnings per Common Share](#) for additional information.

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

<i>(In thousands)</i>	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Consolidated net income	\$ 163,447	\$ 179,551	\$ 305,156	\$ 354,644
Other comprehensive (loss) income, net of tax:				
Foreign currency translation	(7,871)	7,725	(12,026)	17,976
Net change with respect to derivative instruments and hedging activities, net of tax of \$ 214 , \$ 775 , \$ 121 and \$ 503	(746)	(2,679)	(419)	(1,725)
Net change in pension and postretirement obligation adjustments, net of tax of \$ 38 , \$ 1 , \$ 21 and \$ 12	(93)	9	(57)	1
Attributable to unconsolidated affiliates, net of tax of \$ 65 , \$(103), \$ 460 and \$(476)	(221)	353	(1,583)	1,638
Total other comprehensive (loss) income, net	(8,931)	5,408	(14,085)	17,890
Consolidated comprehensive income	154,516	184,959	291,071	372,534
Comprehensive income attributable to noncontrolling interests	(2,759)	(1,546)	(5,484)	(3,658)
Comprehensive income attributable to Mueller Industries, Inc.	\$ 151,757	\$ 183,413	\$ 285,587	\$ 368,876

See accompanying notes to condensed consolidated financial statements.

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)		
June 29, 2024	December 30, 2023	

Assets

Current assets:

Cash and cash equivalents	\$ 825,655	\$ 1,170,893
Short-term investments	—	98,146
Accounts receivable, less allowance for doubtful accounts of \$ 2,549 in 2024 and \$ 2,830 in 2023	522,572	351,561
Inventories	406,217	380,248
Other current assets	<u>50,347</u>	<u>39,173</u>
 Total current assets	 1,804,791	 2,040,021
 Property, plant, and equipment, net	 471,443	 385,165
Operating lease right-of-use assets	34,534	35,170
Goodwill, net	608,919	151,820
Intangible assets, net	43,466	46,208
Investments in unconsolidated affiliates	77,450	83,436
Other assets	<u>25,582</u>	<u>17,481</u>
 Total assets	 <u>\$ 3,066,185</u>	 <u>\$ 2,759,301</u>

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(In thousands, except share data)</i>	(Unaudited)	June 29, 2024	December 30, 2023
Liabilities			
Current liabilities:			
Current portion of debt	\$ 785	\$ 796	
Accounts payable	198,537	120,485	
Accrued wages and other employee costs	42,259	55,644	
Current portion of operating lease liabilities	8,000	7,893	
Other current liabilities	137,647	132,320	
 Total current liabilities	 387,228	 317,138	
Long-term debt, less current portion	74	185	
Pension liabilities	2,708	2,832	
Postretirement benefits other than pensions	8,988	9,230	
Environmental reserves	14,808	15,030	
Deferred income taxes	20,023	19,134	
Noncurrent operating lease liabilities	26,330	26,683	
Other noncurrent liabilities	33,168	10,353	
 Total liabilities	 493,327	 400,585	
Equity			
Mueller Industries, Inc. stockholders' equity:			
Preferred stock - \$ 1.00 par value; shares authorized 5,000,000 ; none outstanding	—	—	
Common stock - \$.01 par value; shares authorized 250,000,000 ; issued 160,366,008 ; outstanding 113,403,336 in 2024 and 114,157,918 in 2023	1,604	1,604	
Additional paid-in capital	325,763	312,171	
Retained earnings	2,847,420	2,594,300	
Accumulated other comprehensive loss	(60,162)	(47,221)	
Treasury common stock, at cost	(568,522)	(523,409)	
 Total Mueller Industries, Inc. stockholders' equity	 2,546,103	 2,337,445	
Noncontrolling interests	26,755	21,271	
 Total equity	 2,572,858	 2,358,716	
Commitments and contingencies	—	—	
 Total liabilities and equity	 \$ 3,066,185	 \$ 2,759,301	

See accompanying notes to condensed consolidated financial statements.

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	For the Six Months Ended	
	June 29, 2024	July 1, 2023
Cash flows from operating activities		
Consolidated net income		
Reconciliation of consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	\$ 19,349	\$ 21,252
Stock-based compensation expense	13,476	12,459
Provision for doubtful accounts receivable	(67)	(80)
Loss from unconsolidated affiliates	9,102	269
Dividends from unconsolidated affiliates	3,541	—
Insurance proceeds - noncapital related	15,000	9,854
Gain on disposals of properties	(1,286)	(141)
Unrealized gain on short-term investments	—	(20,820)
Gain on sales of securities	(365)	—
Gain on insurance settlement	—	(19,466)
Deferred income tax (benefit) expense	(1,509)	2,406
Changes in assets and liabilities, net of effects of businesses acquired:		
Receivables	(132,012)	(77,701)
Inventories	6,706	(12,149)
Other assets	8,511	(5,571)
Current liabilities	30,276	(14,460)
Other liabilities	(2,375)	(976)
Other, net	872	1,310
Net cash provided by operating activities	\$ 274,375	\$ 250,830
Cash flows from investing activities		
Capital expenditures	\$ (25,603)	\$ (29,221)
Acquisition of businesses, net of cash acquired	(566,577)	—
Investments in unconsolidated affiliates	(8,700)	—
Insurance proceeds - capital related	—	24,646
Purchase of short-term investments	—	(106,231)
Purchase of long-term investments	(7,976)	—
Proceeds from the maturity of short-term investments	—	217,863
Proceeds from the sale of securities	96,465	—
Issuance of notes receivable	(3,800)	—
Proceeds from sales of assets	3,976	142
Dividends from unconsolidated affiliates	—	797
Net cash (used in) provided by investing activities	\$ (512,215)	\$ 107,996

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	For the Six Months Ended	
	June 29, 2024	July 1, 2023
Cash flows from financing activities		
Dividends paid to stockholders of Mueller Industries, Inc.	\$ (44,488)	\$ (33,402)
Repurchase of common stock	(42,994)	(19,303)
Repayments of debt	(111)	(130)
Issuance (repayment) of debt by consolidated joint ventures, net	11	(143)
Net cash used to settle stock-based awards	(2,002)	(2,588)
Net cash used in financing activities	\$ (89,584)	\$ (55,566)
Effect of exchange rate changes on cash	(4,784)	4,825
(Decrease) increase in cash, cash equivalents, and restricted cash	(332,208)	308,085
Cash, cash equivalents, and restricted cash at the beginning of the period	1,174,223	465,296
Cash, cash equivalents, and restricted cash at the end of the period	\$ 842,015	\$ 773,381

See accompanying notes to condensed consolidated financial statements.

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

<i>(In thousands)</i>	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Common stock:				
Balance at beginning of period	\$ 1,604	\$ 802	\$ 1,604	\$ 802
Balance at end of period	<u>\$ 1,604</u>	<u>\$ 802</u>	<u>\$ 1,604</u>	<u>\$ 802</u>
Additional paid-in capital:				
Balance at beginning of period	\$ 318,684	\$ 303,133	\$ 312,171	\$ 297,270
Acquisition of shares under incentive stock option plans	61	208	343	434
Stock-based compensation expense	7,245	6,822	13,476	12,459
Issuance of restricted stock	(227)	(458)	(227)	(458)
Balance at end of period	<u>\$ 325,763</u>	<u>\$ 309,705</u>	<u>\$ 325,763</u>	<u>\$ 309,705</u>
Retained earnings:				
Balance at beginning of period	\$ 2,709,950	\$ 2,215,939	\$ 2,594,300	\$ 2,059,796
Net income attributable to Mueller Industries, Inc.	160,165	177,711	298,528	350,950
Dividends paid or payable to stockholders of Mueller Industries, Inc.	(22,695)	(17,032)	(45,408)	(34,128)
Balance at end of period	<u>\$ 2,847,420</u>	<u>\$ 2,376,618</u>	<u>\$ 2,847,420</u>	<u>\$ 2,376,618</u>
Accumulated other comprehensive loss:				
Balance at beginning of period	\$ (51,754)	\$ (51,951)	\$ (47,221)	\$ (64,175)
Total other comprehensive (loss) income attributable to Mueller Industries, Inc.	(8,408)	5,702	(12,941)	17,926
Balance at end of period	<u>\$ (60,162)</u>	<u>\$ (46,249)</u>	<u>\$ (60,162)</u>	<u>\$ (46,249)</u>

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

(In thousands)	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Treasury stock:				
Balance at beginning of period	\$ (554,110)	\$ (505,616)	\$ (523,409)	\$ (502,779)
Issuance (acquisition) of shares under incentive stock option plans	425	(185)	(2,346)	(3,022)
Repurchase of common stock	(15,064)	(19,303)	(42,994)	(19,303)
Issuance of restricted stock	227	458	227	458
Balance at end of period	<u>\$ (568,522)</u>	<u>\$ (524,646)</u>	<u>\$ (568,522)</u>	<u>\$ (524,646)</u>
Noncontrolling interests:				
Balance at beginning of period	\$ 23,996	\$ 25,162	\$ 21,271	\$ 23,050
Net income attributable to noncontrolling interests	3,282	1,840	6,628	3,694
Foreign currency translation	(523)	(294)	(1,144)	(36)
Balance at end of period	<u>\$ 26,755</u>	<u>\$ 26,708</u>	<u>\$ 26,755</u>	<u>\$ 26,708</u>

See accompanying notes to condensed consolidated financial statements.

MUELLER INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

General

Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been condensed or omitted. Results of operations for the interim periods presented are not necessarily indicative of results which may be expected for any other interim period or for the year as a whole. This Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K, including the annual financial statements incorporated therein.

The accompanying unaudited interim financial statements include all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented herein. Certain prior year balances have been reclassified to conform to current year presentation.

Note 1 – Recent Accounting Standards

Adopted

In June 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The new guidance was issued to clarify existing guidance measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security and introduce new disclosure requirements for applicable equity securities. The ASU was effective for fiscal years beginning after December 15, 2023 for public entities. The guidance requires prospective adoption, and early adoption was permitted. The Company adopted the ASU during the first quarter of 2024. The adoption of the ASU did not have a material impact on the Company's Condensed Consolidated Financial Statements.

Issued

In March 2024, the Securities and Exchange Commission issued final rules on the enhancement and standardization of climate-related disclosures. The rules require disclosure of, among other things: material climate-related risks, activities to mitigate or adapt to such risks, governance and management of such risks, and material greenhouse gas (GHG) emissions from operations owned or controlled (Scope 1) and/or indirect emissions from purchased energy consumed in operations (Scope 2). Additionally, the rules require disclosure in the notes to the financial statements of the effects of severe weather events and other natural conditions, subject to certain materiality thresholds. The rules will become effective on a phased-in timeline in fiscal years beginning in 2025. The Company is in the process of analyzing the impact of the rules on its disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The new guidance primarily enhances and expands both the income tax rate reconciliation disclosure and the income taxes paid disclosure. The ASU is effective for annual periods beginning after December 15, 2024 for public entities on a prospective basis. Early adoption is permitted. The Company is in the process of analyzing the impact of the standard on its disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The new guidance requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The ASU applies to all public entities and is effective for fiscal years beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. The guidance requires retrospective adoption, and early adoption is permitted. The Company is in the process of analyzing the impact of the standard on its disclosures.

Note 2 – Earnings per Common Share

Basic per share amounts have been computed based on the average number of common shares outstanding. Diluted per share amounts reflect the increase in average common shares outstanding that would result from the assumed exercise of outstanding stock options and vesting of restricted and performance stock awards, computed using the treasury stock method.

On September 26, 2023, the Company's shareholders approved an amendment to the Company's Restated Certificate of Incorporation to increase the total number of authorized shares of Common Stock from 100,000,000 to 250,000,000. Subsequently, the Company's Board of Directors announced a two-for-one stock split of its common stock effected in the form of a stock dividend of one share for each outstanding share. The record date for the stock split was October 6, 2023, and the additional shares were distributed on October 20, 2023. All references to share and per share amounts presented in the Condensed Consolidated Financial Statements and this Quarterly Report on Form 10-Q have been adjusted retroactively to reflect the stock split.

Note 3 – Acquisitions and Dispositions

Acquisition

Nehring Electrical Works Company

On April 19, 2024, the Company entered into an equity purchase agreement to acquire Nehring Electrical Works Company and certain of its affiliated companies (collectively, "Nehring"). The transaction closed on May 28, 2024, whereby the Company purchased all of the outstanding equity of Nehring for approximately \$ 594.6 million, net of working capital adjustments. The total purchase price consisted of \$ 566.6 million in cash on hand at closing and a contingent consideration arrangement which requires the Company to pay the sellers up to \$ 25.0 million based on EBITDA growth of the acquired business. Nehring produces high-quality wire and cable solutions for the utility, telecommunication, electrical distribution, and OEM markets. Nehring provides the Company a substantial platform for expansion in the energy infrastructure space. The acquired business is reported in the Company's Industrial Metals segment.

The provisional fair value of the assets acquired totaled \$ 164.5 million, consisting primarily of property, plant, and equipment of \$ 82.4 million, accounts receivable of \$ 44.2 million, inventories of \$ 36.1 million, and other current assets of \$ 1.8 million. The fair value of the liabilities assumed totaled \$ 27.8 million, consisting primarily of accounts payable of \$ 19.6 million and other current liabilities of \$ 8.2 million. Of the remaining purchase price, \$ 457.9 million was allocated to tax-deductible goodwill and intangible assets. The purchase price allocation is provisional as of June 29, 2024 and subject to change upon the completion of the final valuation of the long-lived assets, working capital, and contingent consideration during the measurement period.

For the twelve months ended December 31, 2023, Nehring's annual net sales were approximately \$ 400.0 million.

The following table presents condensed pro forma consolidated results of operations as if the Nehring acquisition had occurred at the beginning of the periods presented. The pro forma information does not purport to be indicative of the results that would have been obtained if the operations had actually been combined during the periods presented, and is not necessarily indicative of operating results to be expected in future periods. The most significant pro forma adjustments to the historical results of operations relate to the application of purchase accounting, the financing structure, and estimated income taxes.

<i>(In thousands, except per share data)</i>	For the Six Months Ended	
	June 29, 2024	July 1, 2023
Net sales	\$ 1,981,861	\$ 2,081,325
Net income	306,525	371,445
Basic earnings per share	\$ 2.75	\$ 3.34
Diluted earnings per share	2.69	3.28

Disposition

Heatlink Group

On September 2, 2021, the Company entered into a contribution agreement with a limited liability company in the retail distribution business, pursuant to which the Company exchanged the outstanding common stock of Die-Mold for a 17 percent equity interest in the limited liability company. Die-Mold manufactures PEX and other plumbing-related fittings and plastic injection tooling in Canada and sells these products in Canada and the U.S. and was included in the Piping Systems segment.

Effective July 3, 2023, the Company transferred 100 percent of the outstanding shares of Heatlink Group, Inc. and Heatlink Group USA, LLC for an additional 11 percent equity interest in the limited liability company. Heatlink Group produces a complete line of products for PEX plumbing and radiant systems in Canada and sells these products in Canada and the U.S. and was included in the Piping Systems segment. Heatlink Group reported net sales of \$ 15.6 million and operating income of \$ 1.7 million in the first half of 2023. As a result of the transaction, the Company recognized a gain of \$ 4.1 million in the third quarter of 2023 based on the excess of the fair value of the consideration received (the 11 percent equity interest) over the carrying value of Heatlink Group. The Company equally weighted an income discounted cash flow approach and market comparable companies approach using an EBITDA multiple to determine the fair value of the consideration received of \$ 26.0 million, which is recognized within the Investments in unconsolidated affiliates line of the Condensed Consolidated Balance Sheet. The excess of the fair value of the deconsolidated subsidiary over its carrying value resulted in the gain.

Note 4 – Segment Information

Each of the Company's reportable segments is composed of certain operating segments that are aggregated primarily by the nature of products offered as follows:

Piping Systems

Piping Systems is composed of the following operating segments: Domestic Piping Systems Group, Great Lakes Copper, European Operations, Trading Group, Jungwoo-Mueller (the Company's South Korean joint venture), and Mueller Middle East (the Company's Bahraini joint venture). The Domestic Piping Systems Group manufactures and distributes copper tube, fittings, and line sets. These products are manufactured in the U.S., sold in the U.S., and exported to markets worldwide. Outside the U.S., Great Lakes Copper manufactures copper tube and line sets in Canada and sells the products primarily in the U.S. and Canada. European Operations manufactures copper tube in the U.K. which is sold primarily in Europe. The Trading Group manufactures pipe nipples and resells brass and plastic plumbing valves, malleable iron fittings, faucets, and plumbing specialty products in the U.S. and Mexico. Jungwoo-Mueller manufactures copper-based joining products that are sold worldwide. Mueller Middle East manufactures copper tube and serves markets in the Middle East and Northern Africa. The Piping Systems segment's products are sold primarily to plumbing, refrigeration, and air-conditioning wholesalers, hardware wholesalers and co-ops, building product retailers, and air-conditioning original equipment manufacturers (OEMs).

Industrial Metals

Industrial Metals is composed of the following operating segments: Brass Rod, Impacts & Micro Gauge, Brass Value-Added Products, Precision Tube, and Nehring (acquired in fiscal June 2024). These businesses manufacture brass rod, impact extrusions, forgings, specialty copper, copper alloy, and aluminum tube, as well as a wide variety of end products including plumbing brass, automotive components, valves, fittings, gas assemblies, and high-quality wire and cable solutions. These products are manufactured in the U.S. and sold primarily to OEMs and utilities in the U.S., many of which are in the industrial, transportation, construction, heating, ventilation, and air-conditioning, plumbing, refrigeration, energy, telecommunication, and electrical transmission and distribution markets.

Climate

Climate is composed of the following operating segments: Refrigeration Products, Westermeyer, Turbotec, Flex Duct, and Linesets, Inc. The segment manufactures and sells refrigeration valves and fittings, high pressure components, coaxial heat exchangers, insulated HVAC flexible duct systems, and line sets primarily for the heating, ventilation, air-conditioning, and refrigeration markets in the U.S.

Summarized segment information is as follows:

(In thousands)	For the Quarter Ended June 29, 2024					Total
	Piping Systems	Industrial Metals	Climate	Corporate and Eliminations		
Net sales	\$ 688,469	\$ 195,341	\$ 130,532	\$ (16,597)	\$ 997,745	
Cost of goods sold	500,826	159,265	82,291	(17,392)	724,990	
Depreciation and amortization	4,932	2,368	1,646	1,072	10,018	
Selling, general, and administrative expense	20,453	4,015	7,602	20,661	52,731	
Operating income	162,258	29,693	38,993	(20,938)	210,006	
Interest expense				(107)		
Interest income				14,383		
Other expense, net				(1,356)		
Income before income taxes				\$ 222,926		
For the Quarter Ended July 1, 2023						
(In thousands)	Piping Systems					Total
	Piping Systems	Industrial Metals	Climate	Corporate and Eliminations		
Net sales	\$ 638,005	\$ 146,266	\$ 123,954	\$ (11,241)	\$ 896,984	
Cost of goods sold	452,866	123,097	77,064	(13,755)	639,272	
Depreciation and amortization	5,252	1,804	2,202	1,158	10,416	
Selling, general, and administrative expense	28,745	3,394	7,087	16,836	56,062	
Gain on insurance settlement	—	—	(19,466)	—	(19,466)	
Operating income	151,142	17,971	57,067	(15,480)	210,700	
Interest expense				(135)		
Interest income				7,732		
Realized and unrealized gains on short-term investments				20,820		
Other income, net				1,841		
Income before income taxes				\$ 240,958		

Segment information (continued):

(In thousands)	For the Six Months Ended June 29, 2024				
	Piping Systems	Industrial Metals	Climate	Corporate and Eliminations	Total
Net sales	\$ 1,278,637	\$ 351,408	\$ 247,342	\$ (29,988)	\$ 1,847,399
Cost of goods sold	921,767	285,869	157,882	(31,825)	1,333,693
Depreciation and amortization	9,492	4,288	3,241	2,166	19,187
Selling, general, and administrative expense	42,440	7,287	14,651	36,710	101,088
Operating income	304,938	53,964	71,568	(37,039)	393,431
Interest expense					(222)
Interest income					31,628
Realized and unrealized gains on short-term investments					365
Other expense, net					(726)
Income before income taxes					\$ 424,476
For the Six Months Ended July 1, 2023					
(In thousands)	Piping Systems	Industrial Metals	Climate	Corporate and Eliminations	Total
	\$ 1,300,484	\$ 311,500	\$ 276,908	\$ (20,716)	\$ 1,868,176
Net sales	\$ 1,300,484	\$ 311,500	\$ 276,908	\$ (20,716)	\$ 1,868,176
Cost of goods sold	920,476	256,267	165,876	(24,549)	1,318,070
Depreciation and amortization	10,810	3,576	4,355	2,332	21,073
Selling, general, and administrative expense	54,202	6,471	15,088	32,932	108,693
Gain on insurance settlement	—	—	(19,466)	—	(19,466)
Operating income	314,996	45,186	111,055	(31,431)	439,806
Interest expense					(278)
Interest income					13,967
Realized and unrealized gains on short-term investments					22,730
Other income, net					2,167
Income before income taxes					\$ 478,392

The following table presents total assets attributable to each segment:

	June 29, 2024	December 30, 2023
(In thousands)		
Segment assets:		
Piping Systems	\$ 1,112,550	\$ 1,029,821
Industrial Metals	821,011	157,761
Climate	275,872	252,561
General Corporate	856,752	1,319,158
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$ 3,066,185	\$ 2,759,301
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>

The following tables represent a disaggregation of revenue from contracts with customers, along with the reportable segment for each category:

	For the Quarter Ended June 29, 2024			
	Piping Systems	Industrial Metals	Climate	Total
(In thousands)				
Tube and fittings	\$ 568,849	\$ —	\$ —	\$ 568,849
Brass rod and forgings	—	131,709	—	131,709
OEM components, tube & assemblies	—	20,418	30,569	50,987
Valves and plumbing specialties	119,620	—	—	119,620
Flex duct and other HVAC components	—	—	99,963	99,963
Other	—	43,214	—	43,214
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	688,469	195,341	130,532	1,014,342
Intersegment sales				(16,597)
Net sales				<hr/> <hr/> <hr/> <hr/> <hr/>
				\$ 997,745

	For the Quarter Ended July 1, 2023			
	Piping Systems	Industrial Metals	Climate	Total
(In thousands)				
Tube and fittings	\$ 518,712	\$ —	\$ —	\$ 518,712
Brass rod and forgings	—	113,563	—	113,563
OEM components, tube & assemblies	—	21,073	33,007	54,080
Valves and plumbing specialties	119,293	—	—	119,293
Flex duct and other HVAC components	—	—	90,947	90,947
Other	—	11,630	—	11,630
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	638,005	146,266	123,954	908,225
Intersegment sales				(11,241)
Net sales				<hr/> <hr/> <hr/> <hr/> <hr/>
				\$ 896,984

Disaggregation of revenue from contracts with customers (continued):

(In thousands)	For the Six Months Ended June 29, 2024			
	Piping Systems	Industrial Metals	Climate	Total
Tube and fittings	\$ 1,047,325	\$ —	\$ —	\$ 1,047,325
Brass rod and forgings	—	255,768	—	255,768
OEM components, tube & assemblies	—	39,375	60,586	99,961
Valves and plumbing specialties	231,312	—	—	231,312
Flex duct and other HVAC components	—	—	186,756	186,756
Other	—	56,265	—	56,265
	1,278,637	351,408	247,342	1,877,387
Intersegment sales				(29,988)
Net sales				\$ 1,847,399
For the Six Months Ended July 1, 2023				
(In thousands)	Piping Systems	Industrial Metals	Climate	Total
Tube and fittings	\$ 1,062,940	\$ —	\$ —	\$ 1,062,940
Brass rod and forgings	—	243,903	—	243,903
OEM components, tube & assemblies	—	43,582	66,409	109,991
Valves and plumbing specialties	237,544	—	—	237,544
Flex duct and other HVAC components	—	—	210,499	210,499
Other	—	24,015	—	24,015
	1,300,484	311,500	276,908	1,888,892
Intersegment sales				(20,716)
Net sales				\$ 1,868,176

Note 5 – Cash, Cash Equivalents, and Restricted Cash

(In thousands)	June 29, 2024	December 30, 2023
Cash & cash equivalents	\$ 825,655	\$ 1,170,893
Restricted cash included within other current assets	16,258	3,228
Restricted cash included within other assets	102	102
Total cash, cash equivalents, and restricted cash	\$ 842,015	\$ 1,174,223

Amounts included in restricted cash relate to required deposits in brokerage accounts that facilitate the Company's hedging activities as well as imprest funds for the Company's self-insured workers' compensation program.

Note 6 – Inventories

(In thousands)	June 29, 2024	December 30, 2023
Raw materials and supplies	\$ 115,258	\$ 111,843
Work-in-process	80,599	61,793
Finished goods	222,501	220,629
Valuation reserves	(12,141)	(14,017)
 Inventories	\$ 406,217	\$ 380,248

Note 7 – Financial Instruments

Short-Term Investments

The fair value of short-term investments at December 30, 2023, consisting of marketable securities, approximates the carrying value on that date. These marketable securities are stated at fair value and classified as level 1 within the fair value hierarchy. This classification is defined as a fair value determined using observable inputs that reflect quoted prices in active markets for identical assets.

Derivative Instruments and Hedging Activities

The Company's earnings and cash flows are subject to fluctuations due to changes in commodity prices, foreign currency exchange rates, and interest rates. The Company uses derivative instruments such as commodity futures contracts, foreign currency forward contracts, and interest rate swaps to manage these exposures.

All derivatives are recognized in the Condensed Consolidated Balance Sheets at their fair values. On the date the derivative contract is entered into, it is either a) designated as a hedge of a forecasted transaction or the variability of cash flow to be paid (cash flow hedge) or b) not designated in a hedge accounting relationship, even though the derivative contract was executed to mitigate an economic exposure (economic hedge), as the Company does not enter into derivative contracts for trading purposes. Changes in the fair value of a derivative that is qualified, designated, and highly effective as a cash flow hedge are recorded in stockholders' equity within AOCI, to the extent effective, until they are reclassified to earnings in the same period or periods during which the hedged transaction affects earnings. Changes in the fair value of undesignated derivatives executed as economic hedges are reported in current earnings.

The Company documents all relationships between derivative instruments and hedged items, as well as the risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivative instruments that are designated as fair value hedges to specific assets and liabilities in the Condensed Consolidated Balance Sheets and linking cash flow hedges to specific forecasted transactions or variability of cash flow.

The Company also assesses, both at the hedge's inception and on an ongoing basis, whether the designated derivative instruments that are used in hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items. When a derivative instrument is determined not to be highly effective as a hedge or the underlying hedged transaction is no longer probable of occurring, hedge accounting is discontinued prospectively in accordance with the derecognition criteria for hedge accounting.

Commodity Futures Contracts

Copper and brass represent the largest component of the Company's variable costs of production. The cost of these materials is subject to global market fluctuations caused by factors beyond the Company's control. The Company occasionally enters into forward fixed-price arrangements with certain customers; the risk of these arrangements is generally managed with commodity futures contracts. These futures contracts have been designated as cash flow hedges.

At June 29, 2024, the Company held open futures contracts to purchase approximately \$ 18.5 million of copper over the next 13 months related to fixed price sales orders. The fair value of those futures contracts was a \$ 453 thousand net loss position, which was determined by obtaining quoted market prices (level 1 within the fair value hierarchy). In the next 12 months, the

Company will reclassify into earnings realized gains or losses relating to cash flow hedges. At June 29, 2024, this amount was approximately \$ 348 thousand of deferred net losses, net of tax.

The Company may also enter into futures contracts to protect the value of inventory against market fluctuations. At June 29, 2024, the Company held \$ 123.4 million open futures contracts to sell copper over the next six months related to copper inventory. The fair value of those futures contracts was a \$ 7.3 million net loss position, which was determined by obtaining quoted market prices (level 1 within the fair value hierarchy).

The Company presents its derivative assets and liabilities in the Condensed Consolidated Balance Sheets on a net basis by counterparty. The following table summarizes the location and fair value of the derivative instruments and disaggregates the net derivative assets and liabilities into gross components on a contract-by-contract basis:

(In thousands)	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value	
		June 29, 2024	December 30, 2023		June 29, 2024	December 30, 2023
Commodity contracts - gains	Other current assets	\$ —	\$ 589	Other current liabilities	\$ 2,131	\$ 16
Commodity contracts - losses	Other current assets	—	(281)	Other current liabilities	(9,919)	(383)
Total derivatives ⁽¹⁾		\$ —	\$ 308		\$ (7,788)	\$ (367)

⁽¹⁾ Does not include the impact of cash collateral provided to counterparties.

The following tables summarize the effects of derivative instruments on the Company's Condensed Consolidated Statements of Income:

(In thousands)	Location	For the Quarter Ended		For the Six Months Ended	
		June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Undesignated derivatives:					
(Loss) gain on commodity contracts (nonqualifying)	Cost of goods sold	\$ (7,146)	\$ 427	\$ (6,658)	\$ (2,057)

The following tables summarize amounts recognized in and reclassified from AOCI during the period:

(In thousands)	For the Quarter Ended June 29, 2024			
	Gain (Loss)	Recognized in AOCI (Effective Portion), Net of Tax	Classification Gains (Losses)	Gain Reclassified from AOCI (Effective Portion), Net of Tax
Cash flow hedges:				
Commodity contracts	\$ 462	Cost of goods sold	\$ (1,197)	\$ (1,197)
Other	(11)	Other	—	—
Total	\$ 451	Total	\$ (1,197)	\$ (1,197)

Amounts recognized in and reclassified from AOCI (continued):

For the Quarter Ended July 1, 2023					
(In thousands)	(Loss) Gain	Classification Gains (Losses)	Gain Reclassified from AOCI (Effective Portion), Net of Tax		
	Recognized in AOCI (Effective Portion), Net of Tax				
Cash flow hedges:					
Commodity contracts	\$ (1,961)	Cost of goods sold	\$ (742)		
Other	24	Other			—
Total	<u>\$ (1,937)</u>	Total			<u>(742)</u>
For the Six Months Ended June 29, 2024					
(In thousands)	Gain Recognized in AOCI (Effective Portion), Net of Tax	Classification Gains (Losses)	Gain Reclassified from AOCI (Effective Portion), Net of Tax		
Cash flow hedges:					
Commodity contracts	\$ 1,129	Cost of goods sold	\$ (1,570)		
Other	22	Other			—
Total	<u>\$ 1,151</u>	Total			<u>(1,570)</u>
For the Six Months Ended July 1, 2023					
(In thousands)	Gain (Loss) Recognized in AOCI (Effective Portion), Net of Tax	Classification Gains (Losses)	Gain Reclassified from AOCI (Effective Portion), Net of Tax		
Cash flow hedges:					
Commodity contracts	\$ 1,008	Cost of goods sold	\$ (2,731)		
Other	(2)	Other			—
Total	<u>\$ 1,006</u>	Total			<u>(2,731)</u>

The Company primarily enters into International Swaps and Derivatives Association master netting agreements with major financial institutions that permit the net settlement of amounts owed under their respective derivative contracts. Under these master netting agreements, net settlement generally permits the Company or the counterparty to determine the net amount payable for contracts due on the same date and in the same currency for similar types of derivative transactions. The master netting agreements generally also provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event. The Company does not offset fair value amounts for derivative instruments and fair value amounts recognized for the right to reclaim cash collateral. At June 29, 2024 and December 30, 2023, the Company had recorded restricted cash in other current assets of \$ 16.1 million and \$ 3.2 million, respectively, as collateral related to open derivative contracts under the master netting arrangements.

Long-Term Debt

The fair value of long-term debt at June 29, 2024 approximates the carrying value on that date. The estimated fair values were determined based on quoted market prices and the current rates offered for debt with similar terms and maturities. The fair

value of long-term debt is classified as level 2 within the fair value hierarchy. This classification is defined as a fair value determined using market-based inputs other than quoted prices that are observable for the liability, either directly or indirectly.

Note 8 – Investments in Unconsolidated Affiliates

Tecumseh

The Company owns a 50 percent interest in an unconsolidated affiliate that acquired Tecumseh Products Company LLC (Tecumseh) and an entity that provides financing to Tecumseh. This investment is recorded using the equity method of accounting, as the Company can exercise significant influence but does not own a majority equity interest or otherwise control the entity. Under the equity method of accounting, this investment is stated at initial cost and is adjusted for subsequent additional investments and the Company's proportionate share of earnings or losses and distributions.

The Company records its proportionate share of the investee's net income or loss, net of foreign taxes, one quarter in arrears as income (loss) from unconsolidated affiliates, net of foreign tax, in the Condensed Consolidated Statements of Income and its proportionate share of the investee's other comprehensive income (loss), net of income taxes, in the Condensed Consolidated Statements of Comprehensive Income and the Condensed Consolidated Statements of Changes in Equity. The U.S. tax effect of the Company's proportionate share of Tecumseh's income or loss is recorded in income tax expense in the Condensed Consolidated Statements of Income. In general, the equity investment in unconsolidated affiliates is equal to the current equity investment plus the investee's net accumulated losses.

The Company's net loss from unconsolidated affiliates, net of foreign tax, for the quarter ended June 29, 2024 included losses of \$ 4.0 million for Tecumseh. The Company's net income from unconsolidated affiliates, net of foreign tax, for the quarter ended July 1, 2023 included losses of \$ 0.6 million for Tecumseh.

The Company's net loss from unconsolidated affiliates, net of foreign tax, for the six months ended June 29, 2024 and July 1, 2023 included losses of \$ 14.3 million and \$ 3.0 million, respectively, for Tecumseh.

During the first half of 2024, the Company advanced Tecumseh \$ 12.5 million, which was comprised of a capital contribution of \$ 8.7 million and a note receivable of \$ 3.8 million. These advances did not change the Company's proportionate ownership of Tecumseh.

Retail Distribution

The Company owns a 28 percent noncontrolling equity interest in a limited liability company in the retail distribution business. This investment is recorded using the equity method of accounting. The Company records its proportionate share of the investee's net income or loss one month in arrears as income (loss) from unconsolidated affiliates in the Condensed Consolidated Statements of Income. The Company's proportionate share of the investee's other comprehensive income (loss), net of income taxes, is recorded in the Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Statement of Changes in Equity.

The Company's net loss from unconsolidated affiliates, net of foreign tax, for the quarter ended June 29, 2024 included income of \$ 2.9 million for the retail distribution business. The Company's net income from unconsolidated affiliates, net of foreign tax, for the quarter ended July 1, 2023 included income of \$ 1.3 million for the retail distribution business.

The Company's net loss from unconsolidated affiliates, net of foreign tax, for the six months ended June 29, 2024 and July 1, 2023 included income of \$ 5.2 million and \$ 2.7 million, respectively, for the retail distribution business.

Note 9 – Benefit Plans

The Company sponsors several qualified and nonqualified pension plans and other postretirement benefit plans for certain of its employees. The components of net periodic benefit cost (income) are as follows:

(In thousands)	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Pension benefits:				
Interest cost	\$ 582	\$ 595	\$ 1,163	\$ 1,189
Expected return on plan assets	(604)	(842)	(1,208)	(1,683)
Amortization of net loss	33	—	66	—
Net periodic benefit cost (income)	\$ 11	\$ (247)	\$ 21	\$ (494)
Other benefits:				
Service cost	\$ 55	\$ 50	\$ 109	\$ 101
Interest cost	130	128	261	256
Amortization of prior service cost (credit)	—	—	(1)	(1)
Amortization of net gain	(100)	(99)	(197)	(196)
Net periodic benefit cost	\$ 85	\$ 79	\$ 172	\$ 160

The components of net periodic benefit cost (income) other than the service cost component are included in other income, net in the Condensed Consolidated Statements of Income.

Note 10 – Commitments and Contingencies

The Company is involved in certain litigation as a result of claims that arose in the ordinary course of business, which management believes will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. The Company may also realize the benefit of certain legal claims and litigation in the future; these gain contingencies are not recognized in the Condensed Consolidated Financial Statements.

Environmental

Non-operating Properties

Southeast Kansas Sites

The Kansas Department of Health and Environment (KDHE) has contacted the Company regarding environmental contamination at three former smelter sites in Kansas (Altoona, East La Harpe, and Lanyon). The Company is not a successor to the companies that operated these smelter sites, but is exploring possible settlement with KDHE and other potentially responsible parties (PRP) in order to avoid litigation.

In February 2022, the Company reached a settlement with another PRP relating to these three sites. Under the terms of that agreement, the Company paid \$ 5.6 million, which was previously reserved, in exchange for the other PRP's agreement to conduct or fund any required remediation within the geographic boundaries of the three sites (namely, the parcel(s) on which the former smelters were located), plus coverage of certain off-site areas (namely, contamination that migrated by surface water runoff or air emissions from the Altoona or East La Harpe site, and smelter materials located within 50 feet of the geographic boundary of each site). The settlement does not cover certain matters, including potential liability related to the remediation of the town of Iola which is not estimable at this time. The other PRP will also provide an indemnity that would cover third-party cleanup claims for those sites, subject to a time limit and a cap.

Altoona. Another PRP conducted a site investigation of the Altoona site under a consent decree with KDHE and submitted a removal site evaluation report recommending a remedy. The remedial design plan, which covers both on-site and certain off-site cleanup costs, was approved by the KDHE in 2016. Construction of the remedy was completed in 2018. Under the terms of the settlement with the other PRP, the Company expects the operations and maintenance costs for this remedy to be paid for entirely by the other PRP.

East La Harpe. At the East La Harpe site, the Company and two other PRPs conducted a site study evaluation under KDHE supervision and prepared a site cleanup plan approved by KDHE. In December 2018, KDHE provided a draft agreement which contemplates the use of funds KDHE obtained from two other parties (Peabody Energy and Blue Tee) to fund part of the remediation, and removes Blue Tee from the PRPs' agreement with KDHE. Pursuant to the terms of the settlement with the other PRP noted above, the Company expects the remediation to be conducted and paid for entirely by the other PRP, and for the other PRP to negotiate and enter into an agreement with KDHE.

Lanyon. With respect to the Lanyon Site, in 2016, the Company received a general notice letter from the United States Environmental Protection Agency (EPA) asserting that the Company is a PRP, which the Company has denied. EPA issued an interim record of decision in 2017 and has been remediating properties at the site. Approximately 1,371 properties were to be remediated. In August 2023, EPA issued a five-year review indicating that the cleanup of approximately 300 remaining residential properties would be completed in 2026. A record of decision concerning the cleanup is scheduled for May 2025.

Shasta Area Mine Sites

Mining Remedial Recovery Company (MRRC), a wholly owned subsidiary, owns certain inactive mines in Shasta County, California. MRRC has continued a program, begun in the late 1980s, of implementing various remedial measures, including sealing mine portals with concrete plugs in portals that were discharging water. The sealing program achieved significant reductions in the metal load in discharges from these adits; however, additional reductions are required pursuant to an order issued by the California Regional Water Quality Control Board (QCB). In response to a 1996 QCB Order, MRRC completed a feasibility study in 1997 describing measures designed to mitigate the effects of acid rock drainage. In December 1998, the QCB modified the 1996 order extending MRRC's time to comply with water quality standards. In September 2002, the QCB adopted a new order requiring MRRC to adopt Best Management Practices (BMP) to control discharges of acid mine drainage, and again extended the time to comply with water quality standards until September 2007. During that time, implementation of BMP further reduced impacts of acid rock drainage; however, full compliance has not been achieved. The QCB is presently renewing MRRC's discharge permit and will concurrently issue a new order. It is expected that the new 10 - year permit will include an order requiring continued implementation of BMP through 2033 to address residual discharges of acid rock drainage. The Company currently estimates that it will spend between approximately \$ 14.1 million and \$ 16.1 million for remediation at these sites over the next 30 years and has accrued a reserve at the low end of this range.

Lead Refinery Site

U.S.S. Lead Refinery, Inc. (Lead Refinery), a non-operating wholly owned subsidiary of MRRC, has conducted corrective action and interim remedial activities (collectively, Site Activities) at Lead Refinery's East Chicago, Indiana site pursuant to the Resource Conservation and Recovery Act since December 1996. Although the Site Activities have been substantially concluded, Lead Refinery is required to perform monitoring and maintenance-related activities pursuant to a post-closure permit issued by the Indiana Department of Environmental Management effective as of March 2, 2013. Approximate costs to comply with the post-closure permit, including associated general and administrative costs, are estimated at between \$ 1.6 million and \$ 2.2 million over the next 13 years. The Company has recorded a reserve at the low end of this range.

On April 9, 2009, pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the U.S. Environmental Protection Agency (EPA) added the Lead Refinery site and surrounding properties to the National Priorities List (NPL). On July 17, 2009, Lead Refinery received a written notice from the EPA indicating that it may be a PRP under CERCLA due to the release or threat of release of hazardous substances including lead into properties surrounding the Lead Refinery NPL site. The EPA identified two other PRPs in connection with that matter. In November 2012, the EPA adopted a remedy for the surrounding properties and in September 2014, the EPA announced that it had entered into a settlement with the two other PRPs whereby they will pay approximately \$ 26.0 million to fund the cleanup of approximately 300 properties surrounding the Lead Refinery NPL site (zones 1 and 3 of operable unit 1) and perform certain remedial action tasks.

On November 8, 2016, the Company, its subsidiary Arava Natural Resources Company, Inc. (Arava), and Arava's subsidiary MRRC each received general notice letters from the EPA asserting that they may be PRPs in connection with the Lead Refinery

NPL site. The Company, Arava, and MRRC have denied liability for any remedial action and response costs associated with the Lead Refinery NPL site.

In June 2017, the EPA requested that Lead Refinery conduct, and the Company fund, a remedial investigation and feasibility study (RI/FS) of operable unit 2 of the Lead Refinery NPL site pursuant to a proposed administrative settlement agreement and order on consent. The Company and Lead Refinery entered into that agreement in September 2017. The Company has made a capital contribution to Lead Refinery to conduct the RI/FS with respect to operable unit 2 and has provided financial assurance in the amount of \$ 1.0 million. The RI/FS remains ongoing, and the Company has reserved currently estimated costs associated with its completion. The EPA has also asserted its position that the Company is a responsible party for the Lead Refinery NPL site, and accordingly is responsible for a share of remedial action and response costs at both operable units 1 and 2 of the site.

In January 2018, the EPA issued two unilateral administrative orders (UAOs) directing the Company, Lead Refinery, and four other PRPs to conduct soil and interior remediation of certain residences at the Lead Refinery NPL site (zones 2 and 3 of operable unit 1). Subsequent thereto, the Company and Lead Refinery have reached agreement with the four other PRPs to implement these two UAOs, with the Company agreeing to pay, on an interim basis, (i) an estimated \$ 4.5 million (subject to potential change through a future reallocation process) of the approximately \$ 25.0 million the PRPs then estimated it would cost to implement the UAOs, which estimate is subject to change, and (ii) \$ 2.0 million relating to past costs incurred by other PRPs for work conducted at the site, as well as the possibility of up to \$ 0.7 million in further payments for ongoing work by those PRPs. As of June 29, 2024, the Company has made payments of approximately \$ 7.6 million related to the aforementioned agreement with the other PRPs. The Company disputes that it was properly named in the UAOs. In March 2022, Lead Refinery entered into an administrative settlement agreement and order on consent with the EPA, along with the four other PRPs, which involves payment of certain past and future costs relating to operable unit 1, in exchange for certain releases and contribution protection for the Company, Lead Refinery, and their respective affiliates relating to that operable unit. The settlement became effective in September 2022. The Company reserved \$ 3.3 million for this settlement at the end of 2021.

In March 2018, a group of private plaintiffs sued the Company, Arava, MRRC, and Lead Refinery, along with other defendants, in civil tort action relating to the site. The Company, Arava, and MRRC have been voluntarily dismissed from that litigation without prejudice. In July 2024, Lead Refinery was granted partial judgment on the pleadings with respect to plaintiffs' amended complaint and reached an agreement to settle the litigation for a payment of approximately \$ 0.1 million.

At this juncture, the Company is unable to determine the likelihood of a material adverse outcome or the amount or range of a potential loss in excess of the current reserve with respect to any remedial action or other litigation relating to the Lead Refinery NPL site, either at Lead Refinery's former operating site (operable unit 2) or the adjacent residential area (operable unit 1), including, but not limited to, EPA oversight costs for which the EPA may attempt to seek reimbursement from the Company, and past costs for which other PRPs may attempt to seek contribution from the Company.

Bonita Peak Mining District

Following an August 2015 spill from the Gold King Mine into the Animas River near Silverton, Colorado, the EPA listed the Bonita Peak Mining District on the NPL. Said listing was finalized in September 2016. The Bonita Peak Mining District encompasses 48 mining sites within the Animas River watershed, including the Sunnyside Mine, the American Tunnel, and the Sunbank Group. On or about July 25, 2017, Washington Mining Company (Washington Mining) (a wholly-owned subsidiary of the Company's wholly-owned subsidiary, Arava), received a general notice letter from the EPA stating that Washington Mining may be a PRP under CERCLA in connection with the Bonita Peak Mining District site and therefore responsible for the remediation of certain portions of the site, along with related costs incurred by the EPA. Shortly thereafter, the Company received a substantively identical letter asserting that it may be a PRP at the site and similarly responsible for the cleanup of certain portions of the site. The general notice letters identify one other PRP at the site, and do not require specific action by Washington Mining or the Company at this time. At this juncture, the Company is unable to determine the likelihood of a materially adverse outcome or the amount or range of a potential loss with respect to any remedial action related to the Bonita Peak Mining District NPL site.

Operating Properties

Mueller Copper Tube Products, Inc.

In 1999, Mueller Copper Tube Products, Inc. (MCTP), a wholly owned subsidiary, commenced a cleanup and remediation of soil and groundwater at its Wynne, Arkansas plant to remove trichloroethylene, a cleaning solvent formerly used by MCTP. On August 30, 2000, MCTP received approval of its Final Comprehensive Investigation Report and Storm Water Drainage

Investigation Report addressing the treatment of soils and groundwater from the Arkansas Department of Environmental Quality (ADEQ). The Company established a reserve for this project in connection with the acquisition of MCTP in 1998. Effective November 17, 2008, MCTP entered into a Settlement Agreement and Administrative Order by Consent to submit a Supplemental Investigation Work Plan (SIWP) and subsequent Final Remediation Work Plan (RWP) for the site. By letter dated January 20, 2010, ADEQ approved the SIWP as submitted, with changes acceptable to the Company. On December 16, 2011, MCTP entered into an amended Administrative Order by Consent to prepare and implement a revised RWP regarding final remediation for the Site. The remediation system was activated in February 2014. Costs to implement the work plans, including associated general and administrative costs, are estimated to approximate \$ 0.4 million over the next two years .

United States Department of Commerce Antidumping Review

On December 24, 2008, the Department of Commerce (DOC) initiated an antidumping administrative review of the antidumping duty order covering circular welded non-alloy steel pipe and tube from Mexico for the November 1, 2007 through October 31, 2008 period of review. The DOC selected Mueller Comercial as a respondent in the review. On April 19, 2010, the DOC published the final results of the review and assigned Mueller Comercial an antidumping duty rate of 48.33 percent. On May 25, 2010, the Company appealed the final results to the U.S. Court of International Trade (CIT). On December 16, 2011, the CIT issued a decision remanding the Department's final results. While the matter was still pending, the Company and the United States reached an agreement to settle the appeal. Subject to the conditions of the agreement, the Company anticipated that certain of its subsidiaries would incur antidumping duties on subject imports made during the period of review and, as such, established a reserve for this matter. After the lapse of the statutory period of time during which U.S. Customs and Border Protection (CBP) was required, but failed, to liquidate the entries at the settled rate, the Company released the reserve. Between October 30, 2015 and November 27, 2015, CBP sent a series of invoices to Southland Pipe Nipples Co., Inc. (Southland), requesting payment of approximately \$ 3.0 million in duties and interest in connection with 795 import entries made during the November 1, 2007 through October 31, 2008 period. On January 26, 2016 and January 27, 2016, Southland filed protests with CBP in connection with these invoices, noting that CBP's asserted claims were not made in accordance with applicable law, including statutory provisions governing deemed liquidation. The Company believes in the merits of the legal objections raised in Southland's protests, and CBP's response to Southland's protests is currently pending. Given the procedural posture and issues raised by this legal dispute, the Company cannot estimate the amount of potential duty liability, if any, that may result from CBP's asserted claims.

Guarantees

Guarantees, in the form of letters of credit, are issued by the Company generally to assure the payment of insurance deductibles, certain retiree health benefits, and debt at certain unconsolidated affiliates. The terms of the guarantees are generally one year but are renewable annually as required. These letters are primarily backed by the Company's revolving credit facility. The maximum payments that the Company could be required to make under its guarantees at June 29, 2024 were \$ 28.9 million.

Note 11 – Income Taxes

The Company's effective tax rate for the second quarter of 2024 was 26 percent compared with 26 percent for the same period last year. The primary items impacting the effective tax rate for the second quarter of 2024 were increases related to the provision for state income taxes, net of the federal benefit, of \$ 6.1 million, the effect of foreign tax rates higher than statutory tax rates and other foreign adjustments of \$ 2.3 million, and other items of \$ 3.2 million.

The items impacting the effective tax rate for the second quarter of 2023 were increases related to the provision for state income taxes, net of the federal benefit, of \$ 7.1 million and the effect of foreign tax rates higher than statutory tax rates and other foreign adjustments of \$ 2.6 million.

The Company's effective tax rate for the first half of 2024 was 26 percent compared with 26 percent for the same period last year. The items impacting the effective tax rate for the first half of 2024 were increases related to the provision for state income taxes, net of the federal benefit, of \$ 12.0 million, the effect of foreign tax rates higher than statutory tax rates and other foreign adjustments of \$ 3.9 million, and other items of \$ 5.3 million.

The items impacting the effective tax rate for the first half of 2023 were increases related to the provision for state income taxes, net of the federal benefit, of \$ 15.0 million and the effect of foreign tax rates higher than statutory tax rates and other foreign adjustments of \$ 4.6 million.

The Company files a consolidated U.S. federal income tax return and numerous consolidated and separate-company income tax returns in many state, local, and foreign jurisdictions. The statute of limitations is open for the Company's federal tax return for

2020 and all subsequent years. The statutes of limitations for most state returns are open for 2020 and all subsequent years, and some state and foreign returns are also open for some earlier tax years due to differing statute periods. While the Company believes that it is adequately reserved for possible audit adjustments, the final resolution of these examinations cannot be determined with certainty and could result in final settlements that differ from current estimates.

Note 12 – Accumulated Other Comprehensive Income (Loss)

AOCI includes certain foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency, net deferred gains and losses on certain derivative instruments accounted for as cash flow hedges, adjustments to pension and OPEB liabilities, and other comprehensive income attributable to unconsolidated affiliates.

The following tables provide changes in AOCI by component, net of taxes and noncontrolling interests (amounts in parentheses indicate debits to AOCI):

(In thousands)	For the Six Months Ended June 29, 2024				
	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Derivatives	Pension/OPEB Liability Adjustment	Attributable to Unconsol. Affiliates	Total
Balance as of December 30, 2023	\$ (48,076)	\$ 213	\$ (2,630)	\$ 3,272	\$ (47,221)
Other comprehensive (loss) income before reclassifications	(10,882)	1,151	37	(1,583)	(11,277)
Amounts reclassified from AOCI	—	(1,570)	(94)	—	(1,664)
Net current-period other comprehensive loss	(10,882)	(419)	(57)	(1,583)	(12,941)
Balance as of June 29, 2024	<u>\$ (58,958)</u>	<u>\$ (206)</u>	<u>\$ (2,687)</u>	<u>\$ 1,689</u>	<u>\$ (60,162)</u>
For the Six Months Ended July 1, 2023					
(In thousands)	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Derivatives	Pension/OPEB Liability Adjustment	Attributable to Unconsol. Affiliates	Total
	\$ (69,238)	\$ 1,486	\$ 1,222	\$ 2,355	\$ (64,175)
Other comprehensive income before reclassifications	18,012	1,006	148	1,638	20,804
Amounts reclassified from AOCI	—	(2,731)	(147)	—	(2,878)
Net current-period other comprehensive income (loss)	18,012	(1,725)	1	1,638	17,926
Balance as of July 1, 2023	<u>\$ (51,226)</u>	<u>\$ (239)</u>	<u>\$ 1,223</u>	<u>\$ 3,993</u>	<u>\$ (46,249)</u>

Reclassification adjustments out of AOCI were as follows:

(In thousands)	Amount reclassified from AOCI					
	For the Quarter Ended		For the Six Months Ended		Affected line item	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023		
Unrealized gains on derivative commodity contracts	\$ (1,531)	\$ (960)	\$ (2,014)	\$ (3,511)	Cost of goods sold	
	334	218	444	780	Income tax expense	
	<u><u>\$ (1,197)</u></u>	<u><u>\$ (742)</u></u>	<u><u>\$ (1,570)</u></u>	<u><u>\$ (2,731)</u></u>	Net of tax and noncontrolling interests	
Amortization of net (gain) loss and prior service (credit) cost on employee benefit plans	\$ (67)	\$ (99)	\$ (132)	\$ (197)	Other (expense) income, net	
	19	25	38	50	Income tax expense	
	<u><u>\$ (48)</u></u>	<u><u>\$ (74)</u></u>	<u><u>\$ (94)</u></u>	<u><u>\$ (147)</u></u>	Net of tax and noncontrolling interests	

Note 13 – Insurance Claim

In March 2023, a portion of the Company's Covington, Tennessee manufacturing operation was damaged by a tornado. The extent of the damage to inventories, production equipment, and building structures is currently being assessed. The total value of the loss, including business interruption, cannot be determined at this time, but is expected to be covered by property and business interruption insurance subject to customary deductibles. Any gain resulting from insurance proceeds for property damage in excess of the net book value of the related property will be recognized in income upon settlement of the claim. In addition, the Company has deferred recognition of direct, identifiable costs associated with this matter. These costs will also be recognized upon settlement of the insurance claim. As of June 29, 2024, the Company has received advances totaling \$ 25.0 million from the insurance company for this claim, of which \$ 15.0 million was received during 2024. These advances, net of the book value of damaged inventories, equipment, and buildings and direct cleanup and other out of pocket costs totaled \$ 13.4 million, classified as other current liabilities on the Condensed Consolidated Balance Sheet at June 29, 2024.

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

General Overview

We are a leading manufacturer of copper, brass, and aluminum products. The range of products we manufacture is broad: copper tube and fittings; line sets; brass rod, bar, and shapes; aluminum and brass forgings; aluminum impact extrusions; refrigeration valves and fittings; compressed gas valves; pressure vessels; steel nipples; insulated flexible duct systems; and high-quality wire and cable solutions. We also resell brass and plastic plumbing valves, plastic fittings, malleable iron fittings, faucets, and plumbing specialty products. Our operations are located throughout the United States and in Canada, Mexico, Great Britain, South Korea, the Middle East, and China.

Each of our reportable segments is composed of certain operating segments that are aggregated primarily by the nature of products offered as follows:

- **Piping Systems:** The Piping Systems segment is composed of Domestic Piping Systems Group, Great Lakes Copper, European Operations, Trading Group, Jungwoo-Mueller (our South Korean joint venture), and Mueller Middle East (our Bahraini joint venture). The Domestic Piping Systems Group manufactures and distributes copper tube, fittings, and line sets. These products are manufactured in the U.S., sold in the U.S., and exported to markets worldwide. Great Lakes Copper manufactures copper tube and line sets in Canada and sells the products primarily in the U.S. and Canada. European Operations manufactures copper tube in the United Kingdom, which is sold

throughout Europe. The Trading Group manufactures pipe nipples and sources products for import distribution in North America. Jungwoo-Mueller manufactures copper-based joining products that are sold worldwide. Mueller Middle East manufactures copper tube and serves markets in the Middle East and Northern Africa. The Piping Systems segment sells products to wholesalers in the plumbing and refrigeration markets, distributors to the manufactured housing and recreational vehicle industries, building material retailers, and air-conditioning original equipment manufacturers (OEMs).

- **Industrial Metals:** The Industrial Metals segment is composed of Brass Rod, Impacts & Micro Gauge, Brass Value-Added Products, Precision Tube, and Nehring. The segment manufactures and sells brass rod, bar, and shapes; aluminum and brass forgings; aluminum impact extrusions; gas valves and assemblies; specialty copper, copper alloy, and aluminum tube; and high-quality wire and cable solutions. The segment manufactures and sells its products primarily to domestic OEMs and distributors, and utilities in the industrial, transportation, construction, heating, ventilation, and air-conditioning, plumbing, refrigeration, energy, telecommunication, and electrical transmission and distribution markets.
- **Climate:** The Climate segment is composed of Refrigeration Products, Westermeyer, Turbotec, Flex Duct, and Linesets, Inc. The segment manufactures and sells refrigeration valves and fittings, high pressure components, coaxial heat exchangers, insulated HVAC flexible duct systems, and line sets. The segment sells its products primarily to the heating, ventilation, air-conditioning, and refrigeration markets in the U.S.

New housing starts and commercial construction are important determinants of our sales to the heating, ventilation, and air-conditioning, refrigeration, and plumbing markets because the principal end use of a significant portion of our products is in the construction of single and multi-family housing and commercial buildings. Repairs and remodeling projects are also important drivers of underlying demand for these products. In addition, our products are used in various transportation, automotive, and industrial applications.

According to the U.S. Census Bureau, the June 2024 seasonally adjusted annual rate of new housing starts was 1.35 million, compared to the June 2023 rate of 1.42 million. The average 30-year fixed mortgage rate was 6.87 percent for the first half of 2024 and 6.81 percent for the twelve months ended December 2023. The private non-residential construction sector includes offices, industrial, health care, and retail projects. According to the U.S. Census Bureau, the seasonally adjusted annual value of private nonresidential construction put in place was \$733.9 billion in May 2024 compared to the May 2023 rate of \$705.2 billion.

Profitability of certain of our product lines depends upon the "spreads" between the cost of raw material and the selling prices of our products. The open market prices for copper cathode and copper and brass scrap, for example, influence the selling price of copper tube and brass rod, two principal products manufactured by the Company. We attempt to minimize the effects on profitability from fluctuations in material costs by passing through these costs to our customers; however, margins of our businesses that account for inventory on a FIFO basis may be impacted in periods of significant fluctuations in material costs. Our earnings and cash flow are dependent upon these spreads that fluctuate based upon market conditions.

Earnings and profitability are also impacted by unit volumes that are subject to market trends, such as substitute products, imports, technologies, and market share. We intensively manage our pricing structure while attempting to maximize profitability. From time-to-time, this practice results in lost sales opportunities and lower volume. For plumbing systems, plastics are the primary substitute product; these products represent an increasing share of consumption. For certain air-conditioning and refrigeration applications, aluminum-based systems are the primary substitution threat. We cannot predict the acceptance or the rate of switching that may occur. U.S. consumption of copper tube and brass rod is still predominantly supplied by U.S. manufacturers. In recent years, brass rod consumption in the U.S. has declined due to the outsourcing of many manufactured products to offshore regions.

Results of Operations

Consolidated Results

The following table compares summary operating results for the first half of 2024 and 2023:

(In thousands)	For the Quarter Ended		Percent Change	For the Six Months Ended		Percent Change
	June 29, 2024	July 1, 2023	2024 vs. 2023	June 29, 2024	July 1, 2023	2024 vs. 2023
Net sales	\$ 997,745	\$ 896,984	11.2 %	\$ 1,847,399	\$ 1,868,176	(1.1)%
Operating income	210,006	210,700	(0.3)	393,431	439,806	(10.5)
Net income	160,165	177,711	(9.9)	298,528	350,950	(14.9)

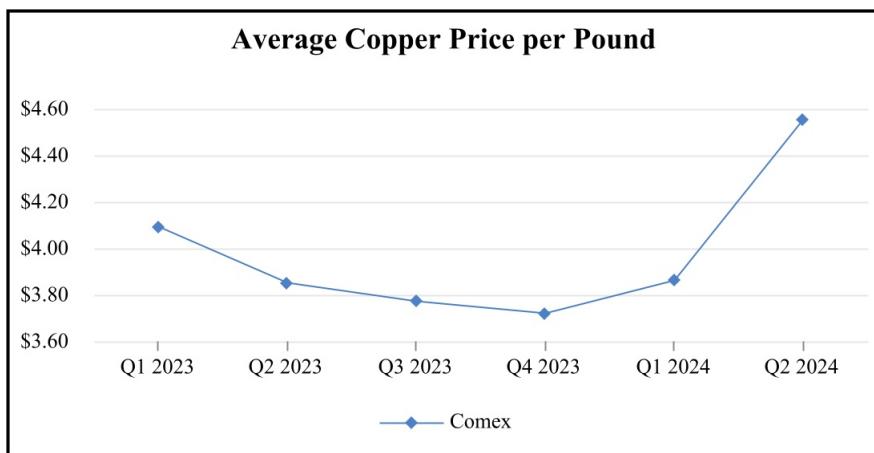
The following are components of changes in net sales compared to the prior year:

	Quarter-to- Date	Year-to- Date
Net selling price in core product lines	5.6 %	0.7 %
Unit sales volume in core product lines	2.3	(1.0)
Acquisitions	3.4	1.6
Dispositions	(0.9)	(0.8)
Other	0.8	(1.6)
	11.2 %	(1.1)%

The increase in net sales during the second quarter of 2024 was primarily due to (i) higher net selling prices of \$49.8 million in our core product lines, primarily copper tube and brass rod, (ii) sales of \$30.6 million recorded by Nehring, acquired in fiscal June 2024, (iii) higher unit sales volume of \$20.5 million in our core product lines, and (iv) an increase in sales of \$8.0 million in our non-core product lines. These increases were partially offset by a decrease in sales of \$8.2 million as a result of the disposition of Heatlink Group during the third quarter of 2023.

The decrease in net sales during the first half of 2024 was primarily due to (ii) a decrease in sales of \$29.3 million in our non-core product lines, (ii) lower unit sales volume of \$19.2 million in our core product lines, and (iii) a decrease in sales of \$15.9 million as a result of the disposition of Heatlink Group during the third quarter of 2023. These decreases were partially offset by (i) sales of \$30.6 million recorded by Nehring and (ii) higher net selling prices of \$13.1 million in our core product lines.

Net selling prices generally fluctuate with changes in raw material costs. Changes in raw material costs are generally passed through to customers by adjustments to selling prices. The following graph shows the Comex average copper price per pound by quarter for the current and prior fiscal years:



The following tables compare cost of goods sold and operating expenses as dollar amounts and as a percent of net sales for the first half of 2024 and 2023:

(In thousands)	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cost of goods sold	\$ 724,990	\$ 639,272	\$ 1,333,693	\$ 1,318,070
Depreciation and amortization	10,018	10,416	19,187	21,073
Selling, general, and administrative expense	52,731	56,062	101,088	108,693
Gain on insurance settlement	—	(19,466)	—	(19,466)
Operating expenses	\$ 787,739	\$ 686,284	\$ 1,453,968	\$ 1,428,370
For the Quarter Ended				
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cost of goods sold	72.7 %	71.3 %	72.2 %	70.6 %
Depreciation and amortization	1.0	1.2	1.0	1.1
Selling, general, and administrative expense	5.3	6.3	5.5	5.8
Gain on insurance settlement	—	(2.2)	—	(1.0)
Operating expenses	79.0 %	76.6 %	78.7 %	76.5 %

Q2 2024 compared to Q2 2023

Cost of goods sold increased in the second quarter of 2024 primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 27.3 percent compared with 28.7 percent in the prior year quarter. Depreciation and amortization decreased slightly in the second quarter of 2024 primarily as a result of several long-lived assets becoming fully depreciated and as a result of long-lived assets sold with Heatlink Group, largely offset by incremental expenses associated with the acquisition of Nehring. Selling, general, and administrative expense decreased in the second quarter of 2024 primarily as a result of (i) higher foreign currency transaction gains of \$5.3 million, (ii) lower employment costs,

including incentive compensation, healthcare, and agent commissions, of \$3.1 million, and (iii) the absence of expenses associated with Heatlink Group of \$1.5 million. These decreases were partially offset by (i) higher legal and professional fees of \$2.3 million, (ii) higher customs duties of \$1.1 million, (iii) incremental expenses of \$0.7 million associated with the acquisition of Nehring, (iv) higher taxes and insurance of \$0.7 million, (v) an increase in travel and entertainment of \$0.4 million, and (vi) higher supplies and utilities of \$0.4 million. In addition, during the second quarter of 2023, we settled the insurance claim related to the August 2022 fire at our Bluffs, Illinois manufacturing operation and recognized a \$19.5 million gain.

Interest expense was consistent with the second quarter of 2023. Interest income was higher during the second quarter of 2024 primarily as a result of (i) the purchase of short-term investments throughout 2023 and 2024 and (ii) higher rates on deposits. During the second quarter of 2023, we recognized realized and unrealized gains on short-term investments of \$20.8 million. We recognized other expense, net, of \$1.4 million in the second quarter of 2024 compared to other income, net, of \$1.8 million in the second quarter of 2023. This change was primarily due to (i) higher environmental remediation costs at our non-operating properties during the second quarter of 2024 and (ii) a gain for an indemnification settlement related to one of our foreign benefits plans recognized during the second quarter of 2023.

Our effective tax rate for the second quarter of 2024 was 26 percent compared with 26 percent for the same period last year. The items impacting the effective tax rate were (i) increases related to the provision for state income taxes, net of the federal benefit, of \$6.1 million, (ii) the effect of foreign tax rates higher than statutory tax rates and other foreign items of \$2.3 million, and (iii) other items of \$3.2 million.

For the second quarter of 2023, the difference between the effective tax rate and the amount computed using the U.S. federal statutory rate was primarily attributable to (i) increases related to the provision for state income taxes, net of the federal benefit, of \$7.1 million and (ii) the effect of foreign tax rates higher than statutory tax rates and other foreign items of \$2.6 million.

During the second quarter of 2024 and 2023, we recognized net losses of \$1.1 million and net income of \$0.7 million, respectively, on our investments in unconsolidated affiliates.

YTD 2024 compared to YTD 2023

Cost of goods sold increased in the first half of 2024 primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 27.8 percent compared with 29.4 percent in the prior year. Depreciation and amortization decreased in the first half of 2024 as a result of several long-lived assets becoming fully depreciated and as a result of long-lived assets sold with Heatlink Group, partially offset by incremental expenses associated with the acquisition of Nehring. Selling, general, and administrative expense decreased in the first half of 2024 primarily as a result of (i) higher foreign currency transaction gains of \$7.0 million, (ii) lower employment costs, including incentive compensation and healthcare, of \$4.6 million, and (iii) the absence of expenses associated with Heatlink Group of \$2.7 million. These decreases were partially offset by (i) higher legal and professional fees of \$3.5 million, (ii) higher taxes and insurance of \$1.5 million, (iii) higher customs duties of \$1.1 million, and (iv) incremental expenses of \$0.7 million associated with the acquisition of Nehring. In addition, during the first half of 2023, we settled the insurance claim related to the August 2022 fire at our Bluffs, Illinois manufacturing operation and recognized a \$19.5 million gain.

Interest expense was consistent with the first half of 2023. Interest income was higher during the first half of 2024 primarily as a result of (i) the purchase of short-term investments throughout 2023 and 2024 and (ii) higher rates on deposits. During the first half of 2024 and 2023, we recognized realized and unrealized gains on short-term investments of \$0.4 million and \$22.7 million, respectively. We recognized other expense, net, of \$0.7 million in the first half of 2024 compared to other income, net, of \$2.2 million in the first half of 2023. This change was primarily due to (i) higher environmental remediation costs at our non-operating properties during the second quarter of 2024 and (ii) a gain for an indemnification settlement related to one of our foreign benefits plans recognized during the second quarter of 2023.

Our effective tax rate for the first half of 2024 was 26 percent compared with 26 percent for the same period last year. The items impacting the effective tax rate are primarily related to (i) the provision for state income taxes, net of the federal benefit, of \$12.0 million, (ii) the effect of foreign tax rates higher than statutory tax rates and other foreign items of \$3.9 million, and (iii) other adjustments of \$5.3 million.

For the first half of 2023, the items impacting the effective tax rate were primarily related to (i) the provision for state income taxes, net of the federal benefit, of \$15.0 million and (ii) the effect of foreign tax rates higher than statutory tax rates of \$4.6 million.

During the first half of 2024 and 2023, we recognized net losses of \$9.1 million and \$0.3 million, respectively, on our investments in unconsolidated affiliates.

Piping Systems Segment

The following table compares summary operating results for the first half of 2024 and 2023 for the businesses comprising our Piping Systems segment:

(In thousands)	For the Quarter Ended		Percent Change	For the Six Months Ended		Percent Change
	June 29, 2024	July 1, 2023	2024 vs. 2023	June 29, 2024	July 1, 2023	2024 vs. 2023
Net sales	\$ 688,469	\$ 638,005	7.9 %	\$ 1,278,637	\$ 1,300,484	(1.7) %
Operating income	162,258	151,142	7.4	304,938	314,996	(3.2)

The following are components of changes in net sales compared to the prior year:

	Quarter-to- Date	Year-to- Date
Net selling price in core product lines	5.7 %	0.4 %
Unit sales volume in core product lines	2.8	(1.8)
Dispositions	(1.3)	(1.2)
Other	0.7	0.9
	7.9 %	(1.7)%

The increase in net sales during the second quarter of 2024 was primarily attributable to (i) higher net selling prices in the segment's core product lines, primarily copper tube, of \$36.0 million, (ii) higher unit sales volume of \$17.6 million in the segment's core product lines, and (iii) an increase in sales of \$1.4 million in the segment's non-core product lines. These increases were partially offset by a decrease in sales of \$8.2 million as a result of the disposition of Heatlink Group during the third quarter of 2023.

Net sales during the first half of 2024 decreased primarily as a result of (i) lower unit sales volume of \$22.4 million in the segment's core product lines and (ii) a decrease in sales of \$15.9 million as a result of the disposition of Heatlink Group during the third quarter of 2023. These decreases were partially offset by (i) higher net selling prices in the segment's core product lines of \$5.5 million and (ii) an increase in sales of \$3.1 million in the segment's non-core product lines.

The following tables compare cost of goods sold and operating expenses as dollar amounts and as a percent of net sales for the first half of 2024 and 2023:

(In thousands)	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cost of goods sold	\$ 500,826	\$ 452,866	\$ 921,767	\$ 920,476
Depreciation and amortization	4,932	5,252	9,492	10,810
Selling, general, and administrative expense	20,453	28,745	42,440	54,202
Operating expenses	\$ 526,211	\$ 486,863	\$ 973,699	\$ 985,488

	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cost of goods sold	72.7 %	71.0 %	72.1 %	70.8 %
Depreciation and amortization	0.7	0.8	0.7	0.8
Selling, general, and administrative expense	3.0	4.5	3.3	4.2
Operating expenses	76.4 %	76.3 %	76.1 %	75.8 %

The increase in cost of goods sold during the second quarter of 2024 was primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 27.3 percent compared with 29.0 percent in the prior year quarter. Depreciation and amortization decreased slightly in the second quarter of 2024 primarily as a result of long-lived assets becoming fully depreciated and as a result of long-lived assets sold with Heatlink Group. Selling, general, and administrative expense decreased for the second quarter of 2024 primarily as a result of (i) higher foreign currency transaction gains of \$5.2 million, (ii) lower employment costs, including incentive compensation and healthcare, of \$3.9 million, and (iii) the absence of expenses associated with Heatlink Group of \$1.5 million. These decreases were partially offset by (i) higher customs duties of \$1.1 million, (ii) higher professional fees of \$0.5 million, and (iii) higher travel and entertainment of \$0.3 million.

The increase in cost of goods sold during the first half of 2024 was primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 27.9 percent compared with 29.2 percent in the prior year. Depreciation and amortization decreased in the first half of 2024 primarily as a result of depreciation and amortization of the long-lived assets becoming fully depreciated and as a result of long-lived assets sold with Heatlink Group. Selling, general, and administrative expense decreased for the first half of 2024 primarily as a result of (i) higher foreign currency transaction gains of \$6.6 million, (ii) lower employment costs, including incentive compensation and healthcare, of \$4.8 million, and (iii) the absence of expenses associated with Heatlink Group of \$2.7 million. These decreases were partially offset by (i) higher customs duties of \$1.1 million, (ii) higher professional fees of \$0.8 million, and (iii) higher travel and entertainment of \$0.5 million.

Industrial Metals Segment

The following table compares summary operating results for the first half of 2024 and 2023 for the businesses comprising our Industrial Metals segment:

<i>(In thousands)</i>	For the Quarter Ended		Percent Change 2024 vs. 2023	For the Six Months Ended		Percent Change 2024 vs. 2023
	June 29, 2024	July 1, 2023		June 29, 2024	July 1, 2023	
Net sales	\$ 195,341	\$ 146,266	33.6 %	\$ 351,408	\$ 311,500	12.8 %
Operating income	29,693	17,971	65.2	53,964	45,186	19.4

The following are components of changes in net sales compared to the prior year:

	Quarter-to- Date	Year-to- Date
Net selling price in core product lines	9.7 %	2.4 %
Unit sales volume in core product lines	2.1	1.1
Acquisitions	21.4	10.0
Other	0.4	(0.7)
	33.6 %	12.8 %

The increase in net sales during the second quarter of 2024 was primarily due to (i) sales of \$30.6 million recorded by Nehring, (ii) higher net selling prices of \$13.8 million in the segment's core product lines, and (ii) higher unit sales volume of \$2.9 million in the segment's non-core product lines.

The increase in net sales during the first half of 2024 was primarily due to (i) sales of \$30.6 million recorded by Nehring, (ii) higher net selling prices of \$7.5 million in the segment's core product lines, and (iii) higher unit sales volume of \$3.2 million in the segment's core product lines. These increases were slightly offset by a decrease in sales of \$2.2 million in the segment's non-core product lines.

The following tables compare cost of goods sold and operating expenses as dollar amounts and as a percent of net sales for the first half of 2024 and 2023:

(In thousands)	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cost of goods sold	\$ 159,265	\$ 123,097	\$ 285,869	\$ 256,267
Depreciation and amortization	2,368	1,804	4,288	3,576
Selling, general, and administrative expense	4,015	3,394	7,287	6,471
Operating expenses	\$ 165,648	\$ 128,295	\$ 297,444	\$ 266,314
For the Quarter Ended				
June 29, 2024		July 1, 2023	June 29, 2024	July 1, 2023
Cost of goods sold	81.5 %	84.2 %	81.3 %	82.3 %
Depreciation and amortization	1.2	1.2	1.2	1.1
Selling, general, and administrative expense	2.1	2.3	2.1	2.1
Operating expenses	84.8 %	87.7 %	84.6 %	85.5 %

The increase in cost of goods sold during the second quarter of 2024 was primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 18.5 percent compared with 15.8 percent in the prior year quarter. Depreciation and amortization and selling, general, and administrative expense increased during the second quarter of 2024 primarily as a result of incremental expenses associated with the acquisition of Nehring.

The increase in cost of goods sold during the first half of 2024 was primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 18.7 percent compared with 17.7 percent in the prior year. Depreciation and amortization and selling, general, and administrative expense increased during the first half of 2024 primarily as a result of incremental expenses associated with the acquisition of Nehring.

Climate Segment

The following table compares summary operating results for the first half of 2024 and 2023 for the businesses comprising our Climate segment:

(In thousands)	For the Quarter Ended		Percent Change	For the Six Months Ended		Percent Change
	June 29, 2024	July 1, 2023	2024 vs. 2023	June 29, 2024	July 1, 2023	2024 vs. 2023
Net sales	\$ 130,532	\$ 123,954	5.3 %	\$ 247,342	\$ 276,908	(10.7)%
Operating income	38,993	57,067	(31.7)	71,568	111,055	(35.6)

Sales for the second quarter of 2024 increased primarily as a result of an increase in volume and price in certain product lines. Sales for the first half of 2024 decreased primarily as a result of reduced demand, particularly for products utilized in residential construction, and a decrease in volume and price in certain product lines.

The following tables compare cost of goods sold and operating expenses as dollar amounts and as a percent of net sales for the first half of 2024 and 2023:

(In thousands)	For the Quarter Ended		For the Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cost of goods sold	\$ 82,291	\$ 77,064	\$ 157,882	\$ 165,876
Depreciation and amortization	1,646	2,202	3,241	4,355
Selling, general and administrative expense	7,602	7,087	14,651	15,088
Gain on insurance settlement	—	(19,466)	—	(19,466)
Operating expenses	\$ 91,539	\$ 66,887	\$ 175,774	\$ 165,853
For the Quarter Ended				
June 29, 2024		July 1, 2023		For the Six Months Ended
June 29, 2024		July 1, 2023		June 29, 2024
July 1, 2023		July 1, 2023		July 1, 2023
Cost of goods sold	63.0 %	62.2 %	63.8 %	59.9 %
Depreciation and amortization	1.3	1.8	1.3	1.6
Selling, general and administrative expense	5.8	5.7	5.9	5.4
Gain on insurance settlement	—	(15.7)	—	(7.0)
Operating expenses	70.1 %	54.0 %	71.0 %	59.9 %

Gross margin as a percentage of sales was 37.0 percent compared with 37.8 percent in the prior year quarter. Depreciation and amortization decreased for the second quarter of 2024 as a result of several long-lived assets becoming fully depreciated. Selling, general, and administrative expense increased for the second quarter of 2024 primarily due to higher employment costs, including agent commissions, of \$0.4 million. In addition, during the second quarter of 2023, we settled the insurance claim related to the August 2022 fire at our Bluffs, Illinois manufacturing operation and recognized a \$19.5 million gain.

Cost of goods sold decreased during the first half of 2024 primarily due to factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 36.2 percent compared with 40.1 percent in the prior year. Depreciation and amortization decreased for the first half of 2024 as a result of several long-lived assets becoming fully depreciated. Selling, general, and administrative expense decreased slightly for the first half of 2024 primarily as a result of lower employment costs of \$0.5 million. In addition, during the first half of 2023, we settled the insurance claim related to the August 2022 fire at our Bluffs, Illinois manufacturing operation and recognized a \$19.5 million gain.

Liquidity and Capital Resources

The following table presents selected financial information for the first half of 2024 and 2023:

(In thousands)	2024	2023
Increase (decrease) in:		
Cash, cash equivalents, and restricted cash	\$ (332,208)	\$ 308,085
Short-term investments	(98,146)	(90,812)
Property, plant, and equipment, net	86,278	6,978
Goodwill and intangible assets, net	454,357	(678)
Total debt	(122)	(92)
Working capital, net of cash and current debt	39,907	10,390
Net cash provided by operating activities	274,375	250,830
Net cash (used in) provided by investing activities	(512,215)	107,996
Net cash used in financing activities	(89,584)	(55,566)

Cash Flows from Operating Activities

During the six months ended June 29, 2024, net cash provided by operating activities was primarily attributable to (i) consolidated net income of \$305.2 million, (ii) an increase in current liabilities of \$30.3 million, (iii) non-capital related insurance proceeds of \$15.0 million for the March 2023 tornado in Covington, Tennessee, (iv) a decrease in other assets of \$8.5 million, and (v) a decrease in inventories of \$6.7 million. There were also increases due to non-cash adjustments primarily consisting of (i) depreciation and amortization of \$19.3 million, (ii) stock-based compensation expense of \$13.5 million, and (iii) losses from unconsolidated affiliates of \$9.1 million. These increases were partially offset by an increase in accounts receivable of \$132.0 million.

During the six months ended July 1, 2023, net cash provided by operating activities was primarily attributable to consolidated net income of \$354.6 million. There were also increases due to non-cash adjustments primarily consisting of (i) depreciation and amortization of \$21.3 million and (ii) stock-based compensation expense of \$12.5 million, as well as (iii) non-capital related insurance proceeds of \$9.9 million for the August 2022 fire in Bluffs, Illinois. These increases were largely offset by (i) an increase in accounts receivable of \$77.7 million, (ii) unrealized gains on short-term investments of \$20.8 million, (iii) the gain related to the settlement of the insurance claim for the August 2022 fire in Bluffs, Illinois of \$19.5 million, (iv) a decrease in current liabilities of \$14.5 million, (v) an increase in inventories of \$12.1 million, and (vi) an increase in other assets of \$5.6 million.

Cash Flows from Investing Activities

The major components of net cash used in investing activities during the six months ended June 29, 2024 included (i) \$566.6 million for the purchase of Nehring, (ii) capital expenditures of \$25.6 million, (iii) investments in unconsolidated affiliates of \$8.7 million, (iv) the purchase of long-term investments of \$8.0 million, and (v) the issuance of notes receivable of \$3.8 million. These uses were partially offset by (i) proceeds from the sale of securities of \$96.5 million and (ii) proceeds from the sale of properties of \$4.0 million.

The major components of net cash provided by investing activities during the six months ended July 1, 2023 included (i) proceeds from the maturity of short-term investments of \$217.9 million and (ii) insurance proceeds of \$24.6 million for property and equipment related to the fire at the Bluffs, Illinois and the tornado at the Covington, Tennessee manufacturing operations. These sources were partially offset by (i) the purchase of short-term investments of \$106.2 million and (ii) capital expenditures of \$29.2 million.

Cash Flows from Financing Activities

For the six months ended June 29, 2024, net cash used in financing activities consisted primarily of (i) \$44.5 million used for the payment of regular quarterly dividends to stockholders of the Company, (ii) \$43.0 million used to repurchase common stock, and (iii) \$2.0 million net cash used to settle stock-based awards.

For the six months ended July 1, 2023, net cash used in financing activities consisted primarily of (i) \$33.4 million used for the payment of regular quarterly dividends to stockholders of the Company, (ii) \$19.3 million used to repurchase common stock, and (iii) \$2.6 million net cash used to settle stock-based awards.

Liquidity and Outlook

We believe that cash provided by operations, funds available under the Credit Agreement, and cash on hand will be adequate to meet our liquidity needs, including working capital, capital expenditures, and debt payment obligations.

As of June 29, 2024, we had \$825.7 million of cash on hand and \$371.1 million available to be drawn under the Credit Agreement. Our current ratio was 4.7 to 1.

We have significant environmental remediation obligations which we expect to pay over future years. Cash used for environmental remediation activities was approximately \$0.5 million during the first half of 2024. We expect to spend approximately \$4.9 million over the next twelve months for ongoing environmental remediation activities.

The Company declared a quarterly cash dividend of 20.0 cents per common share during first and second quarters of 2024 and 15.0 cents per common share during the first and second quarters of 2023, respectively. Payment of dividends in the future is dependent upon our financial condition, cash flows, capital requirements, earnings, and other factors.

Long-Term Debt

As of June 29, 2024, the Company's total debt was \$0.9 million or less than one percent of its total capitalization.

The Company's Credit Agreement provides for an unsecured \$400.0 million revolving credit facility, which matures March 31, 2026. There were no borrowings outstanding under the Credit Agreement as of June 29, 2024. The Credit Agreement backed approximately \$28.9 million in letters of credit at the end of the second quarter of 2024.

Covenants contained in the Company's financing obligations require, among other things, the maintenance of minimum levels of tangible net worth and the satisfaction of certain minimum financial ratios. As of June 29, 2024, the Company was in compliance with all of its debt covenants.

Share Repurchase Program

The Board of Directors has extended, until July 2024, the authorization to repurchase up to 40 million shares of the Company's common stock through open market transactions or through privately negotiated transactions. We may cancel, suspend, or extend the time period for the repurchase of shares at any time. Any repurchases will be funded primarily through existing cash and cash from operations. We may hold any shares repurchased in treasury or use a portion of the repurchased shares for our stock-based compensation plans, as well as for other corporate purposes. From its initial authorization in 1999 through June 29, 2024, the Company has repurchased approximately 15.8 million shares under this authorization.

Contractual Cash Obligations

There have been no significant changes in our contractual cash obligations reported at December 30, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in raw material and energy costs, interest rates, and foreign currency exchange rates. To reduce such risks, we may periodically use financial instruments. Hedging transactions are authorized and executed pursuant to policies and procedures. Further, we do not buy or sell financial instruments for trading purposes.

Cost and Availability of Raw Materials and Energy

Raw materials, primarily copper and brass, represent the largest component of the Company's variable costs of production. The cost of these materials is subject to global market fluctuations caused by factors beyond our control. Significant increases in the cost of metal, to the extent not reflected in prices for our finished products, or the lack of availability could materially and adversely affect our business, results of operations, and financial condition.

The Company occasionally enters into future fixed-price arrangements with certain customers. We may utilize futures contracts to hedge risks associated with these forward fixed-price arrangements. We may also utilize futures contracts to manage price risk associated with inventory. Depending on the nature of the hedge, changes in the fair value of the futures contracts will either be offset against the change in fair value of the inventory through earnings or recognized as a component of accumulated other comprehensive income (AOCI) in equity and reflected in earnings upon the sale of inventory. Periodic value fluctuations of the contracts generally offset the value fluctuations of the underlying fixed-price transactions or inventory. At June 29, 2024, we held open futures contracts to purchase approximately \$18.5 million of copper over the next 13 months related to fixed-price sales orders and to sell approximately \$123.4 million of copper over the next six months related to copper inventory.

We may enter into futures contracts or forward fixed-price arrangements with certain vendors to manage price risk associated with natural gas purchases. The effective portion of gains and losses with respect to these positions are deferred in equity as a component of AOCI and reflected in earnings upon consumption of natural gas. Periodic value fluctuations of the futures contracts generally offset the value fluctuations of the underlying natural gas prices. As of June 29, 2024, we held no open futures contracts to purchase natural gas.

Interest Rates

At June 29, 2024, we had no variable-rate debt outstanding. At this borrowing level, a hypothetical 10 percent increase in interest rates would have had an insignificant unfavorable impact on our pretax earnings and cash flows. The primary interest rate exposure on variable-rate debt is based on the Secured Overnight Financing Rate (SOFR).

Foreign Currency Exchange Rates

Foreign currency exposures arising from transactions include firm commitments and anticipated transactions denominated in a currency other than an entity's functional currency. The Company and its subsidiaries generally enter into transactions denominated in their respective functional currencies. We may utilize certain futures or forward contracts with financial institutions to hedge foreign currency transactional exposures. Gains and losses with respect to these positions are deferred in equity as a component of AOCI and reflected in earnings upon collection of receivables or payment of commitments. At June 29, 2024, we had open forward contracts with a financial institution to sell approximately 5.8 million euros, 32.5 million Swedish kronor, and 9.5 million Norwegian kroner through October 2024.

The Company's primary foreign currency exposure arises from foreign-denominated revenues and profits and their translation into U.S. dollars. The primary currencies to which we are exposed include the Canadian dollar, the British pound sterling, the Mexican peso, the South Korean won, and the Bahraini dinar. The Company generally views its investments in foreign subsidiaries with a functional currency other than the U.S. dollar as long-term. As a result, we generally do not hedge these net investments.

Cautionary Statement Regarding Forward Looking Information

This Quarterly Report contains various forward-looking statements and includes assumptions concerning the Company's operations, future results, and prospects. These forward-looking statements are based on current expectations and are subject to risk and uncertainties, and may be influenced by factors that could cause actual outcomes and results to be materially different from those predicted. The forward-looking statements reflect knowledge and information available as of the date of preparation of the Quarterly Report, and the Company undertakes no obligation to update these forward-looking statements. We identify the forward-looking statements by using the words "anticipates," "believes," "expects," "intends" or similar expressions in such statements.

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary statement identifying important economic, political, and technological factors, among others, which could cause actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions. In addition to those factors discussed under "Risk Factors" in the Annual Report on Form 10-K for the year ended December 30, 2023, such factors include: (i) the current and projected future business environment, including interest rates capital and consumer spending; (ii) the domestic housing and commercial construction industry environment; (iii) availability and price fluctuations in commodities (including copper, natural gas, and other raw materials, including crude oil that indirectly affects plastic resins); (iv) competitive factors and competitor responses to the Company's initiatives; (v) stability of government laws and regulations, including taxes; (vi) availability of financing; and (vii) continuation of the environment to make acquisitions, domestic and foreign, including regulatory requirements and market values of candidates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure information required to be disclosed in Company reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15(e) of the Exchange Act as of June 29, 2024. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of June 29, 2024 to ensure that information required to be disclosed in Company reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the Company's fiscal quarter ending June 29, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

General

The Company is involved in certain litigation as a result of claims that arose in the ordinary course of business. Additionally, the Company may realize the benefit of certain legal claims and litigation in the future; these gain contingencies are not recognized in the Condensed Consolidated Financial Statements. For a description of material pending legal proceedings, see "[Note 10 - Commitments and Contingencies](#)" in the Notes to the Condensed Consolidated Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors

The Company is exposed to risk as it operates its businesses. To provide a framework to understand the operating environment of the Company, we have provided a brief explanation of the more significant risks associated with our businesses in our 2023 Annual Report on Form 10-K. Except as set forth in Item 1A. of the Company's Quarterly Report on Form 10-Q for the three months ended March 30, 2024, there have been no material changes in risk factors that were previously disclosed in our 2023 Annual Report on Form 10-K. Additionally, the operating results of the Company's unconsolidated affiliates may be adversely affected by unfavorable economic and market conditions.

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

Issuer Purchases of Equity Securities

The Company's Board of Directors has extended, until July 2024, the authorization to repurchase up to 40 million shares of the Company's common stock through open market transactions or through privately negotiated transactions. The Company may cancel, suspend, or extend the time period for the repurchase of shares at any time. Any repurchases will be funded primarily through existing cash and cash from operations. The Company may hold any shares repurchased in treasury or use a portion of the repurchased shares for its stock-based compensation plans, as well as for other corporate purposes. From its initial authorization in 1999 through June 29, 2024, the Company had repurchased approximately 15.8 million shares under this authorization. Below is a summary of the Company's stock repurchases for the period ended June 29, 2024.

	(a) Total Number of Shares Purchased ⁽¹⁾	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs ⁽²⁾
March 31, 2024 - April 27, 2024	544	\$ 58.27	—	24,433,808
April 28, 2024 - May 25, 2024	123,077	\$ 57.16	120,000	24,313,808
May 26, 2024 - June 29, 2024	146,839	\$ 56.25	144,000	24,169,808
Total	270,460		264,000	

⁽¹⁾ Includes shares tendered to the Company by holders of stock-based awards in payment of the purchase price and/or withholding taxes upon exercise and/or vesting. Also includes shares resulting from restricted stock forfeitures at the average cost of treasury stock.

⁽²⁾ Shares available to be purchased under the Company's 40 million share repurchase authorization until July 2024. The extension of the authorization was announced on October 25, 2023.

Item 5. Other Information

During the quarter ended June 29, 2024, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (in each case, as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits

10.1 [Equity Purchase Agreement by and among Unified Wire & Cable LLC, Conex Cable, LLC, Nehring Electrical Works Company, Express Wire and Cable Distributors, Inc., Wurlitzer Dietz Property LLC, Peace Road Properties, LLC and Locust Properties, LLC, the Sellers named therein, Mueller Industries, Inc., and Raymond Hott, as Representative of the Sellers, dated as of April 19, 2024 \(Incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, dated April 23, 2024\).](#)

10.2 [2024 Incentive Plan \(Incorporated herein by reference to Annex 1 of the Registrant's Definitive Proxy Statement, dated March 28, 2024\).](#)

31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) of the Securities Exchange Act of 1934, as amended.](#)

31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) of the Securities Exchange Act of 1934, as amended.](#)

32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase

101.INS Inline XBRL Instance Document

101.LAB Inline XBRL Taxonomy Extension Label Linkbase

101.PRE Inline XBRL Presentation Linkbase Document

101.SCH Inline XBRL Taxonomy Extension Schema

104 Cover Page Interactive Data File (embedded within the Inline XBRL document and included in exhibit 101)

Items 3 and 4 are not applicable and have been omitted.

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.

MUELLER INDUSTRIES, INC.

/s/ Jeffrey A. Martin

Jeffrey A. Martin
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

July 24, 2024

Date

/s/ Anthony J. Steinriede

July 24, 2024

Date

Anthony J. Steinriede
Vice President – Corporate Controller

CERTIFICATION

I, Gregory L. Christopher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mueller Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2024

/s/ Gregory L. Christopher

Gregory L. Christopher

Chief Executive Officer

CERTIFICATION

I, Jeffrey A. Martin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mueller Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2024

/s/ Jeffrey A. Martin

Jeffrey A. Martin

Chief Financial Officer

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 Mueller Industries, Inc. (the "Company") on Form 10-Q for the period ending June 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory L. Christopher, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GREGORY L. CHRISTOPHER

Gregory L. Christopher

Chief Executive Officer

July 24, 2024

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 Mueller Industries, Inc. (the "Company") on Form 10-Q for the period ending June 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey A. Martin, 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.

/s/ JEFFREY A. MARTIN

Jeffrey A. Martin
Chief Financial Officer
July 24, 2024