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DELTA REPORT

10-Q

NWPX - NORTHWEST PIPE CO

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1299
CHANGES	197
DELETIONS	485
ADDITIONS	617

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

FORM 10-Q

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

For the quarterly period ended: **September30, 2023** **March 31, 2024**

or

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

For the transition period from _______to _______

Commission File Number: **0-27140**

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

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

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

360-397-6250
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	NWPX	Nasdaq Global Select Market

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

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

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

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

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

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

The number of shares outstanding of the registrant's common stock as of October 25, 2023 April 23, 2024 was 10,014,196 9,915,489 shares.

NORTHWEST PIPE COMPANY

FORM 10-Q

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PartI– FINANCIAL INFORMATION

Item1. Financial Statements

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Net sales	$ 118,722	$ 122,984	$ 334,191	$ 350,837	$ 113,215	$ 99,097
Cost of sales	99,428	97,866	275,839	286,853	93,081	82,520
Gross profit	19,294	25,118	58,352	63,984	20,134	16,577
Selling, general, and administrative expense	10,237	10,654	33,119	30,149	11,444	11,866
Operating income	9,057	14,464	25,233	33,835	8,690	4,711
Other income (expense)	(61)	11	(224)	56	7	(29)
Interest expense	(1,162)	(964)	(3,722)	(2,393)	(1,474)	(1,369)
Income before income taxes	7,834	13,511	21,287	31,498	7,223	3,313
Income tax expense	2,016	3,555	5,659	8,310	1,985	951
Net income	$ 5,818	$ 9,956	$ 15,628	$ 23,188	$ 5,238	$ 2,362
Net income per share:						
Basic	$ 0.58	$ 1.00	$ 1.57	$ 2.34	$ 0.53	$ 0.24
Diluted	$ 0.58	$ 0.99	$ 1.55	$ 2.32	$ 0.52	$ 0.23
Shares used in per share calculations:						
Basic	10,014	9,927	9,985	9,909	9,916	9,940
Diluted	10,107	10,010	10,088	9,988	10,045	10,087

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

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net income	$ 5,818	$ 9,956	$ 15,628	$ 23,188	$ 5,238	$ 2,362
Other comprehensive income (loss), net of tax:						
Pension liability adjustment	29	22	88	66	21	29
Unrealized gain (loss) on foreign currency forward contracts designated as cash flow hedges	3	158	(98)	(245)		
Unrealized gain on foreign currency forward contracts designated as cash flow hedges					10	22
Unrealized gain (loss) on interest rate swaps designated as cash flow hedges	(59)	428	(152)	661	24	(178)
Other comprehensive income (loss), net of tax	(27)	608	(162)	482	55	(127)
Comprehensive income	$ 5,791	$ 10,564	$ 15,466	$ 23,670	$ 5,293	$ 2,235

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

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollar amounts in thousands, except per share amounts)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	$ 4,058	$ 3,681	$ 4,262	$ 4,068
Trade and other receivables, less allowance for doubtful accounts of $284 and $369	66,997	71,563		
Trade and other receivables, net of allowance of $159 and $121			52,396	47,645
Contract assets	105,420	121,778	135,715	120,516

Inventories	83,093	71,029	96,481	91,229
Prepaid expenses and other	6,638	10,689	7,840	9,026
Total current assets	266,206	278,740	296,694	272,484
Property and equipment, less accumulated depreciation and amortization of $124,175 and $117,856	139,812	133,166		
Property and equipment, less accumulated depreciation and amortization of $129,510 and $126,359			145,323	143,955
Operating lease right-of-use assets	89,605	93,124	86,978	88,155
Goodwill	55,504	55,504	55,504	55,504
Intangible assets, net	32,117	35,264	30,066	31,074
Other assets	5,844	5,542	6,735	6,709
Total assets	$ 589,088	$ 601,340	$ 621,300	$ 597,881
Liabilities and Stockholders' Equity				
Liabilities and Stockholders' Equity				
Current liabilities:				
Current debt	$ 10,756	$ 10,756	$ 10,756	$ 10,756
Accounts payable	31,156	26,968	26,365	31,142
Accrued liabilities	23,786	30,957	22,489	27,913
Contract liabilities	17,264	17,456	18,596	21,450
Current portion of operating lease liabilities	4,899	4,702	5,067	4,933
Total current liabilities	87,861	90,839	83,273	96,194
Borrowings on line of credit	58,076	83,696	89,863	54,485
Operating lease liabilities	86,529	89,472	84,211	85,283
Deferred income taxes	11,639	11,402	10,863	10,942
Other long-term liabilities	9,845	7,657	10,476	10,617
Total liabilities	253,950	283,066	278,686	257,521
Commitments and contingencies (Note 8)				
Commitments and contingencies (Note 7)				
Stockholders' equity:				
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued or outstanding	-	-	-	-
Common stock, $.01 par value, 15,000,000 shares authorized, 10,014,196 and 9,927,360 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	100	99		

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Common stock, $.01 par value, 15,000,000 shares authorized, 9,872,897 and 9,985,580 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			99	100
Additional paid-in-capital	129,308	127,911	126,057	129,095
Retained earnings	206,681	191,053	217,363	212,125
Accumulated other comprehensive loss	(951)	(789)	(905)	(960)
Total stockholders' equity	335,138	318,274	342,614	340,360
Total liabilities and stockholders' equity	$ 589,088	$ 601,340	$ 621,300	$ 597,881

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

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NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

(Dollar amounts in thousands)

	Common Stock		Additional	Retained	Accumulated Other	Total
	Shares	Amount	Paid-In-Capital	Earnings	Comprehensive Loss	Stockholders' Equity
Balances, June 30, 2023	10,014,196	$ 100	$ 128,562	$ 200,863	$ (924)	$ 328,601
Net income	-	-	-	5,818	-	5,818
Other comprehensive income (loss):						
Pension liability adjustment, net of tax expense of $0	-	-	-	-	29	29
Unrealized gain on foreign currency forward contracts designated as cash flow hedges, net of tax expense of $1	-	-	-	-	3	3

Unrealized loss on interest rate swaps designated as cash flow hedges, net of tax benefit of $19	-	-	-	-	(59)	(59)
Share-based compensation expense	-	-	746	-	-	746
Balances, September 30, 2023	10,014,196	$ 100	$ 129,308	$ 206,681	$ (951)	$ 335,138

	Common Stock		Additional Paid-In-	Retained	Accumulated Other Comprehensive	Total Stockholders’
	Shares	**Amount**	**Capital**	**Earnings**	**Loss**	**Equity**
Balances, December 31, 2023	9,985,580	$ 100	$ 129,095	$ 212,125	$ (960)	$ 340,360
Net income	-	-	-	5,238	-	5,238
Other comprehensive income:						
Pension liability adjustment, net of tax expense of $0	-	-	-	-	21	21
Unrealized gain on foreign currency forward contracts designated as cash flow hedges, net of tax expense of $11	-	-	-	-	10	10
Unrealized gain on interest rate swaps designated as cash flow hedges, net of tax expense of $8	-	-	-	-	24	24
Issuance of common stock under stock compensation plans, net of tax withholdings	14,692	-	(320)	-	-	(320)
Repurchase of common stock	(127,375)	(1)	(3,743)	-	-	(3,744)
Share-based compensation expense	-	-	1,025	-	-	1,025
Balances, March 31, 2024	9,872,897	$ 99	$ 126,057	$ 217,363	$ (905)	$ 342,614

					Accumulated	

	Common Stock Shares	Common Stock Amount	Additional Paid-In-Capital	Retained Earnings	Other Comprehensive Loss	Total Stockholders' Equity
Balances, June 30, 2022	9,927,360	$ 99	$ 125,517	$ 173,136	$ (1,808)	$ 296,944
Net income	-	-	-	9,956	-	9,956
Other comprehensive income:						
Pension liability adjustment, net of tax expense of $0	-	-	-	-	22	22
Unrealized gain on foreign currency forward contracts designated as cash flow hedges, net of tax benefit of $142	-	-	-	-	158	158
Unrealized gain on interest rate swap designated as cash flow hedge, net of tax expense of $141	-	-	-	-	428	428
Share-based compensation expense	-	-	1,169	-	-	1,169
Balances, September 30, 2022	9,927,360	$ 99	$ 126,686	$ 183,092	$ (1,200)	$ 308,677

	Common Stock Shares	Common Stock Amount	Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balances, December 31, 2022	9,927,360	$ 99	$ 127,911	$ 191,053	$ (789)	$ 318,274
Net income	-	-	-	2,362	-	2,362
Other comprehensive income (loss):						
Pension liability adjustment, net of tax expense of $0	-	-	-	-	29	29
Unrealized gain on foreign currency forward contracts designated as cash flow hedges, net of tax expense of $5	-	-	-	-	22	22

Unrealized loss on interest rate swap designated as cash flow hedge, net of tax benefit of $58	-	-	-	-	(178)	(178)
Issuance of common stock under stock compensation plans, net of tax withholdings	70,932	1	(423)	-	-	(422)
Share-based compensation expense	-	-	990	-	-	990
Balances, March 31, 2023	9,998,292	$ 100	$ 128,478	$ 193,415	$ (916)	$ 321,077

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, Continued

(Unaudited)

(Dollar amounts in thousands)

	Common Stock		Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	**Amount**				
Balances, December 31, 2022	9,927,360	$ 99	$ 127,911	$ 191,053	$ (789)	$ 318,274
Net income	-	-	-	15,628	-	15,628
Other comprehensive income (loss):						
Pension liability adjustment, net of tax expense of $0	-	-	-	-	88	88
Unrealized loss on foreign currency forward contracts designated as cash flow hedges, net of tax benefit of $34	-	-	-	-	(98)	(98)
Unrealized loss on interest rate swaps designated as cash flow hedges, net of tax benefit of $53	-	-	-	-	(152)	(152)

Issuance of common stock under stock compensation plans, net of tax withholdings	86,836	1	(1,653)	-	-	(1,652)
Share-based compensation expense	-	-	3,050	-	-	3,050
Balances, September 30, 2023	10,014,196	$ 100	$ 129,308	$ 206,681	$ (951)	$ 335,138

	Common Stock		Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balances, December 31, 2021	9,870,567	$ 99	$ 125,062	$ 159,904	$ (1,682)	$ 283,383
Net income	-	-	-	23,188	-	23,188
Other comprehensive income (loss):						
Pension liability adjustment, net of tax expense of $0	-	-	-	-	66	66
Unrealized loss on foreign currency forward contracts designated as cash flow hedges, net of tax benefit of $83	-	-	-	-	(245)	(245)
Unrealized gain on interest rate swap designated as cash flow hedge, net of tax expense of $218	-	-	-	-	661	661
Issuance of common stock under stock compensation plans, net of tax withholdings	56,793	-	(853)	-	-	(853)
Share-based compensation expense	-	-	2,477	-	-	2,477
Balances, September 30, 2022	9,927,360	$ 99	$ 126,686	$ 183,092	$ (1,200)	$ 308,677

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

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
Cash flows from operating activities:				
Net income	$ 15,628	$ 23,188	$ 5,238	$ 2,362
Adjustments to reconcile net income to net cash provided by operating activities:				
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and finance lease amortization	8,644	9,321	3,405	2,799
Amortization of intangible assets	3,147	3,369	1,008	1,061
Deferred income taxes	226	(3)	(80)	635
Share-based compensation expense	3,050	2,477	1,025	990
Other, net	1,298	(305)	159	473
Changes in operating assets and liabilities:				
Trade and other receivables	4,401	(21,588)	(4,965)	11,026
Contract assets, net	16,165	3,531	(18,054)	13,775
Inventories	(12,064)	(11,927)	(5,252)	59
Prepaid expenses and other assets	7,417	8,789	2,616	2,359
Accounts payable	4,974	8,350	(4,777)	(1,518)
Accrued and other liabilities	(8,477)	315	(6,412)	(7,739)
Net cash provided by operating activities	44,409	25,517		
Net cash provided by (used in) operating activities			(26,089)	26,282
Cash flows from investing activities:				
Purchases of property and equipment	(13,244)	(11,792)	(4,570)	(4,382)
Payment of working capital adjustment in acquisition of business	(2,731)	-		
Other investing activities	63	(288)	48	-
Net cash used in investing activities	(15,912)	(12,080)	(4,522)	(4,382)
Cash flows from financing activities:				
Borrowings on line of credit	113,047	121,103	64,664	34,602
Repayments on line of credit	(138,667)	(136,047)	(29,286)	(55,682)
Borrowings on other debt	-	3,525		

Payments on finance lease obligations	(548)	(409)	(381)	(145)
Tax withholdings related to net share settlements of equity awards	(1,652)	(853)	(320)	(422)
Other financing activities	(300)	(47)		
Net cash used in financing activities	(28,120)	(12,728)		
Repurchase of common stock			(3,872)	-
Net cash provided by (used in) financing activities			30,805	(21,647)
Change in cash and cash equivalents	377	709	194	253
Cash and cash equivalents, beginning of period	3,681	2,997	4,068	3,681
Cash and cash equivalents, end of period	$ 4,058	$ 3,706	$ 4,262	$ 3,934
Noncash investing and financing activities:				
Accrued property and equipment purchases	$ 528	$ 614	$ 783	$ 750
Accrued consideration in acquisition of business	$ -	$ 1,820		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 952	$ 26	303	-
Right-of-use assets obtained in exchange for finance lease liabilities	$ 3,243	$ 894	233	394

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

NORTHWEST PIPE COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Organization and Basis of Presentation

Northwest Pipe Company (collectively with its subsidiaries, the “Company”) is a leading manufacturer of water-related infrastructure products, and operates in two segments, Engineered Steel Pressure Pipe (“SPP”) and Precast Infrastructure and Engineered Systems (“Precast”). This segment presentation is consistent with how the Company’s chief operating decision maker, its Chief Executive Officer, evaluates the performance of the Company and makes decisions regarding the allocation of resources. See Note 13, 12, “Segment Information” for detailed descriptions of these segments.

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

Northwest Pipe Company lines. The Company is headquartered in Vancouver, Washington, and has 13 manufacturing facilities across North America.

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

The accompanying unaudited interim Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. The financial information as of December 31, 2022 2023 is derived from the audited Consolidated Financial Statements presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 2023 ((““2022 2023 Form 10-K”). Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and the accounting standards for interim financial statements. In the opinion of management, the accompanying Condensed Consolidated Financial Statements include all adjustments necessary (which are of a normal and recurring nature) for the fair statement of the results of the interim periods presented. The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto together with management’s discussion and analysis of financial condition and results of operations contained in the Company’s 2022 2023 Form 10-K.

Operating results for the three and ninemonths ended September 30, March 2023 31,2024 are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 31, 2023. 2024.

2. Inventories

Inventories consist of the following (in thousands):

	September 30, 2023	**December 31, 2022**	March 31, 2024	December 31, 2023
Raw materials	$ 59,408	$ 47,978	$ 71,801	$ 68,110
Work-in-process	9,180	5,114	9,084	8,912
Finished goods	12,205	15,773	13,274	11,911
Supplies	2,300	2,164	2,322	2,296
Total inventories	$ 83,093	$ 71,029	$ 96,481	$ 91,229

3. Current Debt

The Interim Funding Agreement dated August 2,2022 with Wells Fargo Equipment Finance, Inc. (“WFEF”), as amended January 23,2023,March 15,2023,July 21,2023, and November 2,2023 (together, the “IFA”), provides for aggregate interim funding advances up to $10.8 million of equipment purchased for a new reinforced concrete pipe mill, to be converted into a term loan upon final delivery and acceptance of the financed equipment. The IFA bore interest at the term Secured Overnight Finance Rate (“SOFR”) plus 1.75% through January 31,2023 and the SOFR Average plus 1.75% from February 1,2023 through November 1,2023. Effective November 2,2023, the IFA bears interest at the SOFR Average plus 2.00%. The IFA requires monthly payments of accrued interest and grants a security interest in the equipment to WFEF. Effective November 2,2023, the IFA requires the Company to maintain a consolidated senior leverage ratio no greater than 3.00 to 1.00 (subject to certain exceptions) and a minimum consolidated earnings before interest, taxes, depreciation, and amortization (“EBITDA”) (as defined in the IFA) of at least $35 million for the four consecutive fiscal quarters most recently ended. As of September 30,2023 and December 31,2022, the outstanding balance of the IFA was $10.8 million, which is classified as a current liability since there is not a firm commitment for long-term debt financing.

4. Credit Agreement

The Credit Agreement dated June 30,2021 with Wells Fargo Bank, National Association (“Wells Fargo”), as administrative agent, and the lenders from time to time party thereto, including the initial sole lender, Wells Fargo (the “Lenders”), as amended by the Incremental Amendment dated October 22,2021, the Second Amendment to Credit Agreement dated April 29,2022, and the Third Amendment to Credit Agreement dated June 29,2023 (together, the “Amended Credit Agreement”), provides for a revolving loan, swingline loan, and letters of credit in the aggregate amount of up to $125 million (“Revolver Commitment”), with an option for the Company to increase that amount by $50 million, subject to provisions of the Amended Credit Agreement. The Amended Credit Agreement will expire, and all obligations outstanding will mature, on June 29,2028. The Company may prepay outstanding amounts at its discretion without penalty at any time, subject to applicable notice requirements.

The Amended Credit Agreement contains customary representations and warranties, as well as customary affirmative and negative covenants, events of default, and indemnification provisions in favor of the Lenders. The negative covenants include restrictions regarding the incurrence of liens and indebtedness, annual capital expenditures, certain investments, acquisitions, and dispositions, and other matters, all subject to certain exceptions. The Amended Credit Agreement requires the Company to regularly provide financial information to Wells Fargo and to maintain a consolidated senior leverage ratio no greater than 3.00 to 1.00 (subject to certain exceptions) and a minimum consolidated EBITDA (as defined in the Amended Credit Agreement) of at least $35 million for the four consecutive fiscal quarters most recently ended. Pursuant to the Amended Credit Agreement, the Company has also agreed that it will not sell, assign, or otherwise dispose or encumber, any of its owned real property. The occurrence of an event of default could result in the acceleration of the obligations under the Amended Credit Agreement. The Company was in compliance with its financial covenants as of September 30,2023.

The Company’s obligations under the Amended Credit Agreement are secured by a senior security interest in substantially all of the Company’s and its subsidiaries’ assets.

Line of Credit (Revolving and Swingline Loans)

As of September 30,2023 under the Amended Credit Agreement, the Company had $58.1 million of outstanding revolving loan borrowings, $1.1 million of outstanding letters of credit, and additional borrowing capacity of approximately $66 million. As of December 31,2022 under the Amended Credit Agreement, the Company had $83.7 million of outstanding revolving loan borrowings and $1.1 million of outstanding letters of credit. Revolving loans under the Amended Credit Agreement bear interest at rates related to, at the Company’s option and subject to the provisions of the Amended Credit Agreement, either: (i) Base Rate (as defined in the Amended Credit Agreement) plus the Applicable Margin; (ii) Adjusted Term SOFR (as defined in the Amended Credit Agreement) plus the Applicable Margin; or (iii) Adjusted Daily Simple SOFR (as defined in the Amended Credit Agreement) plus the Applicable

Margin. The “Applicable Margin” is 1.75% to 2.35%, depending on the Company’s Consolidated Senior Leverage Ratio (as defined in the Amended Credit Agreement) and the interest rate option chosen. Interest on outstanding revolving loans is payable monthly. Swingline loans under the Amended Credit Agreement bear interest at the Base Rate plus the Applicable Margin. As of September 30,2023 and December 31,2022, the weighted-average interest rate for outstanding borrowings was 7.40% and 6.07%, respectively. The Amended Credit Agreement requires the payment of a commitment fee of between 0.30% and 0.40%, based on the amount by which the Revolver Commitment exceeds the average daily balance of outstanding borrowings (as defined in the Amended Credit Agreement). Such fee is payable monthly in arrears. The Company is also obligated to pay additional fees customary for credit facilities of this size and type.

5. Fair Value Measurements

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

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

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

	Total	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**
As of September 30, 2023								
As of March 31, 2024								
Financial assets:								
Deferred compensation plan					$ 3,960	$ 3,485	$ 475	$ -
Foreign currency forward contracts					14	-	14	-
Interest rate swaps					358	-	358	-
Total financial assets					$ 4,332	$ 3,485	$ 847	$ -
As of December 31, 2023								
Financial assets:								
Deferred compensation plan	$ 3,605	$ 3,082	$ 523	$ -	$ 3,912	$ 3,391	$ 521	-

Foreign currency forward contracts	18	-	18	-	42	-	42	-
Interest rate swaps	657	-	657	-	326	-	326	-
Total financial assets	$ 4,280	$ 3,082	$ 1,198	$ -	$ 4,280	$ 3,391	$ 889	$ -
Financial liabilities:								
Foreign currency forward contracts	$ (1)	$ -	$ (1)	$ -	$ (115)	$ -	$ (115)	$ -
As of December 31, 2022								
Financial assets:								
Deferred compensation plan	$ 3,587	$ 3,090	$ 497	$ -				
Foreign currency forward contracts	728	-	728	-				
Interest rate swaps	862	-	862	-				
Total financial assets	$ 5,177	$ 3,090	$ 2,087	$ -				
Financial liabilities:								
Foreign currency forward contracts	$ (80)	$ -	$ (80)	$ -				

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

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

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

6.4. Derivative Instruments and Hedging Activities

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

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

As of September 30, March 2023, 31,2024, the total notional amount of the foreign currency forward contracts was $6.9 $4.9 million (CAD$9.3 6.6 million) and $1.1 million (EUR€1.1 million), which included $5.5 $4.8 million (CAD$7.5 6.4 million) and $1.1 million (EUR€1.1 million) of foreign currency forward contracts not designated as cash flow hedges. As of December31, 2022, 2023, the total notional amount of the foreign currency forward contracts was $17.1 $5.1 million (CAD$23.2 6.7 million) and $1.1 $1.2 million (EUR€1.1 million), which included $0.3 $4.9 million (CAD$0.4 6.4 million) and $1.2 million (EUR€1.1 million) of foreign currency forward contracts not designated as cash flow hedges. As of September 30, March 2023, 31,2024, the Company's foreign currency forward contracts mature at various dates through April 2025and are subject to an enforceable master netting arrangement.

The Company has entered into interest rate swaps which effectively convert a portion of its variable-rate debt to fixed-rate debt, and are designated as cash flow hedges. The For one cash flow hedge, the Company receives floating interest payments monthly based on SOFR Secured Overnight Finance Rate ("SOFR") and pays a fixed rate of 1.941% to the counterparty on the total notional amount of $11.7 $1.7 million and $26.7 $6.7 million as of September 30, March 2023 31,2024 and December31, 2022, 2023, respectively, which amortizes ratably on a monthly basis to zero by the April 2024 maturity date.
On For a August 9, second 2022, the Company entered into an interest rate swap transaction which began cash flow hedge, beginning April 3, 2023. 2023, The the Company receives floating interest payments monthly based on the SOFR Average 30 day and pays a fixed rate of 2.96% to the counterparty on the total notional amount of $13.8 $12.3 million and $13.0 million as of September March30, 31,2024 and December31, 2023, respectively, which amortizes ratably on a monthly basis to zero by the April 2028 maturity date.

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2023**	**2022**	**2024**	**2023**
Foreign currency forward contracts:						
Net sales	$ 77	$ 599	$ (601)	$ 841	$ 100	$ (282)
Property and equipment	(22)	32	(109)	(95)	-	(87)
Interest rate swaps:						
Interest expense	201	4	553	(78)	120	158
Total	$ 256	$ 635	$ (157)	$ 668	$ 220	$ (211)

As of September 30, March 2023, 31,2024, unrealized pretax gains (losses) on outstanding cash flow hedges in Accumulated other comprehensive loss was $0.7 $0.4 million, of which approximately $0 and $0.4 $0.2 million are expected to be reclassified to Net sales and Interest expense, respectively, within the next twelve months as a result of underlying hedged transactions also being recorded in these line items. See Note 11, 10, “Accumulated Other Comprehensive Loss” for additional quantitative information regarding foreign currency forward contract and interest rate swap gains and losses.

7. 5. Stockholders’ Equity

Share Repurchase Program

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

During the three months ended March31,2024, the Company repurchased approximately 127,000 shares of the Company’s common stock for an aggregate amount of $3.7 million. There were no share repurchases authorized during the three months ended March31,2023. All shares reacquired in connection with the Company’s share repurchase program are retired and treated as authorized and unissued shares. As of March31,2024, $25.4 million of the share repurchase authorization remained available for repurchases under this program.

6. Share-based Compensation

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Cost of sales	$ 275	$ 474	$ 816	$ 822	$ 352	$ 275
Selling, general, and administrative expense	471	695	2,234	1,655	673	715
Total	$ 746	$ 1,169	$ 3,050	$ 2,477	$ 1,025	$ 990

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Restricted Stock Units and Performance Share Awards

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

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

	Number of RSUs and PSAs (1)		Weighted-Average Grant Date Fair Value
Unvested RSUs and PSAs as of December 31, 2022	200,924	$	30.80
RSUs and PSAs granted	134,498		28.41
Unvested RSUs and PSAs canceled	(13,589)		30.82
RSUs and PSAs vested (2)	(95,442)		30.12
Unvested RSUs and PSAs as of September 30, 2023	226,391		29.66

	Number of RSUs and PSAs (1)		Weighted-Average Grant Date Fair Value
Unvested RSUs and PSAs as of December 31, 2023	226,391	$	29.66
RSUs and PSAs granted	120,143		34.68
RSUs vested	(25,819)		30.35
Unvested RSUs and PSAs as of March 31, 2024	320,715		31.49

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

(2) For the PSAs vested on March 31,2023, the actual number of common shares that were issued was determined by multiplying the PSAs at the target level of 100%, as disclosed in this table, by a payout percentage based on the performance-based conditions achieved. The payout percentage was 159% for the 2020-2022 performance period, 126% for the 2021-2022 performance period, and 132% for the 2022 performance period.

The unvested balance of RSUs and PSAs as of September 30, March 2023 31,2024 includes approximately 170,000 260,000 PSAs at the target level of 100%. The vesting of these awards is subject to the achievement of specified performance-based conditions, and the actual number of common shares that will ultimately be issued will be determined by multiplying this number of PSAs by a payout percentage ranging from 0% to 200%.

Based on the estimated level of achievement of the performance targets associated with the PSAs as of September 30, March 2023, 31,2024, unrecognized compensation expense related to the unvested portion of the Company's RSUs and PSAs was $4.4 $6.9 million, which is expected to be recognized over a weighted-average period of 1.7 2.0 years.

Stock Awards

For the nine months ended September 30, 2023 and 2022, stock awards of 15,904 shares and 11,380 shares, respectively, were granted to non-employee directors, which vested immediately upon issuance. The Company recorded compensation expense based on the weighted-average fair market value per share of the awards on the grant date of $29.51 in 2023 and $30.75 in 2022.

8. 7. Commitments and Contingencies

Portland Harbor Superfund Site

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

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

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

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

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

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All Sites

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

Other Contingencies and Legal Proceedings

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

Commitments

As of September 30, March 2023, 31,2024, the Company's commitments include approximately $1.1 million remaining relating to its investment in the primary component of the new reinforced concrete pipe mill for which the Company has not yet received the equipment. equipment and approximately $4.6 million remaining relating to the construction of a building for the new mill at the Company's facility in Salt Lake City, Utah.

Guarantees

The Company has entered into certain letters of credit that total $1.1 million as of September 30, March 2023. 31,2024. The letters of credit relate to workers' compensation insurance.

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9. 8. Revenue

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

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

Revisions Net revisions in contract estimates resulted in an increase (decrease) in SPP net sales of $(0.8) $1.9 million and $0.4 million for the three and nine months ended September 30, March 2023 31, and $0.2 million and $(0.2) million for the three 2024 and nine 2023 months ended September 30,2022,, respectively.

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

Disaggregation of Revenue

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

Over time (Engineered Steel Pressure Pipe)	$	80,493	$	83,663	$	221,294	$	235,446
Point in time (Precast Infrastructure and Engineered Systems)		38,229		39,321		112,897		115,391
Net sales	$	118,722	$	122,984	$	334,191	$	350,837

	Three Months Ended March 31,			
	2024		2023	
Over time	$	80,007	$	63,546
Point in time		33,208		35,551
Net sales	$	113,215	$	99,097

Contract Assets and Contract Liabilities

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

Contract liabilities represent advance billings on contracts, typically for steel.

The Company recognized revenue that was included in difference between the opening and closing balances of the Company's contract assets and contract liabilities balance at primarily results from the beginning timing difference between the Company's performance and billings.

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

	Three Months Ended March 31,			
	2024		2023	
Balance, beginning of period	$	120,516	$	121,778
Revenue recognized in advance of billings		70,640		53,048
Billings		(54,772)		(56,916)
Other		(669)		(1,569)
Balance, end of period	$	135,715	$	116,341

The following is a summary of $13.5 million and $15.0 million during the three and nine months ended September 30,2023, respectively and $2.8 million and $2.6 million during the three and nine months ended September 30,2022, respectively. changes in contract liabilities (in thousands):

	Three Months Ended March 31,	
	2024	2023

Balance, beginning of period	$	21,450	$	17,456
Billings		6,512		18,675
Revenue recognized		(9,367)		(10,498)
Other		1		161
Balance, end of period	$	18,596	$	25,794

Backlog

Backlog represents the balance of remaining performance obligations under signed contracts for SPP water infrastructure steel pipe products for which revenue is recognized over time. As of September 30, March 2023, 31,2024, backlog was $253 $255 million. The Company expects to recognize approximately 27%64% of the remaining performance obligations in 2023, 2024 44%, 28% in 2024, 2025, and the balance thereafter.

10. 9. Income Taxes

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

The Company recorded income tax expense at an estimated effective income tax rate of 25.7% 27.5% and 26.6% 28.7% for the three and ninemonths ended September 30, March 2023, 31, respectively and 26.3% and 26.4% for the three 2024 and nine 2023 months ended September 30,2022,, respectively. The Company's estimated effective income tax rates for the three and ninemonths ended September 30, March 2023 31,2024 and 2022 2023 were primarily impacted by non-deductible permanent differences.

11. 10. Accumulated Other Comprehensive Loss

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

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

	Pension Liability Adjustment	Unrealized Loss on Foreign Currency Forward Contracts Designated as Cash Flow Hedges	Unrealized Gain on Interest Rate Swaps Designated as Cash Flow Hedges	Total	Pension Liability Adjustment	Unrealized Loss on Foreign Currency Forward Contracts Designated as Cash Flow Hedges	Unrealized Gain on Interest Rate Swaps Designated as Cash Flow Hedges	Total
Balances, December 31, 2021	$ (1,487)	$ (195)	$ -	$ (1,682)				
Balances, December 31, 2023					$ (1,193)	$ (13)	$ 246	$ (960)
Other comprehensive income before reclassifications					18	8	115	141

Amounts reclassified from Accumulated other comprehensive loss					3	2	(91)	(86)
Net current period other comprehensive income					21	10	24	55
Balances, March 31, 2024					$ (1,172)	$ (3)	$ 270	$ (905)

					Pension Liability Adjustment	**Unrealized Gain on Foreign Currency Forward Contracts Designated as Cash Flow Hedges**	**Unrealized Gain on Interest Rate Swaps Designated as Cash Flow Hedges**	**Total**
Balances, December 31, 2022					$ (1,532)	$ 94	$ 649	$ (789)
Other comprehensive income (loss) before reclassifications	61	(383)	602	280	26	(10)	(59)	(43)
Amounts reclassified from Accumulated other comprehensive loss	5	138	59	202	3	32	(119)	(84)
Net current period other comprehensive income (loss)	66	(245)	661	482	29	22	(178)	(127)

Balances, September 30, 2022	$ (1,421)	$ (440)	$ 661	$ (1,200)				
Balances, March 31, 2023					$ (1,503)	$ 116	$ 471	$ (916)

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

Details about Accumulated Other Comprehensive Loss Components	**Amount reclassified from Accumulated Other Comprehensive Loss**				Affected line item in the Condensed Consolidated Statements of Operations	**Amount reclassified from Accumulated Other Comprehensive Loss**		**Affected line item in the Condensed Consolidated Statements of Operations**
	Three Months Ended September 30,		**Nine Months Ended September 30,**			**Three Months Ended March 31,**		
	2023	**2022**	**2023**	**2022**		**2024**	**2023**	
Pension liability adjustment:								
Net periodic pension cost:								
Service cost	$ (4)	$ (2)	$ (10)	$ (5)	Cost of sales	$ (3)	$ (3)	Cost of sales
	(4)	(2)	(10)	(5)	Net of tax	(3)	(3)	Net of tax
Unrealized gain (loss) on foreign currency forward contracts:								
Gain (loss) on cash flow hedges	10	35	87	(56)	Net sales	(2)	44	Net sales
Loss on cash flow hedges	(22)	-	(109)	(127)	Property and equipment	-	(87)	Property and equipment

Associated income tax benefit	3	22	5	45	Income tax expense	-	11	Income tax expense
	(9)	57	(17)	(138)	Net of tax	(2)	(32)	Net of tax
Unrealized gain (loss) on interest rate swaps:								
Gain (loss) on cash flow hedges	201	4	553	(78)	Interest expense			
Associated income tax (expense) benefit	(49)	(1)	(135)	19	Income tax expense			
Unrealized gain on interest rate swaps:								
Gain on cash flow hedges						120	158	Interest expense
Associated income tax expense						(29)	(39)	Income tax expense
	152	3	418	(59)	Net of tax	91	119	Net of tax
Total reclassifications for the period	$ 139	$ 58	$ 391	$ (202)		$ 86	$ 84	

12. 11. Net Income per Share

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023

Net income	$ 5,818	$ 9,956	$ 15,628	$ 23,188	$ 5,238	$ 2,362
Basic weighted-average common shares outstanding	10,014	9,927	9,985	9,909	9,916	9,940
Effect of potentially dilutive common shares (1)	93	83	103	79	129	147
Diluted weighted-average common shares outstanding	10,107	10,010	10,088	9,988	10,045	10,087
Net income per common share:						
Basic	$ 0.58	$ 1.00	$ 1.57	$ 2.34	$ 0.53	$ 0.24
Diluted	$ 0.58	$ 0.99	$ 1.55	$ 2.32	$ 0.52	$ 0.23

(1) The weighted-average number of antidilutive shares not included in the computation of diluted net income per share was approximately 6,000 for the three months ended March31,2024. There were no antidilutive shares for the three and ninemonths ended September March30, 31, 2023 or 2022..

13. 12. Segment Information

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2023**	**2022**	2024	2023
Net sales:						
Engineered Steel Pressure Pipe	$ 80,493	$ 83,663	$ 221,294	$ 235,446	$ 80,007	$ 63,546
Precast Infrastructure and Engineered Systems	38,229	39,321	112,897	115,391	33,208	35,551
Total	$ 118,722	$ 122,984	$ 334,191	$ 350,837		
Total net sales					$ 113,215	$ 99,097
Gross profit:						
Engineered Steel Pressure Pipe	$ 10,911	$ 14,196	$ 31,264	$ 32,490	$ 14,242	$ 7,782
Precast Infrastructure and Engineered Systems	8,383	10,922	27,088	31,494	5,892	8,795
Total	$ 19,294	$ 25,118	$ 58,352	$ 63,984		
Total gross profit					$ 20,134	$ 16,577

14. 13. Recent Accounting and Reporting Developments

There have been no developments to recently issued accounting standards, including the expected dates of adoption and estimated effects on the Company's Condensed Consolidated Financial Statements and disclosures in Notes to Condensed Consolidated Financial Statements, from those disclosed in the Company's 2022 2023 Form 10-K, except for the following.

Accounting Changes

In October 2021, March 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU")No.2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" ("ASU 2021-08") which requires an entity to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers," as if it had originated the contracts. The Company adopted ASU 2021-08 on January 1,2023 and the impact was not material to the Company's financial position, results of operations, or cash flows.

Recent Accounting Standards

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

Recent Accounting Standards

In November 2023, the FASB issued ASU No.2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” (“ASU 2023-07”) which requires disclosure of incremental segment information, primarily through enhanced disclosures about significant segment expenses, on an annual and interim basis for all public entities. ASU 2023-07 will be applied retrospectively, and will be effective for the Company’s 2024 annual reporting, and for interim periods beginning in 2024, 2025, with early adoption permitted. The Company does not expect a material impact to its financial position, results of operations, or cash flows from adoption of this guidance.

In October December 2023, the FASB issued ASU No. 2023-06, 09, “Disclosure Improvements: Codification Amendments in Response “Income Taxes (Topic 740): Improvements to the SEC’s Disclosure Update and Simplification Initiative” Income Tax Disclosures” (“ASU 2023-06” 09”) which incorporates certain SEC disclosure requirements into improves the Accounting Standards Codification. The effective date transparency, effectiveness, and comparability of income tax disclosures and allows investors to better assess, in their capital allocation decisions, how an entity’s worldwide operations and related tax risks and tax planning and operation opportunities affect its income tax rate and prospects for each amendment in future cash flows. ASU 2023-06 09 will be applied prospectively, and will be effective for the effective date of the removal of the disclosure requirement from Regulation S-X or Regulation S-K, Company’s 2025 annual reporting, with early adoption prohibited. The amendments should be applied prospectively. permitted. The Company does is currently assessing the impact of ASU not 2023-09 expect a material impact on its disclosures in the notes to its the consolidated financial position, results of operations, or cash flows from adoption of this guidance. statements.

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15. Subsequent Event

Share Repurchase Program

On November 2,2023, the Company announced its authorization of a share repurchase program of up to $30 million of its outstanding common stock. The program does not commit to any particular timing or quantity of purchases, and the program may be suspended or discontinued at any time. Under the program, shares may be purchased in open market, including through Rule 10b5-1 trading plans, or in privately negotiated transactions. Any repurchases will be subject to the Company’s liquidity, including availability of borrowings and covenant compliance under the Amended Credit Agreement, and other capital allocation priorities of the business.

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

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 ("2023 Q3 2024 Q1 Form 10-Q") contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on current expectations, estimates, and projections about our business, management's beliefs, and assumptions made by management. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "forecasts," "should," "could," and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements as a result of a variety of important factors. While it is impossible to identify all such factors, those that could cause actual results to differ materially from those estimated by us include:

- changes in demand and market prices for our products;
- product mix;
- bidding activity and order modifications or cancelations;
- timing of customer orders and deliveries;
- production schedules;
- price and availability of raw materials;
- excess or shortage of production capacity;
- international trade policy and regulations;
- changes in tariffs and duties imposed on imports and exports and related impacts on us;
- economic uncertainty and associated trends in macroeconomic conditions, including potential recession, inflation, and the state of the housing market;
- interest rate risk and changes in market interest rates, including the impact on our customers and related demand for our products;
- our ability to identify and complete internal initiatives and/or acquisitions in order to grow our business;
- our ability to effectively integrate Park Environmental Equipment, LLC ("ParkUSA") and other future acquisitions into our business and operations and achieve significant administrative and operational cost synergies and accretion to financial results;
- effects of security breaches, computer viruses, and cybersecurity incidents;
- timing and amount of share repurchases;
- impacts of U.S. tax reform legislation on our results of operations;
- adequacy of our insurance coverage;
- supply chain challenges;
- labor shortages;
- ongoing military conflicts in areas such as Ukraine and Israel, and related consequences;

- operating problems at our manufacturing operations including fires, explosions, inclement weather, and floods and other natural disasters;
- material weaknesses in our internal control over financial reporting and our ability to remediate such weaknesses;
- impacts of pandemics, epidemics, or other public health emergencies; and
- other risks discussed in Part I — Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (“2022 2023 Form 10-K”) and from time to time in our other Securities and Exchange Commission (the “SEC”) filings and reports.

Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this 2023 Q3 2024 Q1 Form 10-Q. If we do update or correct one or more forward-looking statements, investors and others should not conclude that we will make additional updates or corrections with respect thereto or with respect to other forward-looking statements.

Overview

Northwest Pipe Company is a leading manufacturer of water-related infrastructure products, and operates in two segments, Engineered Steel Pressure Pipe (“SPP”) and Precast Infrastructure and Engineered Systems (“Precast”). For detailed descriptions of these segments, see Note 13, 12, “Segment Information” of the Notes to Condensed Consolidated Financial Statements in Part I – Item 1. “Financial Statements” of this 2023 Q3 2024 Q1 Form 10-Q.

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

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

Our Current Economic Environment

Demand for our Precast products is generally influenced by general economic conditions such as housing starts, population growth, interest rates, and rates of inflation. According to the United States Census Bureau, privately-owned housing starts were at a seasonally adjusted annual rate of 1.4 1.3 million in September March 2024 and 1.5 million in December 2023, and December 2022, and the population of the United States is expected to increase by approximately 2 million people in 2023. Additionally, it is now believed that recent increases 2024. While these two indicators point to a strong housing market, particularly in Texas and Utah which are two of the five fastest growing markets in the United States according to the November 2022 Bluefield Research *Insight Report – U.S. & Canada Municipal Water Outlook: Utility CAPEX & OPEX Forecasts, 2022-2030* and the states in which our Precast manufacturing facilities are located, the current elevated federal funds rate by the Federal Reserve will remain elevated for the medium-term which is expected could continue to temper demand for housing. The impacts from the strain on the housing market to this point have been muted by the impacts of recent labor and commodity shortages currently limiting the supply of new homes. our precast products.

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

Purchased steel typically represents approximately 25% to 35% of cost of sales, and higher steel costs generally result in higher selling prices and revenue; however, volatile fluctuations in steel markets can affect our business. SPP contracts are generally quoted on a fixed-price basis, and volatile steel markets can result in selling prices that no longer correlate to the cost available at the time of steel purchase. Steel markets have remained volatile through 2023, with prices that increased significantly Our average price of purchased steel was $997 per ton in the first half three months of the year but tempered down 2024, as compared to annual averages of $994 per ton in the third quarter. 2023 and $1,174 per ton in 2022.

Economic uncertainty, including the impacts of raw material shortages, inflationary pressures, potential risks of a recession, and new disruptions in the financial markets could have an adverse effect on our business. The extent of the impact of these environmental broader economic forces on our business will depend on future developments, which cannot be predicted.

Implementation of Enterprise Resource Planning ("ERP") System at ParkUSA

In the third quarter of 2022, we implemented our ERP system at the ParkUSA manufacturing facilities. Due primarily to an underinvestment in systems preceding our acquisition, and vastly broader product offerings, this implementation has caused, and may continue to cause, disruption and inefficiencies in ParkUSA's operations. We currently expect these disruptions to be limited to physical inventory counts, which have been required at greater frequency than desired in order to ensure the accuracy of our inventory quantities. Additionally, we have hired consultants to assist with improving the ERP system, business processes, and workflow design.

Results of Operations

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

	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022	
	$	% of Net Sales	$	% of Net Sales
Net sales:				
Engineered Steel Pressure Pipe	$ 80,493	67.8 %	$ 83,663	68.0 %
Precast Infrastructure and Engineered Systems	38,229	32.2	39,321	32.0
Total net sales	118,722	100.0	122,984	100.0
Cost of sales:				
Engineered Steel Pressure Pipe	69,582	58.6	69,467	56.5
Precast Infrastructure and Engineered Systems	29,846	25.1	28,399	23.1
Total cost of sales	99,428	83.7	97,866	79.6
Gross profit:				
Engineered Steel Pressure Pipe	10,911	9.2	14,196	11.5
Precast Infrastructure and Engineered Systems	8,383	7.1	10,922	8.9
Total gross profit	19,294	16.3	25,118	20.4
Selling, general, and administrative expense	10,237	8.7	10,654	8.6
Operating income	9,057	7.6	14,464	11.8
Other income (expense)	(61)	-	11	-
Interest expense	(1,162)	(1.0)	(964)	(0.8)
Income before income taxes	7,834	6.6	13,511	11.0
Income tax expense	2,016	1.7	3,555	2.9
Net income	$ 5,818	4.9 %	$ 9,956	8.1 %

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	$	**% of Net Sales**	**$**	**% of Net Sales**
Net sales:				
Engineered Steel Pressure Pipe	$ 221,294	66.2 %	$ 235,446	67.1 %
Precast Infrastructure and Engineered Systems	112,897	33.8	115,391	32.9
Total net sales	334,191	100.0	350,837	100.0
Cost of sales:				
Engineered Steel Pressure Pipe	190,030	56.8	202,956	57.9
Precast Infrastructure and Engineered Systems	85,809	25.7	83,897	23.9
Total cost of sales	275,839	82.5	286,853	81.8
Gross profit:				
Engineered Steel Pressure Pipe	31,264	9.4	32,490	9.2
Precast Infrastructure and Engineered Systems	27,088	8.1	31,494	9.0
Total gross profit	58,352	17.5	63,984	18.2
Selling, general, and administrative expense	33,119	9.9	30,149	8.6
Operating income	25,233	7.6	33,835	9.6
Other income (expense)	(224)	(0.1)	56	-
Interest expense	(3,722)	(1.1)	(2,393)	(0.6)
Income before income taxes	21,287	6.4	31,498	9.0
Income tax expense	5,659	1.7	8,310	2.4
Net income	$ 15,628	4.7 %	$ 23,188	6.6 %

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	$	% of Net Sales	$	% of Net Sales
Net sales:				
Engineered Steel Pressure Pipe	$ 80,007	70.7 %	$ 63,546	64.1 %
Precast Infrastructure and Engineered Systems	33,208	29.3	35,551	35.9
Total net sales	113,215	100.0	99,097	100.0
Cost of sales:				

Engineered Steel Pressure Pipe	65,765	58.1	55,764	56.3
Precast Infrastructure and Engineered Systems	27,316	24.1	26,756	27.0
Total cost of sales	93,081	82.2	82,520	83.3
Gross profit:				
Engineered Steel Pressure Pipe	14,242	12.6	7,782	7.8
Precast Infrastructure and Engineered Systems	5,892	5.2	8,795	8.9
Total gross profit	20,134	17.8	16,577	16.7
Selling, general, and administrative expense	11,444	10.1	11,866	11.9
Operating income	8,690	7.7	4,711	4.8
Other income (expense)	7	-	(29)	-
Interest expense	(1,474)	(1.3)	(1,369)	(1.5)
Income before income taxes	7,223	6.4	3,313	3.3
Income tax expense	1,985	1.8	951	0.9
Net income	$ 5,238	4.6 %	$ 2,362	2.4 %

Three and Nine Months Ended September30, 2023March 31, 2024 Compared to Three and Nine Months Ended September30, 2022 March 31, 2023

Net sales. Net sales decreased 3.5%increased 14.2% to $118.7 million in the third quarter of 2023 compared to $123.0 million in the third quarter of 2022 and decreased 4.7% to $334.2$113.2 million in the first nine monthsquarter of 20232024 compared to $350.8$99.1 million in the first nine monthsquarter of 2022. 2023.

SPP net sales were $80.5 million in the third quarter of 2023 comparedincreased 25.9% to $83.7 million in the third quarter of 2022 and $221.3$80.0 million in the first nine monthsquarter of 20232024 compared to $235.4$63.5 million in the first nine months of 2022. The 3.8% decrease in the third quarter of 2023 compared to the third quarter of 2022 was driven by a 13% decrease54% increase in tons produced resulting primarily from changes in project timing, partially offset by an 11% increase in selling price per ton primarily due to product mix. The 6.0%18% decrease in the first nine months of 2023 compared to the first nine months of 2022 was driven by an 8% decrease in tons produced resulting primarily from changes in project timing, partially offset by a 3% increase in selling price per ton primarily due to product mix. Bidding activity, backlog, and production levels may vary significantly from period to period affecting sales volumes.

Precast net sales were $38.2 million in the third quarter of 2023 compareddecreased 6.6% to $39.3 million in the third quarter of 2022 and $112.9$33.2 million in the first nine monthsquarter of 20232024 compared to $115.4$35.6 million in the first nine months of 2022. The 2.8% decrease in the third quarter of 2023, compared to the third quarter of 2022 was driven by an 8% decrease in selling prices due to lower demand, partially offset bydespite a 6%23% increase in volume shipped, due to a 24% decrease in selling prices driven by changes in product mix. The 2.2% decrease in the first nine months of 2023 compared to the first nine months of 2022 was driven by a 6% decrease in volume shipped primarily due to lower demand, partially offset by a 4% increase in selling prices due to increased materials costs.

Gross profit. Gross profit decreased 23.2% increased 21.5% to $19.3 $20.1 million (16.3% of net sales) in the third quarter of 2023 compared to $25.1 million (20.4% of net sales) in the third quarter of 2022 and decreased 8.8% to $58.4 million (17.5% (17.8% of net sales) in the first nine months quarter of 2023 2024 compared to $64.0 $16.6 million (18.2% (16.7% of net sales) in the first nine months quarter of 2022. 2023.

SPP gross profit decreased 23.1% to $10.9 million (13.6% of SPP net sales) in the third quarter of 2023 compared increased 83.0% to $14.2 million (17.0% of SPP net sales) in the third quarter of 2022 primarily due to customer-driven contract changes and project scope and timing changes. SPP gross profit decreased 3.8% to $31.3 million (14.1% (17.8% of SPP net sales) in the first nine months quarter of 2023 2024 compared to $32.5 $7.8 million (13.8% (12.2% of SPP net sales) in the first nine months quarter of 2022 2023 primarily due to increased volume and changes in product mix and project timing. mix.

Precast gross profit decreased 23.2% 33.0% to $8.4 $5.9 million (21.9% of Precast net sales) in the third quarter of 2023 compared to $10.9 million (27.8% of Precast net sales) in the third quarter of 2022 primarily due to changes in product mix. Precast gross profit decreased 14.0% to $27.1 million (24.0% (17.7% of Precast net sales) in the first nine months quarter of 2023 2024 compared to $31.5 $8.8 million (27.3% (24.7% of Precast net sales) in the first nine months quarter of 2022 2023 primarily due to decreased volume and changes in product mix.

Selling, general, and administrative expense. Selling, general, and administrative expense decreased 3.9% 3.6% to $10.2 $11.4 million (8.7% of net sales) in the third quarter of 2023 compared to $10.7 million (8.6% of net sales) in the third quarter of 2022 and increased 9.9% to $33.1 million (9.9% (10.1% of net sales) in the first nine months quarter of 2023 2024 compared to $30.1 $11.9 million (8.6% (11.9% of net sales) in the first nine months of 2022. The decrease in the third quarter of 2023 compared to the third quarter of 2022 was primarily due to $2.0 million in lower incentive compensation expense partially offset by $0.9 million in higher professional fees including ERP implementation costs and $0.7 million in higher base compensation and benefits expense. The increase in the first nine months of 2023 compared to the first nine months of 2022 was primarily due to $2.7 million in higher base compensation and benefits expense, $1.3 million in higher professional fees including ERP implementation costs, and $0.8 million in higher administrative expense, partially offset by $1.5 $0.5 million in lower incentive compensation expense.

Income taxes. Income tax expense was $2.0 million in the third first quarter of 2024 (an effective income tax rate of 27.5%) compared to $1.0 million in the first quarter of 2023 (an effective income tax rate of 25.7%) compared to $3.6 million in the third quarter of 2022 (an effective income tax rate of 26.3%) and was $5.7 million in the first nine months of 2023 (an effective income tax rate of 26.6%) compared to $8.3 million in the first nine months of 2022 (an effective income tax rate of 26.4% 28.7%). The estimated effective income tax rates for the third quarters and first nine months quarter of 2024 of 2023 and 2022 were primarily impacted by non-deductible permanent differences. The estimated effective income tax rate can change significantly depending on the relationship of permanent income tax differences to estimated pre-tax income or loss. Accordingly, the comparison of estimated effective income tax rates between periods is not meaningful in all situations.

Liquidity and Capital Resources

Sources and Uses of Cash

Our principal sources of liquidity generally include operating cash flows and the Credit Agreement dated June 30, 2021 with Wells Fargo Bank, National Association ("Wells Fargo"), as administrative agent, and the lenders from time to time party thereto, including the initial sole lender, Wells Fargo (the "Lenders"), as amended by the Incremental Amendment dated October 22, 2021, the Second Amendment to Credit Agreement dated April 29, 2022, and the Third Amendment to Credit Agreement dated June 29, 2023 (together, the "Amended Credit Agreement"). From time to time our long-term capital needs may be met through the issuance of additional debt or equity. Our principal uses of liquidity generally include capital expenditures, working capital, organic growth initiatives, acquisitions, share repurchases, and debt service. Information regarding our cash flows for the nine three months ended September 30, 2023 and 2022 March 31, 2024 are presented in our Condensed Consolidated Statements of Cash Flows contained in Part I – Item 1. "Financial Statements" of this 2023 Q3 2024 Q1 Form 10-Q, and are further discussed below.

As of September 30, 2023 March 31, 2024, our working capital (current assets minus current liabilities) was $178.3 $213.4 million compared to $187.9 $176.3 million as of December 31, 2022 December 31, 2023. Cash and cash equivalents totaled $4.1 $4.3 million and $3.7 $4.1 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

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

As of September 30, 2023 March 31, 2024, we had $58.1 $89.9 million of outstanding revolving loan borrowings, $10.8 million of outstanding current debt, $91.4 $89.3 million of operating lease liabilities, and $5.7 $7.3 million of finance lease liabilities. As of December 31, 2022 December 31, 2023, we had $83.7 $54.5 million of outstanding revolving loan borrowings, $10.8 million of outstanding current debt, $94.2 $90.2 million of operating lease liabilities, and $3.0 $7.5 million of finance lease liabilities. The increase in our revolving loan borrowings was primarily due to increased production and temporary changes in SPP working capital needs.

Net Cash Provided by (Used in) Operating Activities

Net cash provided by (used in) operating activities was $44.4 ($26.1) million in the first nine three months of 2023 2024 compared to $25.5 $26.3 million in the first nine three months of 2022. 2023. Net income, adjusted for non-cash items, provided $32.0 $10.8 million of operating cash flow in the first nine three months of 2023 2024 compared to $38.0 $8.3 million of operating cash flow in the first nine three months of 2022. 2023. The net change in working capital provided (used) $12.4 ($36.8) million of operating cash flow in the first nine three months of 2023 2024 compared to $(12.5) $18.0 million of operating cash flow in the first nine three months of 2022. 2023.

Net Cash Used in Investing Activities

Net cash used in investing activities was $15.9 $4.5 million in the first nine three months of 2023 2024 compared to $12.1 $4.4 million in the first nine three months of 2022. 2023. Capital expenditures were $13.2 $4.6 million in the first nine three months of 2023 2024 compared to $11.8 $4.4 million in the first nine three months of 2022, 2023, which was includes $0.5 million in the first three months of 2024 and $1.9 million in the first three months of 2023 of investment in our new reinforced concrete pipe mill, $0.5 million in the first three months of 2024 for the construction of a building at our Salt Lake City, Utah facility for the new mill, and the remainder primarily for standard capital replacement. We currently expect capital expenditures in 2023 2024 to be approximately $18 $19 million to $21 $22 million, which includes approximately $4 $2 million of investment in our new reinforced concrete pipe mill, and associated ancillary equipment, approximately $5 million for the construction of a building at our Salt Lake City, Utah facility for the new mill, and the remainder primarily for standard capital replacement. The $2.7 million payment of the working capital adjustment for the 2021 acquisition of ParkUSA was made in the second quarter of 2023.

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

Net cash used in provided by (used in) financing activities was $28.1 $30.8 million in the first nine three months of 2023 2024 compared to $12.7 ($21.6) million in the first nine three months of 2022. 2023. Net repayments borrowings (repayments) on the line of credit were $25.6 $35.4 million in the first nine three months of 2023 2024 compared to $14.9 ($21.1) million in the first nine three months of 2022. 2023. Repurchases of common stock were $3.9 million in the first three months of 2024.

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

On November 3, 2020 December 4, 2023, our shelf registration statement on Form S-3 (Registration No. 333-249637) 275691) covering the potential future sale of up to $150 million of our equity and/or debt securities or combinations thereof, was declared effective by the SEC. In accordance with Rule 415(a)(5), this This shelf registration statement, expired on November 3, 2023. We anticipate filing a new shelf which replaced the registration statement on Form S-3 in the near future, and once effective, this shelf registration statement will provide that expired on November 3, 2023, provides another potential source of capital, in addition to other alternatives already in place. We cannot be certain that funding will be available on favorable terms or available at all. To the extent that we raise additional funds by issuing equity securities, our shareholders may experience significant dilution. As of the date of this 2023 Q3 2024 Q1 Form 10-Q, we have not yet sold any securities under this registration statement, nor do we have an obligation to do so. Please refer to the factors discussed in Part I – Item 1A. "Risk Factors" in our 2022 2023 Form 10-K.

On September 2, 2022, we entered into an Open Market Sale Agreement (the "At-the-Market Offering") with Jefferies LLC ("Jefferies") which provided for the issuance and sale of shares of our common stock, par value $0.01 per share, having aggregate offering sales proceeds of up to $50 million from time to time through Jefferies as our sales agent. On October 30, 2023, we provided written notice terminating the Open Market Sale Agreement in accordance with its terms. No proceeds were raised under the At-the-Market Offering during the nine months ended September 30, 2023.

On November 2, 2023, we announced our authorization of a share repurchase program of up to $30 million of our outstanding common stock. The program does not commit to any particular timing or quantity of purchases, and the program may be suspended or discontinued at any time. Under the program, shares may be purchased in open market, including through plans adopted pursuant to Rule 10b5-1 trading plans, of the Exchange Act, or in privately negotiated transactions. Any repurchases will be subject transactions administered by our broker, D.A. Davidson Companies. At this time, we have elected to limit our share repurchase transactions to only those under the Rule 10b5-1 trading plan we executed in November 2023, which we believe considers our liquidity, including availability of borrowings and covenant compliance under our Amended Credit Agreement, and other capital allocation priorities of the business. As Our Rule 10b5-1 trading plan designates up to $10 million for daily share repurchases with volumes that fluctuate with changes in the trading price of our common stock. We expect to consider share repurchase strategies beyond the date current Rule 10b5-1 trading plan at a future date. For a summary of shares repurchased during the first quarter of 2024, see Part II — Item 2. "Unregistered Sales of Equity Securities and Use of Proceeds" of this 2023 Q3 2024 Q1 Form 10-Q, we have not yet repurchased any securities under this program, nor do we have an obligation Q. Please refer to do so. the factors discussed in Part I – Item 1A. "Risk Factors" in our 2023 Form 10-K.

Credit Agreement

The Amended Credit Agreement provides for a revolving loan, swingline loan, and letters of credit in the aggregate amount of up to $125 million ("Revolver Commitment"), with an option for us to increase that amount by $50 million, subject to provisions of the Amended Credit Agreement. The Amended Credit Agreement will expire, and all obligations outstanding will mature, on June 29, 2028. We may prepay outstanding amounts at our discretion without penalty at any time, subject to applicable notice requirements. As of March 31, 2024 under the Amended Credit Agreement, we had $89.9 million of outstanding revolving loan borrowings, $1.1 million of outstanding letters of credit, and additional borrowing capacity of approximately $34 million.

Revolving loans under the Amended Credit Agreement bear interest at rates related to, at our option and subject to the provisions of the Amended Credit Agreement, either: (i) Base Rate (as defined in the Amended Credit Agreement) plus the Applicable Margin; (ii) Adjusted Term Secured Overnight Finance Rate ("SOFR") (as defined in the Amended Credit Agreement) plus the Applicable Margin; or (iii) Adjusted Daily Simple SOFR (as defined in the Amended Credit Agreement) plus the Applicable Margin. The "Applicable Margin" is 1.75% to 2.35%, depending on our Consolidated Senior Leverage Ratio (as defined in the Amended Credit Agreement) and the interest rate option chosen. Interest on outstanding revolving loans is payable monthly. Swingline loans under the Amended Credit Agreement bear interest at the Base Rate plus the Applicable Margin. As of March 31, 2024, the weighted-average interest rate for outstanding borrowings was 7.41%. The Amended Credit Agreement requires the payment of a commitment fee of between 0.30% and 0.40%, based on the amount by which the Revolver Commitment exceeds the average daily balance of outstanding borrowings (as defined in the Amended Credit Agreement). Such fee is payable monthly in arrears. We are also obligated to pay additional fees customary for credit facilities of this size and type.

The letters of credit outstanding as of March 31, 2024 relate to workers' compensation insurance. Based on the nature of these arrangements and our historical experience, we do not expect to make any material payments under these arrangements.

The Amended Credit Agreement contains customary representations and warranties, as well as customary affirmative and negative covenants, events of default, and indemnification provisions in favor of the Lenders. The negative covenants include restrictions regarding the incurrence of liens and indebtedness, annual capital expenditures, certain investments, acquisitions, and dispositions, and other matters, all subject to certain exceptions. The Amended Credit Agreement requires us to regularly provide financial information to Wells Fargo and to maintain a consolidated senior leverage ratio no greater than 3.00 to 1.00 (subject to certain exceptions) and a minimum consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") (as defined in the Amended Credit Agreement) of at least $35 million for the four consecutive fiscal quarters most recently ended. Pursuant to the Amended Credit Agreement, we have also agreed that we will not sell, assign, or otherwise dispose or encumber, any of our owned real property. The occurrence of an event of default could result in the acceleration of the obligations under the Amended Credit Agreement. We were in compliance with our financial covenants as of March 31, 2024, and expect to continue to be in compliance in the near term.

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

Current Debt

The Interim Funding Agreement dated August 2, 2022 with Wells Fargo Equipment Finance, Inc. ("WFEF"), as amended January 23, 2023, March 15, 2023, July 21, 2023, and November 2, 2023 (together, the "IFA"), provides for aggregate interim funding advances up to $10.8 million of equipment purchased for a new reinforced concrete pipe mill, to be converted into a term loan upon final delivery and acceptance of the financed equipment. The As of March 31, 2024, the outstanding balance of the IFA bore interest at the term Secured Overnight Finance Rate ("SOFR") plus 1.75% through January 31, 2023 and the SOFR Average plus 1.75% from February 1, 2023 through November 1, 2023. Effective November 2, 2023, the was $10.8 million, which was classified as a current liability since there was not a firm commitment for long-term debt financing. The IFA bears interest at the SOFR Average plus 2.00%. As of March 31, 2024, the weighted-average interest rate for outstanding borrowings was 7.07%. The IFA requires monthly payments of accrued interest and grants a security interest in the equipment to WFEF. Effective November 2, 2023, the IFA requires us to maintain a consolidated senior leverage ratio no greater than 3.00 to 1.00 (subject to certain exceptions) and to maintain a minimum consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") EBITDA (as defined in the IFA) of at least $35 million for the four consecutive fiscal quarters most recently ended. As of September 30, 2023, the outstanding balance of the IFA was $10.8 million, which is classified as a current liability since there is not a firm commitment for long-term debt financing.

Credit Agreement

The Amended Credit Agreement provides for a revolving loan, swingline loan, and letters of credit in the aggregate amount of up to $125 million ("Revolver Commitment"), with an option for us to increase that amount by $50 million, subject to provisions of the Amended Credit Agreement. The Amended Credit Agreement will expire, and all obligations outstanding will mature, on June 29, 2028. We may prepay outstanding amounts at our discretion without penalty at any time, subject to applicable notice requirements. As of September 30, 2023 under the Amended Credit Agreement, we had $58.1 million of outstanding revolving loan borrowings, $1.1 million of outstanding letters of credit, and additional borrowing capacity of approximately $66 million.

Revolving loans under the Amended Credit Agreement bear interest at rates related to, at our option and subject to the provisions of the Amended Credit Agreement, either: (i) Base Rate (as defined in the Amended Credit Agreement) plus the Applicable Margin;

(ii) Adjusted Term SOFR (as defined in the Amended Credit Agreement) plus the Applicable Margin; or (iii) Adjusted Daily Simple SOFR (as defined in the Amended Credit Agreement) plus the Applicable Margin. The “Applicable Margin” is 1.75% to 2.35%, depending on our Consolidated Senior Leverage Ratio (as defined in the Amended Credit Agreement) and the interest rate option chosen. Interest on outstanding revolving loans is payable monthly. Swingline loans under the Amended Credit Agreement bear interest at the Base Rate plus the Applicable Margin. The Amended Credit Agreement requires the payment of a commitment fee of between 0.30% and 0.40%, based on the amount by which the Revolver Commitment exceeds the average daily balance of outstanding borrowings (as defined in the Amended Credit Agreement). Such fee is payable monthly in arrears. We are also obligated to pay additional fees customary for credit facilities of this size and type.

The letters of credit outstanding as of September 30, 2023 relate to workers’ compensation insurance. Based on the nature of these arrangements and our historical experience, we do not expect to make any material payments under these arrangements.

The Amended Credit Agreement contains customary representations and warranties, as well as customary affirmative and negative covenants, events of default, and indemnification provisions in favor of the Lenders. The negative covenants include restrictions regarding the incurrence of liens and indebtedness, annual capital expenditures, certain investments, acquisitions, and dispositions, and other matters, all subject to certain exceptions. The Amended Credit Agreement requires us to regularly provide financial information to Wells Fargo and to maintain a consolidated senior leverage ratio no greater than 3.00 to 1.00 (subject to certain exceptions) and a minimum consolidated EBITDA (as defined in the Amended Credit Agreement) of at least $35 million for the four consecutive fiscal quarters most recently ended. Pursuant to the Amended Credit Agreement, we have also agreed that we will not sell, assign, or otherwise dispose or encumber, any of our owned real property. The occurrence of an event of default could result in the acceleration of the obligations under the Amended Credit Agreement. We were in compliance with our financial covenants as of September 30, 2023 March 31, 2024, and expect to continue to be in compliance in the near term.

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

Recent Accounting Pronouncements

For a description of recent accounting pronouncements affecting our company, including the dates of adoption and estimated effects on financial position, results of operations, and cash flows, see Note 14, 13, “Recent Accounting and Reporting Developments” of the Notes to Condensed Consolidated Financial Statements in Part I – Item 1. “Financial Statements” of this 2023 Q3 2024 Q1 Form 10-Q.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our Condensed Consolidated Financial Statements included in Part I – Item 1. “Financial Statements” of this 2023 Q3 2024 Q1 Form 10-Q, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our Condensed Consolidated Financial Statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. On an ongoing basis, we evaluate all of our estimates, including those related to revenue recognition, business combinations, inventories, property and equipment, including depreciation and valuation, goodwill, intangible assets, including amortization, share-based compensation, income taxes, allowance for doubtful accounts, and litigation and other contingencies. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes in our critical accounting estimates during the nine three months ended September 30, 2023 March 31, 2024 as compared to the critical accounting estimates disclosed in our 2022 2023 Form 10-K.

Item3. Quantitative and Qualitative Disclosures About Market Risk

For a discussion of our market risk associated with commodity prices, interest rates, and foreign currency exchange rates, see Part II – Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" in our 2022 2023 Form 10-K.

Item4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, our management, under the supervision and with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023 March 31, 2024. Based on their evaluation, as As a result of September 30, 2023, the assessment, our CEO and CFO have concluded that, as of March 31, 2024, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective due to the previously reported material weakness in our internal control over financial reporting.

Previously Reported Material Weakness

As previously reported in Part II, Item 9A. "Controls and Procedures" of our Annual Report on Form 10-K for the year ended December 31, 2022, subsequent to our acquisition of Park Environmental Equipment, LLC ("ParkUSA"), a privately held company, we instituted new internal controls, processes and procedures, and we converted ParkUSA to our enterprise resource planning ("ERP") system. We have identified control deficiencies related to that system implementation project. Specifically, we did not exercise sufficient oversight, design effective controls to ensure completeness of the data conversion, or conduct sufficient testing to ensure the system would operate effectively. Additionally, we were unable to implement and evidence compensating business controls specific to ParkUSA's sales transactions and cost of sales transactions. As a result, these business process control deficiencies, when combined with the ERP implementation control deficiencies, create a reasonable possibility that a material misstatement to the consolidated financial statements will not be prevented or detected on a timely basis. The material weakness did not result in any restatements of consolidated financial statements previously reported by us, and there were no changes in previously released financial results.

Remediation

We have taken, and continue to take, steps to remediate the control deficiencies contributing to the material weakness described above. These remediation steps, which are ongoing, have centered primarily on employee training in addition to launching our project to improve the ParkUSA business processes, which will include the assistance of external consultants. We will continue to report regularly to our Audit Committee on the progress and results of our remediation plan, and we may take additional measures to address these control deficiencies, or we may modify certain of the remediation measures described above.

Management is committed to taking the necessary steps to ensure that our internal control over financial reporting is designed and operating effectively. We intend to remediate this material weakness as soon as possible and believe the measures described above will do so. This material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded through testing that the controls are operating effectively. We anticipate that the remediation will be completed during 2023. effective.

Changes in Internal Control over Financial Reporting

Except for the remediation activities described above, there There were no significant changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2023 March 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PartII– OTHER INFORMATION

Item1. Legal Proceedings

We are party to a variety of legal actions arising out of the ordinary course of business. Plaintiffs occasionally seek punitive or exemplary damages. We do not believe that such normal and routine litigation will have a material impact on our consolidated financial results. We are also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines, penalties, and other costs in substantial amounts. See Note 8, 7, "Commitments and Contingencies" of the Notes to Condensed Consolidated Financial Statements in Part I – Item 1. "Financial Statements" of this 2023 Q3 2024 Q1 Form 10-Q.

Item1A. Risk Factors

In addition to the other information set forth in this 2023 Q3 2024 Q1 Form 10-Q, the factors discussed in Part I – Item 1A. "Risk Factors" in our 2022 2023 Form 10-K and any subsequently filed quarterly reports on Form 10-Q could materially affect our business, financial condition, or operating results. The risks described in our 2022 2023 Form 10-K and subsequent Form 10-Q's are not the only risks facing us. There are additional risks and uncertainties not currently known to us or that we currently deem to be immaterial, that may also materially adversely affect our business, financial condition, or operating results.

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

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

The following table provides information relating to our repurchase of common stock during the three months ended March 31, 2024 pursuant to our share repurchase program.

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1, 2024 to January 31, 2024	58,774	$ 29.19	58,774	$ 27,448,886
February 1, 2024 to February 29, 2024	61,274	29.51	61,274	25,640,430
March 1, 2024 to March 31, 2024	7,327	29.98	7,327	25,420,733
Total	127,375	29.39	127,375	

Item5. Other Information

On October 30,2023, we provided written notice to Jefferies terminating the Open Market Sale Agreement in accordance with the terms. This termination will become effective on November 13,2023.

Neither None the Company or any of the Company's our directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarterthree months ended September 30, March 2023, 31,2024, as such terms are defined under Item 408(a) of Regulation S-K.

Item6. Exhibits

(a) The exhibits filed as part of this 2023 Q3 2024 Q1 Form 10-Q are listed below:

Exhibit Number	Description
10.1	Third Amendment to Credit Agreement dated as Form of June 29, 2023, by and among Northwest Pipe Company, NWPC, LLC, Geneva Pipe and Precast Company, Park Environmental Equipment, LLC, certain other subsidiaries of Northwest Pipe Company, and Wells Fargo Bank National Association, Performance Share Unit Agreement, incorporated by reference to the Company's Current Report on Form 8-K, as filed with the Securities and Exchange Commission on July 3, 2023 April 3, 2024*
10.2	Form of Restricted Stock Unit Agreement, incorporated by reference to the Company's Current Report on Form 8-K, as filed with the Securities and Exchange Commission on April 3, 2024 *
10.3	Change in Control Agreement dated April 1, 2020 between Northwest Pipe Company and Eric Stokes
10.4	Change in Control Agreement dated December 9, 2021 between Northwest Pipe Company and Michael Wray
31.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document

104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Schedules and similar attachments to this This exhibit have been omitted pursuant to Item 601(a)(5) to Regulation S-K. The Registrant will furnish supplementally constitutes a copy of any omitted schedule management contract or similar attachment to the Securities and Exchange Commission request. compensatory plan or arrangement.

SIGNATURES

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

Dated: November 3, 2023 May 2, 2024

NORTHWEST PIPE COMPANY

By: /s/ Scott Montross

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

By: /s/ Aaron Wilkins

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

Exhibit 10.3

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April 1, 2020

Eric Stokes

Northwest Pipe Company, an Oregon corporation (the “Company”), considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders. In this connection, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control (as defined in Section 3 hereof) may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. Accordingly, the Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management to their assigned duties without distraction in circumstances arising from the possibility of a Change in Control of the Company.

In order to induce you to remain in the employ of the Company, this letter agreement ("Agreement"), which has been approved by the Board, sets forth the severance benefits which the Company agrees will be provided to you in the event your employment with the Company is terminated in connection with a Change in Control of the Company under the circumstances described below.

1. Right to Terminate. The Company or you may terminate your employment at any time, subject to the Company's obligations to provide the benefits hereinafter specified in accordance with the terms hereof.

2. Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect until July 31, 2021; provided, however, that commencing on August 1, 2021 and each August 1st thereafter, the term of this Agreement shall automatically be extended for one additional year unless at least ninety (90) days prior to such August 1st date, the Company or you shall have given notice that this Agreement shall not be extended; provided, however, that this Agreement shall continue in effect for a period of twenty-four (24) months beyond the term provided herein if a Change in Control shall have occurred during such term. Notwithstanding anything in this Section 2 to the contrary, this Agreement shall terminate if you or the Company terminate your employment prior to the earlier of Shareholder Approval (as defined in Section 3 hereof), if applicable, or a Change in Control.

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3. Change in Control; Shareholder Approval; Person.

3.1 For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events:

3.1.1 The consummation of:

(a) any consolidation, merger or plan of share exchange involving the Company (a "Merger") other than a Merger which would result in securities of the Company ordinarily having the right to vote for the election of directors ("Voting Securities") outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity or a parent of the surviving entity) more than 50% of the combined voting power of the Voting Securities of such surviving entity or parent outstanding immediately after the Merger;

(b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company: or

(c) the adoption of any plan or proposal for the liquidation or dissolution of the Company.

3.1.2 At any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board ("Incumbent Directors") shall cease for any reason to constitute at least a majority thereof unless each new director elected during such two-year period was nominated or elected by a vote of at least two-thirds (2/3rds) of the Incumbent Directors then in office and voting (with new directors nominated or elected by two- thirds (2/3rds) of the Incumbent Directors also being deemed to be Incumbent Directors); or

3.1.3 Any Person [(as hereinafter defined)] shall, as a result of any purchase or other acquisition of Company Shares from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of Voting Securities representing twenty percent (20%) or more of the combined voting power of the then outstanding Voting Securities.

Notwithstanding anything in the foregoing to the contrary, unless otherwise determined by the Board, no Change in Control shall be deemed to have occurred for purposes of this Agreement if (1) you acquire (other than on the same basis as all other holders of the Voting Securities) an equity interest in an entity that acquires the Company in a Change in Control otherwise described under subparagraph 3.1.1 above, or (2) you are part of a group that constitutes a Person which becomes a beneficial owner of Voting Securities in a transaction that otherwise would have resulted in a Change in Control under subparagraph 3.1.3 above.

3.2 For purposes of this Agreement, "Shareholder Approval" shall be deemed to have occurred if the shareholders of the Company approve an agreement entered into by the Company, the consummation of which would result in the occurrence of a Change in Control.

3.3 For purposes of this Agreement, the term "Person" shall mean and include any individual, corporation, partnership, group, association or other "person," as such term is used in Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than the Company or any employee benefit plan(s) sponsored by the Company.

4. Termination Following Shareholder Approval or Change In Control. If a Change in Control occurs and at any time after the earlier of Shareholder Approval, if applicable, or the Change in Control and on or before the second anniversary of the Change in Control, your employment is terminated, you shall be entitled to the benefits provided in Section 5.3 hereof unless such termination is (a) because of your death, (b) by the Company for Cause or Disability or (c) by you other than for Good Reason (as all such capitalized terms are hereinafter defined).

4.1 Disability. Termination by the Company of your employment based on "Disability" shall mean termination because of your absence from your duties with the Company on a full-time basis for one hundred eighty (180) consecutive days as a result of your incapacity due to physical or mental illness, unless within thirty (30) days after Notice of Termination (as hereinafter defined) is given to you following such absence you shall have returned to the full- time performance of your duties.

4.2 Cause. Termination by the Company of your employment for "Cause" shall mean termination upon (a) the willful and continued failure by you to substantially perform your reasonably assigned duties with the Company consistent with those duties assigned to you prior to the Change in Control (other than any such failure resulting from your incapacity due to physical or mental illness) which failure shall not have been corrected within thirty (30) days after a demand for substantial performance is delivered to you by the Chairman of the Board or President of the Company which specifically identifies the manner in which such executive believes that you have not substantially performed your duties and such notice is delivered within ninety (90) days of such circumstances, or (b) the willful engaging by you in illegal conduct which is materially and demonstrably injurious to the Company. For purposes of this paragraph 4.2, no act, or failure to act, on your part shall be considered "willful" unless done, or omitted to be done, by you in knowing bad faith and without reasonable belief that your action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3rds) of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of the conduct set forth above in (a) or (b) of this paragraph 4.2 and specifying the particulars thereof in detail.

4.3 Good Reason. Termination by you of your employment for “Good Reason” shall mean termination by you of your employment with the Company based on the occurrence after Shareholder Approval, if applicable, or the Change in Control, of any of the following circumstances, provided you give Notice of Termination within ninety (90) days after notice to you of such circumstances and such circumstances are not fully corrected by the Company within thirty (30) days after your notice:

4.3.1 a change in your status, title, position(s) or responsibilities as an employee of the Company which constitutes an adverse change from your status, title, position(s) and responsibilities as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control, or the assignment to you of any duties or responsibilities which are inconsistent with such status, title or position(s), or any removal of you from or any failure to reappoint or reelect you to such position(s), except in connection with the termination of your employment for Cause, Disability or as a result of your death or by you other than for Good Reason;

4.3.2 a reduction by the Company in your base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all management personnel of the Company and all management personnel of any Person in control of the Company;

4.3.3 the failure by the Company to continue in effect any Plan (as hereinafter defined) in which you are participating immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control (or Plans providing you with at least substantially similar benefits) other than as a result of the normal expiration of any such Plan in accordance with its terms as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control, or the taking of any action, or the failure to act, by the Company which would adversely affect your continued participation in any of such Plans on at least as favorable a basis to you as is the case immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control or which would materially reduce your benefits in the future under any of such Plans or deprive you of any material benefit enjoyed by you immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

4.3.4 the failure by the Company to provide and credit you with the number of paid vacation days to which you are then entitled in accordance with the Company’s normal vacation policy as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

4.3.5 the Company’s requiring you to be based more than twenty-five (25) miles from where your office is located immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control except for required travel on the Company’s business to an extent substantially consistent with the business travel obligations which you undertook on behalf of the Company prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

4.3.6 the failure of the Company to pay to you any portion of your compensation or compensation under any deferred compensation program of the Company;

4.3.7 the failure by the Company to obtain from any Successor (as hereinafter defined) the assumption or assent to this Agreement contemplated by Section 6 hereof within thirty (30) days after a Change in Control;

4.3.8 any material breach of this Agreement by the Company; or

4.3.9 any purported termination by the Company of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of paragraph 4.4 below (and, if applicable, paragraph 4.2 above); and for purposes of this Agreement no such purported termination shall be effective.

For purposes of this Agreement, “Plan” shall mean any compensation plan such as an incentive, stock option or restricted stock plan or any employee benefit plan such as a thrift, pension, profit sharing, medical, disability, accident, life insurance, or relocation plan or policy or any other plan, program or policy of the Company intended to benefit employees.

4.4 Notice of Termination. Any purported termination by the Company or by you following the earlier of Shareholder Approval, if applicable, or a Change in Control shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a “Notice of Termination” shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

4.5 Date of Termination. “Date of Termination” shall mean the date your employment with the Company is terminated following the earlier of Shareholder Approval, if applicable, or a Change in Control, which date shall be determined as follows: (a) if your employment is to be terminated for Disability, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such thirty (30) day period), (b) if your employment is to be terminated by the Company for Cause, the date on which a Notice of Termination is given, and (c) if your employment is to be terminated by you or by the Company for any other reason, the date specified in the Notice of Termination (which, in the case of termination for Good Reason shall be not less than thirty (30) days nor more than sixty (60) days from the date such Notice of Termination is given), unless an earlier date has been agreed to by the party receiving the Notice of Termination either in advance of, or after, receiving such Notice of Termination. Notwithstanding anything in the foregoing to the contrary, if the party receiving the Notice of Termination has not previously agreed to the termination, then within thirty (30) days after any Notice of Termination is given, or, if later, prior to the Date of Termination, the party receiving such Notice of Termination may notify the other party that a dispute exists concerning the termination, in which event the Date of Termination shall be the date set either by mutual written agreement of the parties or by the arbitrators in a proceeding as provided in Section 12 hereof; and provided, further, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. You shall not be obligated to perform any services after the Date of Termination that would prevent the termination of your employment on such Date of Termination from qualifying as a “separation from service” as defined in Treasury Regulation Section 1.409A-1(h).

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5. Compensation Upon Termination or During Disability.

5.1 During any period following the earlier of Shareholder Approval, if applicable, or a Change in Control that you fail to perform your duties as a result of incapacity due to physical or mental illness, you shall continue to receive your full base salary at the rate then in effect and any benefits or awards under any Plans shall continue to accrue during such period, to the extent not inconsistent with such Plans, until your employment is terminated pursuant to and in accordance with paragraphs 4.1, 4.4 and 4.5 hereof. Thereafter, your benefits shall be determined in accordance with the Plans then in effect.

5.2 If your employment shall be terminated for Cause or as a result of your death following the earlier of Shareholder Approval, if applicable, or a Change in Control of the Company, the Company shall pay you your full base salary through the Date of Termination at the rate in effect just prior to the time a Notice of Termination is given plus any benefits or awards (including both the cash and stock components) which pursuant to the terms of any Plans have been earned or become payable, but which have not yet been paid to you. Thereupon the Company shall have no further obligations to you under this Agreement.

5.3 If a Change in Control occurs and after the earlier of Shareholder Approval, if applicable, or the Change in Control and on or before the second anniversary of the Change in Control your employment with the Company shall be terminated (a) by the Company other than for Cause or Disability or (b) by you for Good Reason, then, you shall be entitled to, and shall be paid, without regard to any contrary provisions of any Plan, a severance benefit as follows:

5.3.1 Within five (5) days of the Date of Termination, the Company shall pay your full base salary through the Date of Termination at the rate in effect just prior to the time a Notice of Termination is given plus any benefits or awards (including both cash and stock components) which pursuant to the terms of any Plans have been earned or become payable, but which have not yet been paid to you (including amounts which previously had been deferred at your request);

5.3.2 as severance pay and in lieu of any further salary for periods subsequent to the Date of Termination, within five (5) days of the later of the Date of Termination or the Change in Control, the Company shall pay to you in a single payment an amount in cash equal to (i) the higher of (A) one (1) time your annual base salary at the rate in effect just prior to the time a Notice of Termination is given, or (B) one (1) time your annual base salary in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control, plus (ii) one (1) times the average of the cash bonuses paid to you during the previous three (3) years;

5.3.3 for a twelve (12) month period after the Date of Termination (specifically including a Date of Termination that occurs after Shareholder Approval and prior to a Change in Control), the Company shall arrange to provide you and your dependents with life, accident, medical and dental insurance benefits substantially similar to those which you were receiving immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control. Notwithstanding the foregoing, the Company shall not provide any benefit otherwise receivable by you pursuant to this paragraph 5.3.3 to the extent that a similar benefit is actually received by you from a subsequent employer during such twelve (12) month period, and any such benefit actually received by you shall be reported to the Company;

5.3.4 any and all outstanding equity compensation awards (whether options, restricted stock units or otherwise) under any Plan held by you shall immediately vest and become exercisable in full; provided, however, that if the award agreement for any such award provides different vesting terms on a change in control of the Company, the terms of the award agreement shall control and this paragraph 5.3.4 shall not apply; and

5.3.5 within five (5) days of the Date of Termination, the Company shall pay you for any vacation time earned but not taken at the Date of Termination, at an hourly rate equal to your annual base salary as in effect immediately prior to the time a Notice of Termination is given divided by 2080.

5.4 Notwithstanding any other provision in this Agreement or any other agreement or arrangement between the Company and you with respect to compensation or benefits (each an “Other Arrangement”), if any portion of the Specified Benefits (as defined below) would be subject to the excise tax payable by you imposed by Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, or any successor provisions (the “IRC”), and if you would receive a greater after-tax benefit from the Capped Benefit (as defined below) than from the Specified Benefits, the Capped Benefit shall be paid to you in lieu of the Specified Benefits. The “Specified Benefits” are the amounts (including the monetary value of any non- cash benefits) otherwise payable pursuant to this Agreement and any Other Arrangement. The “Capped Benefit” equals the Specified Benefits, reduced by the minimum amount necessary to prevent any portion of the Specified Benefits from being a “parachute payment” as defined in IRC Section 280G(b)(2). For purposes of determining whether you would receive a greater after-tax benefit from the Capped Benefit than from the Specified Benefits, there shall be taken into account any excise tax that would be imposed under IRC Section 4999 and all federal, state and local taxes required to be paid by you in respect of the receipt of such payments. If you receive the Capped Benefit, you may determine the extent to which each of the Specified Benefits shall be reduced. The parties recognize that there is some uncertainty regarding the computations under IRC Section 280G which must be applied to determine the Capped Benefit. Accordingly, the parties agree that, after the severance benefit is paid, the amount of the Capped Benefit may be retroactively adjusted to the extent any subsequent Internal Revenue Service regulations, rulings, audits or other pronouncements establish that the original calculation of the Capped Benefit was incorrect. In that case, amounts shall be paid or reimbursed between the parties so that you will have received the severance benefit you would have received if the Capped Benefit had originally been calculated correctly. Moreover, in determining whether you will receive the Specified Benefits or the Capped Benefit, any potential tax consequences to the Company under IRC Section 280G or otherwise will not be taken into account.

5.5 Except as specifically provided above, the amount of any payment provided for in this Section 5 shall not be reduced, offset or subject to recovery by the Company by reason of any compensation earned by you as the result of employment by another employer after the Date of Termination, or otherwise. Your entitlements under Section 5.3 are in addition to, and not in lieu of any rights, benefits or entitlements you may have under the terms or provisions of any Plan.

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6. Successors; Binding Agreement.

6.1 The Company will seek to have any Successor (as hereinafter defined), by agreement in form and substance satisfactory to you, assume the Company's obligations under this Agreement or assent to the fulfillment by the Company of its obligations under this Agreement. This Agreement will be binding upon and inure to the benefit of the Company and any Successor (and such Successor shall thereafter be deemed the "Company" for purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company. For purposes of this Agreement, "Successor" shall mean any Person that succeeds to, or has the practical ability to control (either immediately or with the passage of time), the Company's business directly, by merger, consolidation or purchase of assets, or indirectly, by purchase of the Voting Securities or otherwise.

6.2 This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there be no such designee, to your estate.

7. Fees and Expenses. The Company shall pay all legal fees and related legal expenses incurred by you as a result of (i) your termination following the earlier of Shareholder Approval, if applicable, or a Change in Control (including all such fees and expenses, if any, incurred in contesting or disputing any such termination) or (ii) your seeking to obtain or enforce any right or benefit provided by this Agreement.

8. Survival. The respective obligations of, and benefits afforded to, the Company and you as provided in Section 5, 6, 7 and 12 of this Agreement shall survive termination of this Agreement.

9. Notice. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid and addressed to the address of the respective party set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Chairman of the Board or President of the Company, with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

10. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in a writing signed by you and the Chairman of the Board or President of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to

the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Oregon.

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11. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Portland, Oregon by three arbitrators in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction; provided, however, that you shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 12.

13. Agreement. Nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company and for which you may qualify, nor shall anything in this Agreement limit or otherwise affect such rights as you may have under any contract or agreement with the Company. Amounts which are vested benefits or which you are otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement with, the Company at or subsequent to this Agreement shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.

15. 409A Interpretation. This Agreement (and all payments and other benefits provided under this Agreement and provided under any other agreement incorporated by reference) are intended to be exempt from the requirements of IRC Section 409A to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treasury Regulation Section 1.409A-1(b)(9)(iii), or otherwise. To the extent IRC Section 409A is applicable to such payments and benefits, the Company intends that this Agreement (and such payments and benefits) comply with the deferral, payout and other limitations and restrictions imposed under IRC Section 409A. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be interpreted, operated and administered in a manner consistent with such intentions.

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16. Payments to Specified Employee. Notwithstanding any other provision of this Agreement to the contrary, you shall not be entitled to any payment pursuant to this Agreement prior to the earliest date permitted under IRC Section 409A. If at the time of your termination of employment, you are a "specified employee," as defined in Treasury Regulation Section 1.409A-1(i) and determined using the identification methodology selected by the Company from time to time, or if none, the default methodology under IRC Section 409A, and a payment or benefit provided for in this Agreement would be subject to additional tax under IRC Section 409A if such payment or benefit is paid within six (6) months after your termination, then such payment or benefit required under this Agreement shall not be paid (or commence to be paid) during the six (6) month period immediately following your termination, but shall instead be accumulated and paid to you (or, if you have died, to your estate) on the earlier of (i) the tenth (10th) business day following your death or (ii) the first (1st) business day of the seventh month following your termination of employment.

If this Agreement correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this Agreement which will then constitute our agreement on this subject.

Sincerely,

/s/ Scott J. Montross

Scott J. Montross

President and Chief Executive Officer

AGREED AND ACCEPTED:

/s/ Eric Stokes

Exhibit 10.4

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December 9, 2021

Michael Wray

Northwest Pipe Company, an Oregon corporation (the "Company"), considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders. In this connection, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control (as defined in Section 3 hereof) may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. Accordingly, the Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management to their assigned duties without distraction in circumstances arising from the possibility of a Change in Control of the Company.

In order to induce you to remain in the employ of the Company, this letter agreement ("Agreement"), which has been approved by the Board, sets forth the severance benefits which the Company agrees will be provided to you in the event your employment with the Company is terminated in connection with a Change in Control of the Company under the circumstances described below. Right to Terminate. The Company or you may terminate your employment at any time, subject to the Company's obligations to provide the benefits hereinafter specified in accordance with the terms hereof.

1. Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect until July 31, 2022; provided, however, that commencing on August 1, 2022 and each August 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless at least ninety (90) days prior to such August 1 date, the Company or you shall have given notice that this Agreement shall not be extended; provided, however, that this Agreement shall continue in effect for a period of twenty-four (24) months beyond the term provided herein if a Change in Control shall have occurred during such term. Notwithstanding anything in this Section 2 to the contrary, this Agreement shall terminate if you or the Company terminate your employment prior to the earlier of Shareholder Approval (as defined in Section 3 hereof), if applicable, or a Change in Control.

2. Change in Control: Shareholder Approval: Person.

2.1 For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events:

2.1.1 The consummation of:

(a) any consolidation, merger or plan of share exchange involving the Company (a "Merger") other than a Merger which would result in securities of the Company ordinarily having the right to vote for the election of directors ("Voting Securities") outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity or a parent of the surviving entity) more than 50% of the combined voting power of the Voting Securities of such surviving entity or parent outstanding immediately after the Merger;

(b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company: or

(c) the adoption of any plan or proposal for the liquidation or dissolution of the Company.

3.1.2 At any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board ("Incumbent Directors") shall cease for any reason to constitute at least a majority thereof unless each new director elected during such two-year period was nominated or elected by a vote of at least two-thirds (2/3rds) of the Incumbent Directors then in office and voting (with new directors nominated or elected by two-thirds (2/3rds) of the Incumbent Directors also being deemed to be Incumbent Directors); or

3.1.3 Any Person (as hereinafter defined) shall, as a result of any purchase or other acquisition of Company Shares from anyone other than the Company, have become the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of Voting Securities representing twenty percent (20%) or more of the combined voting power of the then outstanding Voting Securities.

Notwithstanding anything in the foregoing to the contrary, unless otherwise determined by the Board, no Change in Control shall be deemed to have occurred for purposes of this Agreement if (1) you acquire (other than on the same basis as all other holders of the Voting Securities) an equity interest in an entity that acquires the Company in a Change in Control otherwise described under subparagraph 3.1.1 above, or (2) you are part of a group that constitutes a Person which becomes a beneficial owner of Voting Securities in a transaction that otherwise would have resulted in a Change in Control under subparagraph 3.1.3 above.

3.2 For purposes of this Agreement, "Shareholder Approval" shall be deemed to have occurred if the shareholders of the Company approve an agreement entered into by the Company, the consummation of which would result in the occurrence of a Change in Control.

3.3 For purposes of this Agreement, the term "Person" shall mean and include any individual, corporation, partnership, group, association or other "person," as such term is used in Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than the Company or any employee benefit plan(s) sponsored by the Company.

4. Termination Following Shareholder Approval or Change In Control. If a Change in Control occurs and at any time after the earlier of Shareholder Approval, if applicable, or the Change in Control and on or before the second anniversary of the Change in Control, your employment is terminated, you shall be entitled to the benefits provided in Section 5.3 hereof unless such termination is (a) because of your death, (b) by the Company for Cause or Disability or (c) by you other than for Good Reason (as all such capitalized terms are hereinafter defined).

4.1 Disability. Termination by the Company of your employment based on "Disability" shall mean termination because of your absence from your duties with the Company on a full-time basis for one hundred eighty (180) consecutive days as a result of your incapacity due to physical or mental illness, unless within thirty (30) days after Notice of Termination (as hereinafter defined) is given to you following such absence you shall have returned to the full-time performance of your duties.

4.2 Cause. Termination by the Company of your employment for "Cause" shall mean termination upon (a) the willful and continued failure by you to substantially perform your reasonably assigned duties with the Company consistent with those duties assigned to you prior to the Change in Control (other than any such failure resulting from your incapacity due to physical or mental illness) which failure shall not have been corrected within thirty (30) days after a demand for substantial performance is delivered to you by the Chairman of the Board or President of the Company which specifically identifies the manner in which such executive believes that you have not substantially performed your duties and such notice is delivered within ninety (90) days of such circumstances, or (b) the willful engaging by you in illegal conduct which is materially and demonstrably injurious to the Company. For purposes of this paragraph 4.2, no act, or failure to act, on your part shall be considered "willful" unless done, or omitted to be done, by you in knowing bad faith and without reasonable belief that your action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds (2/3rds) of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of the conduct set forth above in (a) or (b) of this paragraph 4.2 and specifying the particulars thereof in detail.

4.3 Good Reason. Termination by you of your employment for "Good Reason" shall mean termination by you of your employment with the Company based on the occurrence after Shareholder Approval, if applicable, or the Change in Control, of any of the following circumstances, provided you give Notice of Termination within ninety (90) days after notice to you of such circumstances and such circumstances are not fully corrected by the Company within thirty (30) days after your notice:

4.3.1 a change in your status, title, position(s) or responsibilities as an employee of the Company which constitutes an adverse change from your status, title, position(s) and responsibilities as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control, or the assignment to you of any duties or responsibilities which are inconsistent with such status, title or position(s), or any removal of you from or any failure to reappoint or reelect you to such position(s), except in connection with the termination of your employment for Cause, Disability or as a result of your death or by you other than for Good Reason;

4.3.2 a reduction by the Company in your base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all management personnel of the Company and all management personnel of any Person in control of the Company;

4.3.3 the failure by the Company to continue in effect any Plan (as hereinafter defined) in which you are participating immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control (or Plans providing you with at least substantially similar benefits) other than as a result of the normal expiration of any such Plan in accordance with its terms as in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control, or the taking of any action, or the failure to act, by the Company which would adversely affect your continued participation in any of such Plans on at least as favorable a basis to you as is the case immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control or which would materially reduce your benefits in the future under any of such Plans or deprive you of any material benefit enjoyed by you immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

4.3.4 the failure by the Company to provide and credit you with the number of paid vacation days to which you are then entitled in accordance with the Company's normal vacation policy as in effect immediately prior to the earlier of

Shareholder Approval, if applicable, or the Change in Control;

4.3.5 the Company's requiring you to be based more than twenty-five (25) miles from where your office is located immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control except for required travel on the Company's business to an extent substantially consistent with the business travel obligations which you undertook on behalf of the Company prior to the earlier of Shareholder Approval, if applicable, or the Change in Control;

4.3.6 the failure of the Company to pay to you any portion of your compensation or compensation under any deferred compensation program of the Company;

4.3.7 the failure by the Company to obtain from any Successor (as hereinafter defined) the assumption or assent to this Agreement contemplated by Section 6 hereof within thirty (30) days after a Change in Control;

4.3.8 any material breach of this Agreement by the Company; or

4.3.9 any purported termination by the Company of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of paragraph 4.4 below (and, if applicable, paragraph 4.2 above); and for purposes of this Agreement no such purported termination shall be effective.

For purposes of this Agreement, "Plan" shall mean any compensation plan such as an incentive, stock option or restricted stock plan or any employee benefit plan such as a thrift, pension, profit sharing, medical, disability, accident, life insurance, or relocation plan or policy or any other plan, program or policy of the Company intended to benefit employees.

4.4 Notice of Termination. Any purported termination by the Company or by you following the earlier of Shareholder Approval, if applicable, or a Change in Control shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

4.5 Date of Termination. "Date of Termination" shall mean the date your employment with the Company is terminated following the earlier of Shareholder Approval, if applicable, or a Change in Control, which date shall be determined as follows: (a) if your employment is to be terminated for Disability, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such thirty (30) day period), (b) if your employment is to be terminated by the Company for Cause, the date on which a Notice of Termination is given, and (c) if your employment is to be terminated by you or by the Company for any other reason, the date specified in the Notice of Termination (which, in the case of termination for Good Reason shall be not less than thirty (30) days nor more than sixty (60) days from the date such Notice of Termination is given), unless an earlier date has been agreed to by the party receiving the Notice of Termination either in advance of, or after, receiving such Notice of Termination. Notwithstanding anything in the foregoing to the contrary, if the party receiving the Notice of Termination has not previously agreed to the termination, then within thirty (30) days after any Notice of Termination is given, or, if later, prior to the Date of Termination, the party receiving such Notice of Termination may notify the other party that a dispute exists concerning the termination, in which event the Date of Termination shall be the date set either by mutual written agreement of the parties or by the arbitrators in a proceeding as provided in Section 12 hereof; and provided, further, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. You shall not be obligated to perform any services after the Date of Termination that would prevent the termination of your employment on such Date of Termination from qualifying as a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h).

5. Compensation Upon Termination or During Disability.

5.1 During any period following the earlier of Shareholder Approval, if applicable, or a Change in Control that you fail to perform your duties as a result of incapacity due to physical or mental illness, you shall continue to receive your full base salary at the rate then in effect and any benefits or awards under any Plans shall continue to accrue during such period, to the extent not inconsistent with such Plans, until your employment is terminated pursuant to and in accordance with paragraphs 4.1, 4.4 and 4.5 hereof. Thereafter, your benefits shall be determined in accordance with the Plans then in effect.

5.2 If your employment shall be terminated for Cause or as a result of your death following the earlier of Shareholder Approval, if applicable, or a Change in Control of the Company, the Company shall pay you your full base salary through the Date of Termination at the rate in effect just prior to the time a Notice of Termination is given plus any benefits or awards (including both the cash and stock components) which pursuant to the terms of any Plans have been earned or become payable, but which have not yet been paid to you. Thereupon the Company shall have no further obligations to you under this Agreement.

5.3 If a Change in Control occurs and after the earlier of Shareholder Approval, if applicable, or the Change in Control and on or before the second anniversary of the Change in Control your employment with the Company shall be terminated (a) by the Company other than for Cause or Disability or (b) by you for Good Reason, then, you shall be entitled to, and shall be paid, without regard to any contrary provisions of any Plan, a severance benefit as follows:

5.3.1 Within five (5) days of the Date of Termination, the Company shall pay your full base salary through the Date of Termination at the rate in effect just prior to the time a Notice of Termination is given plus any benefits or awards (including both cash and stock components) which pursuant to the terms of any Plans have been earned or become payable, but which have not yet been paid to you (including amounts which previously had been deferred at your request);

5.3.2 as severance pay and in lieu of any further salary for periods subsequent to the Date of Termination, within five (S) days of the later of the Date of Termination or the Change in Control, the Company shall pay to you in a single payment an amount in cash equal to (i) the higher of (A) one (1) times your annual base salary at the rate in effect just prior to the time a Notice of Termination is given, or (B) one (1) times your annual base salary in effect immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control, plus (ii) one (1) times the average of the cash bonuses paid to you during the previous three (3) years;

5.3.3 for a twenty-four (24) month period after the Date of Termination (specifically including a Date of Termination that occurs after Shareholder Approval and prior to a Change in Control), the Company shall arrange to provide you and your dependents with life, accident, medical and dental insurance benefits substantially similar to those which you were receiving immediately prior to the earlier of Shareholder Approval, if applicable, or the Change in Control. Notwithstanding the foregoing, the Company shall not provide any benefit otherwise receivable by you pursuant to this paragraph 5.3.3 to the extent that a similar benefit is actually received by you from a subsequent employer during such twenty-four (24) month period, and any such benefit actually received by you shall be reported to the Company;

5.3.4 any and all outstanding equity compensation awards (whether options, restricted stock units or otherwise) under any Plan held by you shall immediately vest and become exercisable in full; provided, however, that if the award agreement for any such award provides different vesting terms on a change in control of the Company, the terms of the award agreement shall control and this paragraph 5.3.4 shall not apply; and

5.3.5 within five (5) days of the Date of Termination, the Company shall pay you for any vacation time earned but not taken at the Date of Termination, at an hourly rate equal to your annual base salary as in effect immediately prior to the time a Notice of Termination is given divided by 2080.

5.4 Notwithstanding any other provision in this Agreement or any other agreement or arrangement between the Company and you with respect to compensation or benefits (each an "Other Arrangement"), if any portion of the Specified Benefits (as defined below) would be subject to the excise tax payable by you imposed by Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, or any successor provisions (the "IRC"), and if you would receive a greater after-tax benefit from the Capped Benefit (as defined below) than from the Specified Benefits, the Capped Benefit shall be paid to you in lieu of the Specified Benefits. The "Specified Benefits" are the amounts (including the monetary value of any non-cash benefits) otherwise payable pursuant to this Agreement and any Other Arrangement. The "Capped Benefit" equals the Specified Benefits, reduced by the minimum amount necessary to prevent any portion of the Specified Benefits from being a "parachute payment" as defined in IRC Section 280G(b)(2). For purposes of determining whether you would receive a greater after-tax benefit from the Capped Benefit than from the Specified Benefits, there shall be taken into account any excise tax that would be imposed under IRC Section 4999 and all federal, state and local taxes required to be paid by you in respect of the receipt of such payments. If you receive the Capped Benefit, you may determine the extent to which each of the Specified Benefits shall be reduced. The parties recognize that there is some uncertainty regarding the computations under IRC Section 280G which must be applied to determine the Capped Benefit. Accordingly, the parties agree that, after the severance benefit is paid, the amount of the Capped Benefit may be retroactively adjusted to the extent any subsequent Internal Revenue Service regulations, rulings, audits or other pronouncements establish that the original calculation of the Capped Benefit was incorrect. In that case, amounts shall be paid or reimbursed between the parties so that you will have received the severance benefit you would have received if the Capped Benefit had originally been calculated correctly. Moreover, in determining whether you will receive the Specified Benefits or the Capped Benefit, any potential tax consequences to the Company under IRC Section 280G or otherwise will not be taken into account.

5.5 Except as specifically provided above, the amount of any payment provided for in this Section 5 shall not be reduced, offset or subject to recovery by the Company by reason of any compensation earned by you as the result of employment by another employer after the Date of Termination, or otherwise. Your entitlements under Section 5.3 are in addition to, and not in lieu of any rights, benefits or entitlements you may have under the terms or provisions of any Plan.

6. <u>Successors; Binding Agreement</u>.

6.1 The Company will seek to have any Successor (as hereinafter defined), by agreement in form and substance satisfactory to you, assume the Company's obligations under this Agreement or assent to the fulfillment by the Company of its obligations under this Agreement. This Agreement will be binding upon and inure to the benefit of the Company and any Successor (and such Successor shall thereafter be deemed the "Company" for purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company. For purposes of this Agreement, "Successor" shall mean any Person that succeeds to, or has the practical ability to control (either immediately or with the passage of time), the Company's business directly, by merger, consolidation or purchase of assets, or indirectly, by purchase of the Voting Securities or otherwise.

6.2 This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there be no such designee, to your estate.

7. Fees and Expenses. The Company shall pay all legal fees and related legal expenses incurred by you as a result of (i) your termination following the earlier of Shareholder Approval, if applicable, or a Change in Control (including all such fees and expenses, if any, incurred in contesting or disputing any such termination) or (ii) your seeking to obtain or enforce any right or benefit provided by this Agreement.

8. Survival. The respective obligations of, and benefits afforded to, the Company and you as provided in Section 5, 6, 7 and 12 of this Agreement shall survive termination of this Agreement.

9. Notice. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid and addressed to the address of the respective party set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Chairman of the Board or President of the Company, with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

10. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in a writing signed by you and the Chairman of the Board or President of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Oregon.

11. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Portland, Oregon by three arbitrators in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction; provided, however, that you shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement. The Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 12.

13. Related Agreement.

13.1 You and the Company are parties to Long Term Incentive Plan Agreements ("LTIP Agreements"). For the avoidance of doubt, the LTIP Agreements shall be considered an Other Arrangement for purposes of Section 5.4 of this Agreement.

13.2 Except as provided in this Section 13, nothing in this Agreement shall prevent or limit your continuing or future participation in any plan, program, policy or practice provided by the Company and for which you may qualify, nor shall anything in this Agreement limit or otherwise affect such rights as you may have under any contract or agreement with the Company. Amounts which are vested benefits or which you are otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement with, the Company at or subsequent to this Agreement shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.

15. 409AInterpretation. This Agreement (and all payments and other benefits provided under this Agreement and provided under any other agreement incorporated by reference) are intended to be exempt from the requirements of IRC Section 409A to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treasury Regulation Section 1.409A-1(b)(9)(iii), or otherwise. To the extent IRC Section 409A is applicable to such payments and benefits, the Company intends that this Agreement (and such payments and benefits) comply with the deferral, payout and other limitations and restrictions imposed under IRC Section 409A. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be interpreted, operated and administered in a manner consistent with such intentions.

16. Payments to Specified Employee. Notwithstanding any other provision of this Agreement to the contrary, you shall not be entitled to any payment pursuant to this Agreement prior to the earliest date permitted under IRC Section 409A. If at the time of your termination of employment, you are a "specified employee," as defined in Treasury Regulation Section 1.409A-1(i) and determined using the identification methodology selected by the Company from time to time, or if none, the default methodology under IRC Section 409A, and a payment or benefit provided for in this Agreement would be subject to additional tax under IRC Section 409A if such payment or benefit is paid within six (6) months after your termination, then such payment or benefit required under this Agreement shall not be paid (or commence to be paid) during the six (6) month period immediately following your termination, but shall instead be accumulated and paid to you (or, if you have died, to your estate) on the earlier of (i) the tenth (10th) business day following your death or (ii) the first (1st) business day of the seventh month following your termination of employment.

If this Agreement correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this Agreement which will then constitute our agreement on this subject.

Sincerely,

/s/ Scott J. Montross

Scott J. Montross

President and Chief Executive Officer

AGREED AND ACCEPTED:

/s/ Michael Wray

Exhibit 31.1

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

AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Montross, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2023May 2, 2024

By: /s/ Scott Montross

Scott Montross

Director, President, and Chief Executive Officer

(principal executive officer)

Exhibit 31.2

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

I, Aaron Wilkins, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2023May 2, 2024	By: /s/ Aaron Wilkins
	Aaron Wilkins
	Senior Vice President, Chief Financial Officer, and Corporate Secretary
	(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Northwest Pipe Company (the "Company") on Form 10-Q for the period ended September 30, 2023March as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott Montross, Director, President, and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Scott Montross

Scott Montross

Director, President, and Chief Executive Officer

November 3, 2023May 2, 2024

Exhibit 32.2

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

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

In connection with the Quarterly Report of Northwest Pipe Company (the “Company”) on Form 10-Q for the period ended September 30, 2023March as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Aaron Wilkins, Senior Vice President, Chief Financial Officer, and Corporate Secretary of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Aaron Wilkins

Aaron Wilkins

Senior Vice President, Chief Financial Officer, and Corporate Secretary

November 3, 2023May 2, 2024

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