

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

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly report ended September 30, 2023
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number 1-6770



MUELLER INDUSTRIES INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

25-0790410
(I.R.S. Employer Identification No.)

150 Schilling Boulevard
Collierville

(Address of principal executive offices)

Suite 100
Tennessee

38017
(Zip Code)

(901) 753-3200
(Registrant's telephone number, including area code)

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

Title of each class
Common Stock

Trading Symbol
MLI

Name of exchange on which registered
NYSE

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

Yes No

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

Yes No

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

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

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

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

Yes No

The number of shares of the Registrant's common stock outstanding as of October 22, 2023 was 13,529,410.

MUELLER INDUSTRIES, INC.

FORM 10-Q

For the Quarterly Period Ended September 30, 2023

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

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

<i>(In thousands, except per share data)</i>	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Net sales	\$ 819,792	\$ 944,830	\$ 2,687,968	\$ 3,104,874
Cost of goods sold	579,058	678,637	1,897,128	2,244,062
Depreciation and amortization	9,631	10,850	30,704	32,993
Selling, general, and administrative expense	48,295	50,178	156,988	146,590
Gain on sale of assets	—	—	—	(5,507)
Gain on sale of business	(4,137)	—	(4,137)	—
Asset impairments	5,934	—	5,934	—
Gain on insurance settlement	—	—	(19,466)	—
Operating income	181,011	205,165	620,817	686,736
Interest expense	(230)	(361)	(508)	(666)
Interest income	10,599	1,356	24,566	1,619
Unrealized (loss) gain on short-term investments	(2,371)	—	18,449	—
Other (expense) income, net	(44)	(326)	4,033	2,394
Income before income taxes	188,965	205,834	667,357	690,083
Income tax expense	(50,843)	(51,035)	(174,322)	(173,524)
(Loss) income from unconsolidated affiliates, net of foreign tax	(2,413)	1,014	(2,682)	6,026
Consolidated net income	135,709	155,813	490,353	522,585
Net income attributable to noncontrolling interests	(3,000)	(1,271)	(6,694)	(3,175)
Net income attributable to Mueller Industries, Inc.	\$ 132,709	\$ 154,542	\$ 483,659	\$ 519,410
Weighted average shares for basic earnings per share ⁽¹⁾	111,416	111,178	111,374	111,650
Effect of dilutive stock-based awards ⁽¹⁾	2,452	1,670	2,182	1,592
Adjusted weighted average shares for diluted earnings per share ⁽¹⁾	113,868	112,848	113,556	113,242
Basic earnings per share ⁽¹⁾	\$ 1.19	\$ 1.39	\$ 4.34	\$ 4.65
Diluted earnings per share ⁽¹⁾	\$ 1.17	\$ 1.37	\$ 4.26	\$ 4.59
Dividends per share ⁽¹⁾	\$ 0.150	\$ 0.125	\$ 0.450	\$ 0.375

See accompanying notes to condensed consolidated financial statements.

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

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

<i>(In thousands)</i>	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Consolidated net income	\$ 135,709	\$ 155,813	\$ 490,353	\$ 522,585
Other comprehensive (loss) income, net of tax:				
Foreign currency translation	(9,078)	(28,179)	8,898	(44,086)
Net change with respect to derivative instruments and hedging activities, net of tax of \$(93), \$352, \$410, and \$3,198	324	(1,179)	(1,401)	(10,974)
Net change in pension and postretirement obligation adjustments, net of tax of \$(15), \$(573), \$(3), and \$(676)	—	1,608	1	1,729
Attributable to unconsolidated affiliates, net of tax of \$(64), \$56, \$(540), and \$(1,224)	222	(191)	1,860	4,218
Total other comprehensive (loss) income, net	(8,532)	(27,941)	9,358	(49,113)
Consolidated comprehensive income	127,177	127,872	499,711	473,472
Comprehensive (income) loss attributable to noncontrolling interests	(3,280)	148	(6,938)	(167)
Comprehensive income attributable to Mueller Industries, Inc.	\$ 123,897	\$ 128,020	\$ 492,773	\$ 473,305

See accompanying notes to condensed consolidated financial statements.

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	<u>(Unaudited)</u> September 30, 2023	<u>December 31,</u> 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 979,790	\$ 461,018
Short-term investments	124,680	217,863
Accounts receivable, less allowance for doubtful accounts of \$2,918 in 2023 and \$2,687 in 2022	409,187	380,352
Inventories	391,740	448,919
Other current assets	31,373	26,501
Total current assets	1,936,770	1,534,653
Property, plant, and equipment, net	376,678	379,950
Operating lease right-of-use assets	33,898	22,892
Goodwill, net	150,921	157,588
Intangible assets, net	46,798	54,785
Investments in unconsolidated affiliates	97,025	72,364
Other assets	21,651	20,167
Total assets	\$ 2,663,741	\$ 2,242,399

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(In thousands, except share data)</i>	(Unaudited) September 30, 2023	December 31, 2022
Liabilities		
Current liabilities:		
Current portion of debt	\$ 556	\$ 811
Accounts payable	141,930	128,000
Accrued wages and other employee costs	49,065	61,915
Current portion of operating lease liabilities	7,431	4,942
Other current liabilities	123,523	152,627
Total current liabilities	322,505	348,295
Long-term debt, less current portion	1,301	1,218
Pension liabilities	3,797	4,078
Postretirement benefits other than pensions	9,131	8,977
Environmental reserves	15,420	16,380
Deferred income taxes	18,502	16,258
Noncurrent operating lease liabilities	25,793	16,880
Other noncurrent liabilities	16,063	16,349
Total liabilities	412,512	428,435
Equity		
Mueller Industries, Inc. stockholders' equity:		
Preferred stock - \$1.00 par value; shares authorized 5,000,000; none outstanding	—	—
Common stock - \$.01 par value; shares authorized 250,000,000 in 2023 and 100,000,000 in 2022; issued 160,366,008; outstanding 113,528,010 in 2023 and 114,003,234 in 2022 ⁽¹⁾	802	802
Additional paid-in capital	313,647	297,270
Retained earnings	2,492,157	2,059,796
Accumulated other comprehensive loss	(55,061)	(64,175)
Treasury common stock, at cost	(530,304)	(502,779)
Total Mueller Industries, Inc. stockholders' equity	2,221,241	1,790,914
Noncontrolling interests	29,988	23,050
Total equity	2,251,229	1,813,964
Commitments and contingencies	—	—
Total liabilities and equity	\$ 2,663,741	\$ 2,242,399

See accompanying notes to condensed consolidated financial statements.

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

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

<i>(In thousands)</i>	For the Nine Months Ended	
	September 30, 2023	September 24, 2022
Cash flows from operating activities		
Consolidated net income	\$ 490,353	\$ 522,585
Reconciliation of consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	31,053	33,261
Stock-based compensation expense	17,268	12,254
Provision for doubtful accounts receivable	(63)	327
Loss (income) from unconsolidated affiliates	2,682	(6,026)
Insurance proceeds - noncapital related	9,854	1,646
Gain on disposals of properties	(106)	(7,107)
Gain on sale of business	(4,137)	—
Unrealized gain on short-term investments	(18,449)	—
Impairment charges	5,934	—
Gain on insurance settlement	(19,466)	—
Deferred income tax expense	3,803	226
Changes in assets and liabilities, net of effects of business sold:		
Receivables	(36,855)	15,741
Inventories	53,372	(33,768)
Other assets	(12,897)	(8,574)
Current liabilities	(25,503)	(5,331)
Other liabilities	(1,828)	(7,399)
Other, net	3,475	(923)
Net cash provided by operating activities	498,490	516,912
Cash flows from investing activities		
Capital expenditures	(39,469)	(29,555)
Investments in unconsolidated affiliates	(3,999)	—
Insurance proceeds - capital related	24,646	3,354
Purchase of short-term investments	(106,231)	—
Proceeds from the maturity of short-term investments	217,863	—
Proceeds from sales of assets	214	7,841
Dividends from unconsolidated affiliates	1,093	2,091
Net cash provided by (used in) investing activities	94,117	(16,269)

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

<i>(In thousands)</i>	For the Nine Months Ended	
	September 30, 2023	September 24, 2022
Cash flows from financing activities		
Dividends paid to stockholders of Mueller Industries, Inc.	(50,133)	(41,876)
Repurchase of common stock	(19,303)	(38,054)
Repayments of debt	(185)	(148)
(Repayment) issuance of debt by consolidated joint ventures, net	(265)	406
Net cash used to settle stock-based awards	(9,113)	(1,619)
Net cash used in financing activities	(78,999)	(81,291)
Effect of exchange rate changes on cash	2,312	(10,310)
Increase in cash, cash equivalents, and restricted cash	515,920	409,042
Cash, cash equivalents, and restricted cash at the beginning of the period	465,296	90,376
Cash, cash equivalents, and restricted cash at the end of the period	\$ 981,216	\$ 499,418

See accompanying notes to condensed consolidated financial statements.

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

(In thousands)	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Common stock:				
Balance at beginning of period	\$ 802	\$ 802	\$ 802	\$ 802
Balance at end of period	<u>\$ 802</u>	<u>\$ 802</u>	<u>\$ 802</u>	<u>\$ 802</u>
Additional paid-in capital:				
Balance at beginning of period	\$ 309,705	\$ 291,228	\$ 297,270	\$ 286,208
Acquisition of shares under incentive stock option plans	254	560	688	853
Stock-based compensation expense	4,809	7,083	17,268	12,254
Issuance of restricted stock	<u>(1,121)</u>	<u>(4,469)</u>	<u>(1,579)</u>	<u>(4,913)</u>
Balance at end of period	<u>\$ 313,647</u>	<u>\$ 294,402</u>	<u>\$ 313,647</u>	<u>\$ 294,402</u>
Retained earnings:				
Balance at beginning of period	\$ 2,376,618	\$ 1,794,811	\$ 2,059,796	\$ 1,458,489
Net income attributable to Mueller Industries, Inc.	132,709	154,542	483,659	519,410
Dividends paid or payable to stockholders of Mueller Industries, Inc.	<u>(17,170)</u>	<u>(14,216)</u>	<u>(51,298)</u>	<u>(42,762)</u>
Balance at end of period	<u>\$ 2,492,157</u>	<u>\$ 1,935,137</u>	<u>\$ 2,492,157</u>	<u>\$ 1,935,137</u>
Accumulated other comprehensive loss:				
Balance at beginning of period	\$ (46,249)	\$ (72,930)	\$ (64,175)	\$ (53,347)
Total other comprehensive (loss) income attributable to Mueller Industries, Inc.	<u>(8,812)</u>	<u>(26,522)</u>	<u>9,114</u>	<u>(46,105)</u>
Balance at end of period	<u>\$ (55,061)</u>	<u>\$ (99,452)</u>	<u>\$ (55,061)</u>	<u>\$ (99,452)</u>

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

(In thousands)

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Treasury stock:				
Balance at beginning of period	\$ (524,646)	\$ (503,448)	\$ (502,779)	\$ (470,034)
Acquisition of shares under incentive stock option plans	(6,779)	(2,083)	(9,801)	(2,472)
Repurchase of common stock	—	(4,585)	(19,303)	(38,054)
Issuance of restricted stock	1,121	4,469	1,579	4,913
Balance at end of period	<u>\$ (530,304)</u>	<u>\$ (505,647)</u>	<u>\$ (530,304)</u>	<u>\$ (505,647)</u>
Noncontrolling interests:				
Balance at beginning of period	\$ 26,708	\$ 35,160	\$ 23,050	\$ 34,845
Purchase of Mueller Middle East	—	(5,605)	—	(5,605)
Net income attributable to noncontrolling interests	3,000	1,271	6,694	3,175
Foreign currency translation	280	(1,419)	244	(3,008)
Balance at end of period	<u>\$ 29,988</u>	<u>\$ 29,407</u>	<u>\$ 29,988</u>	<u>\$ 29,407</u>

See accompanying notes to condensed consolidated financial statements.

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

General

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

The accompanying unaudited interim financial statements include all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented herein.

Note 1 – Recent Accounting Standards

Adopted

In October 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-08, *Business Combinations (Topic 805): An Amendment of the FASB Accounting Standards Codification*. The new guidance was issued to improve accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to the (i) recognition of an acquired contract liability, and (ii) payment terms and their effect on subsequent revenue recognized by the acquirer. The ASU is effective for fiscal years beginning after December 15, 2022 for public entities. The updated guidance requires prospective adoption, and early adoption is permitted. The Company adopted the ASU during the first quarter of 2023. The adoption of the ASU did not have a material impact on the Company's Condensed Consolidated Financial Statements.

Issued

In June 2022, the FASB issued ASU No. 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The new guidance was issued to clarify existing guidance measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security and introduce new disclosure requirements for applicable equity securities. The ASU is effective for fiscal years beginning after December 15, 2023 for public entities. The updated guidance requires prospective adoption, and early adoption is permitted. The Company does not expect the adoption of the ASU to have a material impact on its Condensed Consolidated Financial Statements.

Note 2 – Earnings per Common Share

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

On September 26, 2023, the Company's shareholders approved an amendment to the Company's Restated Certificate of Incorporation to increase the total number of authorized shares of Common Stock from 100,000,000 to 250,000,000. Subsequently, the Company's Board of Directors announced a two-for-one stock split of its common stock effected in the form of a stock dividend of one share for each outstanding share. The record date for the stock split was October 6, 2023, and the additional shares were distributed on October 20, 2023. Shares authorized in prior periods are not adjusted. All other references to share and per share amounts presented in the Condensed Consolidated Financial Statements and this Quarterly Report on Form 10-Q have been adjusted retroactively to reflect the stock split.

Note 3 – Disposition

Heatlink Group

On September 2, 2021, the Company entered into a contribution agreement with a limited liability company in the retail distribution business, pursuant to which the Company exchanged the outstanding common stock of Die-Mold for a 17 percent

equity interest in the limited liability company. Die-Mold manufactures PEX and other plumbing-related fittings and plastic injection tooling in Canada and sells these products in Canada and the U.S. and was included in the Piping Systems segment.

Effective July 3, 2023, the Company transferred 100 percent of the outstanding shares of Heatlink Group, Inc. and Heatlink Group USA, LLC for an additional 11 percent equity interest in the limited liability company. Heatlink Group produces a complete line of products for PEX plumbing and radiant systems in Canada and sells these products in Canada and the U.S. and was included in the Piping Systems segment. Heatlink Group reported net sales of \$15.6 million and operating income of \$1.7 million in the first nine months of 2023 compared to net sales of \$29.6 million and operating income of \$5.2 million for the first nine months of 2022. As a result of the transaction, the Company recognized a gain of \$4.1 million in the third quarter of 2023 based on the excess of the fair value of the consideration received (the 11 percent equity interest) over the carrying value of Heatlink Group. The Company equally weighted an income and market comparable companies approach using an EBITDA multiple to determine the fair value of the consideration received of \$26.0 million, which is recognized within the Investments in unconsolidated affiliates line of the Condensed Consolidated Balance Sheet. The excess of the fair value of the deconsolidated subsidiary over its carrying value resulted in the gain.

Note 4 – Segment Information

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

Piping Systems

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

Industrial Metals

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

Climate

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

Summarized segment information is as follows:

For the Quarter Ended September 30, 2023					
<i>(In thousands)</i>	Piping Systems	Industrial Metals	Climate	Corporate and Eliminations	Total
Net sales	\$ 568,151	\$ 141,012	\$ 119,949	\$ (9,320)	\$ 819,792
Cost of goods sold	394,736	119,108	76,133	(10,919)	579,058
Depreciation and amortization	5,025	1,835	1,618	1,153	9,631
Selling, general, and administrative expense	21,847	3,848	7,352	15,248	48,295
Gain on sale of business	—	—	—	(4,137)	(4,137)
Asset impairments	5,934	—	—	—	5,934
Operating income	140,609	16,221	34,846	(10,665)	181,011
Interest expense					(230)
Interest income					10,599
Unrealized loss on short-term investments					(2,371)
Other expense, net					(44)
Income before income taxes					<u>\$ 188,965</u>

For the Quarter Ended September 24, 2022					
<i>(In thousands)</i>	Piping Systems	Industrial Metals	Climate	Corporate and Eliminations	Total
Net sales	\$ 634,808	\$ 144,880	\$ 174,650	\$ (9,508)	\$ 944,830
Cost of goods sold	440,216	128,152	114,850	(4,581)	678,637
Depreciation and amortization	5,516	1,846	2,289	1,199	10,850
Selling, general, and administrative expense	21,137	2,805	10,049	16,187	50,178
Operating income	167,939	12,077	47,462	(22,313)	205,165
Interest expense					(361)
Interest income					1,356
Other expense, net					(326)
Income before income taxes					<u>\$ 205,834</u>

Segment information (continued):

	For the Nine Months Ended September 30, 2023				
<i>(In thousands)</i>	Piping Systems	Industrial Metals	Climate	Corporate and Eliminations	Total
Net sales	\$ 1,868,635	\$ 452,512	\$ 396,857	\$ (30,036)	\$ 2,687,968
Cost of goods sold	1,315,212	375,375	242,009	(35,468)	1,897,128
Depreciation and amortization	15,835	5,411	5,973	3,485	30,704
Selling, general, and administrative expense	76,049	10,319	22,440	48,180	156,988
Gain on sale of business	—	—	—	(4,137)	(4,137)
Asset impairments	5,934	—	—	—	5,934
Gain on insurance settlement	—	—	(19,466)	—	(19,466)
Operating income	455,605	61,407	145,901	(42,096)	620,817
Interest expense					(508)
Interest income					24,566
Unrealized gain on short-term investments					18,449
Other income, net					4,033
Income before income taxes					<u>\$ 667,357</u>

	For the Nine Months Ended September 24, 2022				
<i>(In thousands)</i>	Piping Systems	Industrial Metals	Climate	Corporate and Eliminations	Total
Net sales	\$ 2,163,045	\$ 498,367	\$ 479,756	\$ (36,294)	\$ 3,104,874
Cost of goods sold	1,539,493	424,802	311,917	(32,150)	2,244,062
Depreciation and amortization	16,846	5,636	6,989	3,522	32,993
Selling, general, and administrative expense	66,700	8,425	25,941	45,524	146,590
Gain on sale of assets	—	—	—	(5,507)	(5,507)
Operating income	540,006	59,504	134,909	(47,683)	686,736
Interest expense					(666)
Interest income					1,619
Other income, net					2,394
Income before income taxes					<u>\$ 690,083</u>

The following table presents total assets attributable to each segment:

<i>(In thousands)</i>	September 30, 2023	December 31, 2022
Segment assets:		
Piping Systems	\$ 1,083,888	\$ 1,088,940
Industrial Metals	168,608	160,702
Climate	257,832	279,940
General Corporate	1,153,413	712,817
	\$ 2,663,741	\$ 2,242,399

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

<i>(In thousands)</i>	For the Quarter Ended September 30, 2023			
	Piping Systems	Industrial Metals	Climate	Total
Tube and fittings	\$ 457,164	\$ —	\$ —	\$ 457,164
Brass rod and forgings	—	112,164	—	112,164
OEM components, tube & assemblies	—	18,823	29,293	48,116
Valves and plumbing specialties	110,987	—	—	110,987
Flex duct and other HVAC components	—	—	90,656	90,656
Other	—	10,025	—	10,025
	568,151	141,012	119,949	829,112
Intersegment sales				(9,320)
Net sales				\$ 819,792

<i>(In thousands)</i>	For the Quarter Ended September 24, 2022			
	Piping Systems	Industrial Metals	Climate	Total
Tube and fittings	\$ 520,842	\$ —	\$ —	\$ 520,842
Brass rod and forgings	—	114,956	—	114,956
OEM components, tube & assemblies	—	16,819	30,180	46,999
Valves and plumbing specialties	113,966	—	—	113,966
Flex duct and other HVAC components	—	—	144,470	144,470
Other	—	13,105	—	13,105
	634,808	144,880	174,650	954,338
Intersegment sales				(9,508)
Net sales				\$ 944,830

Disaggregation of revenue from contracts with customers (continued):

<i>(In thousands)</i>	For the Nine Months Ended September 30, 2023			
	Piping Systems	Industrial Metals	Climate	Total
Tube and fittings	\$ 1,520,104	\$ —	\$ —	\$ 1,520,104
Brass rod and forgings	—	356,067	—	356,067
OEM components, tube & assemblies	—	62,405	95,702	158,107
Valves and plumbing specialties	348,531	—	—	348,531
Flex duct and other HVAC components	—	—	301,155	301,155
Other	—	34,040	—	34,040
	1,868,635	452,512	396,857	2,718,004
Intersegment sales				(30,036)
Net sales				<u>\$ 2,687,968</u>

<i>(In thousands)</i>	For the Nine Months Ended September 24, 2022			
	Piping Systems	Industrial Metals	Climate	Total
Tube and fittings	1,766,931	—	—	1,766,931
Brass rod and forgings	—	394,277	—	394,277
OEM components, tube & assemblies	—	57,169	91,798	148,967
Valves and plumbing specialties	396,114	—	—	396,114
Flex duct and other HVAC components	—	—	387,958	387,958
Other	—	46,921	—	46,921
	2,163,045	498,367	479,756	3,141,168
Intersegment sales				(36,294)
Net sales				<u>\$ 3,104,874</u>

Note 5 – Cash, Cash Equivalents, and Restricted Cash

<i>(In thousands)</i>	September 30, 2023	December 31, 2022
Cash & cash equivalents	\$ 979,790	\$ 461,018
Restricted cash included within other current assets	1,324	4,176
Restricted cash included within other assets	102	102
Total cash, cash equivalents, and restricted cash	<u>\$ 981,216</u>	<u>\$ 465,296</u>

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

Note 6 – Inventories

(In thousands)

	September 30, 2023	December 31, 2022
Raw materials and supplies	\$ 107,081	\$ 133,189
Work-in-process	68,737	64,177
Finished goods	226,255	265,842
Valuation reserves	(10,333)	(14,289)
Inventories	<u>\$ 391,740</u>	<u>\$ 448,919</u>

Note 7 – Financial Instruments

Short-Term Investments

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

The fair value of short-term investments at December 31, 2022, consisting of U.S. treasury bills with maturities exceeding three months at the time of purchase, approximates the carrying value on that date. These treasury bills are stated at fair value and are classified as trading securities. The fair value of treasury bills is classified as level 1 within the fair value hierarchy. This classification is defined as a fair value determined using observable inputs that reflect quoted prices in active markets for identical assets.

Derivative Instruments and Hedging Activities

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

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

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

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

Commodity Futures Contracts

Copper and brass represent the largest component of the Company's variable costs of production. The cost of these materials is subject to global market fluctuations caused by factors beyond the Company's control. The Company occasionally enters into

forward fixed-price arrangements with certain customers; the risk of these arrangements is generally managed with commodity futures contracts. These futures contracts have been designated as cash flow hedges.

At September 30, 2023, the Company held open futures contracts to purchase approximately \$18.2 million of copper over the next 10 months related to fixed price sales orders. The fair value of those futures contracts was a \$37 thousand net loss position, which was determined by obtaining quoted market prices (level 1 within the fair value hierarchy). In the next 12 months, the Company will reclassify into earnings realized gains or losses relating to cash flow hedges. At September 30, 2023, this amount was approximately \$80 thousand of deferred net losses, net of tax.

The Company may also enter into futures contracts to protect the value of inventory against market fluctuations. At September 30, 2023, the Company held \$0.8 million open futures contracts to sell copper over the next eight months related to copper inventory. The fair value of those futures contracts was a \$97 thousand net gain position, which was determined by obtaining quoted market prices (level 1 within the fair value hierarchy).

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

(In thousands)	Asset Derivatives				Liability Derivatives			
	Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value			
		September 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022		
Commodity contracts - gains	Other current assets	\$ 186	\$ 3,746	Other current liabilities	\$ 45	\$ —		
Commodity contracts - losses	Other current assets	(23)	(1,483)	Other current liabilities	(148)	—		
Total derivatives ⁽¹⁾		\$ 163	\$ 2,263		\$ (103)	\$ —		

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

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

(In thousands)	Location	For the Quarter Ended		For the Nine Months Ended	
		September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Undesignated derivatives:					
Gain (loss) on commodity contracts (nonqualifying)	Cost of goods sold	1,102	5,125	(955)	21,007

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

<i>(In thousands)</i>	For the Quarter Ended September 30, 2023		
	Gain Recognized in AOCI (Effective Portion), Net of Tax	Classification Gains (Losses)	Loss Reclassified from AOCI (Effective Portion), Net of Tax
Cash flow hedges:			
Commodity contracts	\$ 132	Cost of goods sold	\$ 183
Other	9	Other	—
Total	<u>\$ 141</u>	Total	<u>\$ 183</u>

<i>(In thousands)</i>	For the Quarter Ended September 24, 2022		
	(Loss) Gain Recognized in AOCI (Effective Portion), Net of Tax	Classification Gains (Losses)	Loss Reclassified from AOCI (Effective Portion), Net of Tax
Cash flow hedges:			
Commodity contracts	\$ (5,984)	Cost of goods sold	\$ 4,767
Other	38	Other	—
Total	<u>\$ (5,946)</u>	Total	<u>\$ 4,767</u>

<i>(In thousands)</i>	For the Nine Months Ended September 30, 2023		
	Gain Recognized in AOCI (Effective Portion), Net of Tax	Classification Gains (Losses)	Gain Reclassified from AOCI (Effective Portion), Net of Tax
Cash flow hedges:			
Commodity contracts	\$ 1,140	Cost of goods sold	\$ (2,548)
Other	7	Other	—
Total	<u>\$ 1,147</u>	Total	<u>\$ (2,548)</u>

<i>(In thousands)</i>	For the Nine Months Ended September 24, 2022		
	(Loss) Gain Recognized in AOCI (Effective Portion), Net of Tax	Classification Gains (Losses)	Loss Reclassified from AOCI (Effective Portion), Net of Tax
Cash flow hedges:			
Commodity contracts	\$ (13,310)	Cost of goods sold	\$ 2,253
Other	83	Other	—
Total	<u>\$ (13,227)</u>	Total	<u>\$ 2,253</u>

The Company primarily enters into International Swaps and Derivatives Association master netting agreements with major financial institutions that permit the net settlement of amounts owed under their respective derivative contracts. Under these master netting agreements, net settlement generally permits the Company or the counterparty to determine the net amount payable for contracts due on the same date and in the same currency for similar types of derivative transactions. The master netting agreements generally also provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event. The Company does not offset fair value amounts for derivative instruments and fair value amounts recognized for the right to reclaim cash collateral. At September 30, 2023 and December 31, 2022, the Company had recorded restricted cash in other current assets of \$1.3 million and \$4.0 million, respectively, as collateral related to open derivative contracts under the master netting arrangements.

Long-Term Debt

The fair value of long-term debt at September 30, 2023 approximates the carrying value on that date. The estimated fair values were determined based on quoted market prices and the current rates offered for debt with similar terms and maturities. The fair value of long-term debt is classified as level 2 within the fair value hierarchy. This classification is defined as a fair value determined using market-based inputs other than quoted prices that are observable for the liability, either directly or indirectly.

Note 8 – Investments in Unconsolidated Affiliates

Tecumseh

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

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

The Company's loss from unconsolidated affiliates, net of foreign tax, for the quarter and nine months ended September 30, 2023 included net losses of \$4.9 million and \$7.9 million, respectively, for Tecumseh.

The Company's income from unconsolidated affiliates, net of foreign tax, for the quarter and nine months ended September 24, 2022 included net losses of \$0.3 million and net income of \$2.8 million, respectively, for Tecumseh.

Retail Distribution

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

The Company's loss from unconsolidated affiliates, net of foreign tax, for the quarter and nine months ended September 30, 2023 included net income of \$2.5 million and \$5.2 million, respectively, for the retail distribution business.

The Company's income from unconsolidated affiliates, net of foreign tax, for the quarter and nine months ended September 24, 2022 included net income of \$1.3 million and \$3.2 million, respectively, for the retail distribution business.

Note 9 – Benefit Plans

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

<i>(In thousands)</i>	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Pension benefits:				
Interest cost	\$ 594	\$ 394	\$ 1,783	\$ 1,181
Expected return on plan assets	(841)	(967)	(2,524)	(2,901)
Amortization of net loss	—	244	—	731
Net periodic benefit income	\$ (247)	\$ (329)	\$ (741)	\$ (989)
Other benefits:				
Service cost	\$ 51	\$ 72	\$ 152	\$ 216
Interest cost	128	104	384	310
Amortization of prior service credit	(1)	(1)	(2)	(198)
Amortization of net gain	(98)	(59)	(294)	(177)
Curtailement gain	—	—	—	(1,756)
Net periodic benefit cost (income)	\$ 80	\$ 116	\$ 240	\$ (1,605)

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

Note 10 – Commitments and Contingencies

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

Environmental

Non-operating Properties

Southeast Kansas Sites

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

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

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

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

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

Shasta Area Mine Sites

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

Lead Refinery Site

U.S.S. Lead Refinery, Inc. (Lead Refinery), a non-operating wholly owned subsidiary of MRRC, has conducted corrective action and interim remedial activities (collectively, Site Activities) at Lead Refinery's East Chicago, Indiana site pursuant to the Resource Conservation and Recovery Act since December 1996. Although the Site Activities have been substantially concluded, Lead Refinery is required to perform monitoring and maintenance-related activities pursuant to a post-closure permit issued by the Indiana Department of Environmental Management effective as of March 2, 2013. Approximate costs to comply with the post-closure permit, including associated general and administrative costs, are estimated at between \$1.6 million and \$2.4 million over the next 14 years. The Company has recorded a reserve at the low end of this range.

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

On November 8, 2016, the Company, its subsidiary Arava Natural Resources Company, Inc. (Arava), and Arava's subsidiary MRRC each received general notice letters from the EPA asserting that they may be PRPs in connection with the Lead Refinery NPL site. The Company, Arava, and MRRC have denied liability for any remedial action and response costs associated with

the Lead Refinery NPL site. In June 2017, the EPA requested that Lead Refinery conduct, and the Company fund, a remedial investigation and feasibility study of operable unit 2 of the Lead Refinery NPL site pursuant to a proposed administrative settlement agreement and order on consent. The Company and Lead Refinery entered into that agreement in September 2017. The Company has made a capital contribution to Lead Refinery to conduct the remedial investigation and feasibility study with respect to operable unit 2 and has provided financial assurance in the amount of \$1.0 million. The remedial investigation and feasibility study remain ongoing. The EPA has also asserted its position that Mueller is a responsible party for the Lead Refinery NPL site, and accordingly is responsible for a share of remedial action and response costs at the site and in the adjacent residential area.

In January 2018, the EPA issued two unilateral administrative orders (UAOs) directing the Company, Lead Refinery, and four other PRPs to conduct soil and interior remediation of certain residences at the Lead Refinery NPL site (zones 2 and 3 of operable unit 1). Subsequent thereto, the Company and Lead Refinery have reached agreement with the four other PRPs to implement these two UAOs, with the Company agreeing to pay, on an interim basis, (i) an estimated \$4.5 million (subject to potential change through a future reallocation process) of the approximately \$25.0 million the PRPs then estimated it would cost to implement the UAOs, which estimate is subject to change, and (ii) \$2.0 million relating to past costs incurred by other PRPs for work conducted at the site, as well as the possibility of up to \$0.7 million in further payments for ongoing work by those PRPs. As of September 30, 2023, the Company has made payments of approximately \$7.6 million related to the aforementioned agreement with the other PRPs. The Company disputes that it was properly named in the UAOs. In March 2022, Lead Refinery entered into an administrative settlement agreement and order on consent with the EPA, along with the four other PRPs, which involves payment of certain past and future costs relating to operable unit 1, in exchange for certain releases and contribution protection for the Company, Lead Refinery, and their respective affiliates relating to that operable unit. The settlement became effective in September 2022. The Company reserved \$3.3 million for this settlement at the end of 2021. In March 2018, a group of private plaintiffs sued the Company, Arava, MRRC, and Lead Refinery, along with other defendants, in civil tort action relating to the site. The Company, Arava, and MRRC have been voluntarily dismissed from that litigation without prejudice. Lead Refinery's motion to dismiss the matter was granted without prejudice, but it subsequently answered plaintiffs' amended complaint. At this juncture, the Company is unable to determine the likelihood of a material adverse outcome or the amount or range of a potential loss in excess of the current reserve with respect to any remedial action or litigation relating to the Lead Refinery NPL site, either at Lead Refinery's former operating site (operable unit 2) or the adjacent residential area (operable unit 1), including, but not limited to, EPA oversight costs for which the EPA may attempt to seek reimbursement from the Company, and past costs for which other PRPs may attempt to seek contribution from the Company.

Bonita Peak Mining District

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

Operating Properties

Mueller Copper Tube Products, Inc.

In 1999, Mueller Copper Tube Products, Inc. (MCTP), a wholly owned subsidiary, commenced a cleanup and remediation of soil and groundwater at its Wynne, Arkansas plant to remove trichloroethylene, a cleaning solvent formerly used by MCTP. On August 30, 2000, MCTP received approval of its Final Comprehensive Investigation Report and Storm Water Drainage Investigation Report addressing the treatment of soils and groundwater from the Arkansas Department of Environmental Quality (ADEQ). The Company established a reserve for this project in connection with the acquisition of MCTP in 1998. Effective November 17, 2008, MCTP entered into a Settlement Agreement and Administrative Order by Consent to submit a Supplemental Investigation Work Plan (SIWP) and subsequent Final Remediation Work Plan (RWP) for the site. By letter dated January 20, 2010, ADEQ approved the SIWP as submitted, with changes acceptable to the Company. On December 16,

2011, MCTP entered into an amended Administrative Order by Consent to prepare and implement a revised RWP regarding final remediation for the Site. The remediation system was activated in February 2014. Costs to implement the work plans, including associated general and administrative costs, are estimated to approximate \$0.5 million to \$0.7 million over the next three years. The Company has recorded a reserve at the low end of this range.

United States Department of Commerce Antidumping Review

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

Guarantees

Guarantees, in the form of letters of credit, are issued by the Company generally to assure the payment of insurance deductibles, certain retiree health benefits, and debt at certain unconsolidated affiliates. The terms of the guarantees are generally one year but are renewable annually as required. These letters are primarily backed by the Company's revolving credit facility. The maximum payments that the Company could be required to make under its guarantees at September 30, 2023 were \$28.7 million.

Note 11 – Income Taxes

The Company's effective tax rate for the third quarter of 2023 was 27 percent compared with 25 percent for the same period last year. The primary items impacting the effective tax rate for the third quarter of 2023 were increases related to the provision for state income taxes, net of the federal benefit, of \$6.5 million and the effect of foreign tax rates higher than statutory tax rates and other foreign adjustments of \$6.1 million. These were partially offset by other adjustments of \$1.5 million.

The primary item impacting the effective tax rate for the third quarter of 2022 was an increase related to the provision for state income taxes, net of the federal benefit, of \$7.3 million.

The Company's effective tax rate for the first nine months of 2023 was 26 percent compared with 25 percent for the same period last year. The items impacting the effective tax rate for the first nine months of 2023 were increases related to the provision for state income taxes, net of the federal benefit, of \$21.5 million and the effect of foreign tax rates higher than statutory tax rates and other foreign adjustments of \$10.7 million. These were partially offset by other adjustments of \$2.0 million.

The items impacting the effective tax rate for the first nine months of 2022 were increases related to the provision for state income taxes, net of the federal benefit, of \$4.2 million and the effect of foreign tax rates higher than statutory tax rates and other foreign adjustments of \$4.3 million.

The Company files a consolidated U.S. federal income tax return and numerous consolidated and separate-company income tax returns in many state, local, and foreign jurisdictions. The statute of limitations is open for the Company's federal tax return for 2019 and all subsequent years. The statutes of limitations for most state returns are open for 2019 and all subsequent years, and some state and foreign returns are also open for some earlier tax years due to differing statute periods. While the Company

believes that it is adequately reserved for possible audit adjustments, the final resolution of these examinations cannot be determined with certainty and could result in final settlements that differ from current estimates.

Note 12 – Accumulated Other Comprehensive Income (Loss)

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

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

<i>(In thousands)</i>	For the Nine Months Ended September 30, 2023				
	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Derivatives	Pension/OPEB Liability Adjustment	Attributable to Unconsol. Affiliates	Total
Balance as of December 31, 2022	\$ (69,238)	\$ 1,486	\$ 1,222	\$ 2,355	\$ (64,175)
Other comprehensive income before reclassifications	8,654	1,147	221	1,860	11,882
Amounts reclassified from AOCI	—	(2,548)	(220)	—	(2,768)
Net current-period other comprehensive income (loss)	8,654	(1,401)	1	1,860	9,114
Balance as of September 30, 2023	<u>\$ (60,584)</u>	<u>\$ 85</u>	<u>\$ 1,223</u>	<u>\$ 4,215</u>	<u>\$ (55,061)</u>

<i>(In thousands)</i>	For the Nine Months Ended September 24, 2022				
	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Derivatives	Pension/OPEB Liability Adjustment	Attributable to Unconsol. Affiliates	Total
Balance as of December 25, 2021	\$ (42,303)	\$ 803	\$ (11,500)	\$ (347)	\$ (53,347)
Other comprehensive (loss) income before reclassifications	(41,078)	(13,227)	1,424	4,218	(48,663)
Amounts reclassified from AOCI	—	2,253	305	—	2,558
Net current-period other comprehensive (loss) income	(41,078)	(10,974)	1,729	4,218	(46,105)
Balance as of September 24, 2022	<u>\$ (83,381)</u>	<u>\$ (10,171)</u>	<u>\$ (9,771)</u>	<u>\$ 3,871</u>	<u>\$ (99,452)</u>

Reclassification adjustments out of AOCI were as follows:

<i>(In thousands)</i>	Amount reclassified from AOCI				Affected line item
	For the Quarter Ended		For the Nine Months Ended		
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022	
Unrealized losses (gains) on derivative commodity contracts	\$ 236	\$ 6,151	\$ (3,275)	\$ 2,906	Cost of goods sold
	(53)	(1,384)	727	(653)	Income tax (benefit) expense
	\$ 183	\$ 4,767	\$ (2,548)	\$ 2,253	Net of tax and noncontrolling interests
Amortization of net (gain) loss and prior service (credit) cost on employee benefit plans	\$ (99)	\$ 184	\$ (296)	\$ 356	Other (expense) income, net
	26	(31)	76	(51)	Income tax expense (benefit)
	\$ (73)	\$ 153	\$ (220)	\$ 305	Net of tax and noncontrolling interests

Note 13 – Insurance Claims

In August 2022, a portion of the Company's Bluffs, Illinois manufacturing operation was damaged by fire. Certain inventories, production equipment, and building structures were extensively damaged. During the second quarter of 2023, the Company settled the claim with its insurer for total proceeds of \$29.5 million, net of the deductible of \$250 thousand. As a result of the settlement with the insurer, all proceeds received and all costs previously deferred (which were recorded as other current liabilities in prior periods) were recognized, resulting in a pre-tax gain of \$19.5 million in the second quarter of 2023, or 13 cents per diluted share after tax. The Company received proceeds of \$24.5 million and \$5.0 million in 2023 and 2022, respectively.

In March 2023, a portion of the Company's Covington, Tennessee manufacturing operation was damaged by a tornado. The extent of the damage to inventories, production equipment, and building structures is currently being assessed. The total value of the loss, including business interruption, cannot be determined at this time, but is expected to be covered by property and business interruption insurance subject to customary deductibles. Any gain resulting from insurance proceeds for property damage in excess of the net book value of the related property will be recognized in income upon settlement of the claim. In addition, the Company has deferred recognition of direct, identifiable costs associated with this matter. These costs will also be recognized upon settlement of the insurance claim. As of September 30, 2023, the Company has received advances totaling \$10.0 million from the insurance company for this claim. These advances, net of the book value of damaged inventories, equipment, and buildings and direct cleanup and other out of pocket costs totaled \$1.4 million, classified as other current liabilities on the Condensed Consolidated Balance Sheet at September 30, 2023.

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

General Overview

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

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

- **Piping Systems:** The Piping Systems segment is composed of Domestic Piping Systems Group, Great Lakes Copper, European Operations, Trading Group, Jungwoo-Mueller (our South Korean joint venture), and Mueller Middle East (our Bahraini joint venture). The Domestic Piping Systems Group manufactures and distributes copper tube, fittings, and line sets. These products are manufactured in the U.S., sold in the U.S., and exported to markets worldwide. Great Lakes Copper manufactures copper tube and line sets in Canada and sells the products primarily in the U.S. and Canada. European Operations manufactures copper tube in the United Kingdom, which is sold throughout Europe. The Trading Group manufactures pipe nipples and sources products for import distribution in North America. Jungwoo-Mueller manufactures copper-based joining products that are sold worldwide. Mueller Middle East manufactures copper tube and serves markets in the Middle East and Northern Africa. The Piping Systems segment sells products to wholesalers in the plumbing and refrigeration markets, distributors to the manufactured housing and recreational vehicle industries, building material retailers, and air-conditioning original equipment manufacturers (OEMs).
- **Industrial Metals:** The Industrial Metals segment is composed of Brass Rod, Impacts & Micro Gauge, Brass Value-Added Products, and Precision Tube. The segment manufactures and sells brass rod, bar, and shapes; aluminum and brass forgings; aluminum impact extrusions; gas valves and assemblies; and specialty copper, copper alloy, and aluminum tube. The segment manufactures and sells its products primarily to domestic OEMs in the industrial, transportation, construction, heating, ventilation, and air-conditioning, plumbing, refrigeration, and energy markets.
- **Climate:** The Climate segment is composed of Refrigeration Products, Westermeyer, Turbotec, Flex Duct, and Linesets, Inc. The segment manufactures and sells refrigeration valves and fittings, high pressure components, coaxial heat exchangers, insulated HVAC flexible duct systems, and line sets. The segment sells its products primarily to the heating, ventilation, air-conditioning, and refrigeration markets in the U.S.

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

According to the U.S. Census Bureau, the September 2023 seasonally adjusted annual rate of new housing starts was 1.36 million, compared to the September 2022 rate of 1.46 million. The average 30-year fixed mortgage rate was 6.64 percent for the first nine months of 2023 and 5.34 percent for the twelve months ended December 2022. The private non-residential construction sector includes offices, industrial, health care, and retail projects. According to the U.S. Census Bureau, the seasonally adjusted annual value of private nonresidential construction put in place was \$671.9 billion in August 2023 compared to the August 2022 rate of \$561.4 billion.

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

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

Results of Operations

Consolidated Results

The following table compares summary operating results for the first nine months of 2023 and 2022:

<i>(In thousands)</i>	For the Quarter Ended		Percent Change 2023 vs. 2022	For the Nine Months Ended		Percent Change 2023 vs. 2022
	September 30, 2023	September 24, 2022		September 30, 2023	September 24, 2022	
Net sales	\$ 819,792	\$ 944,830	(13.2)%	\$ 2,687,968	\$ 3,104,874	(13.4)%
Operating income	181,011	205,165	(11.8)	620,817	686,736	(9.6)
Net income	132,709	154,542	(14.1)	483,659	519,410	(6.9)

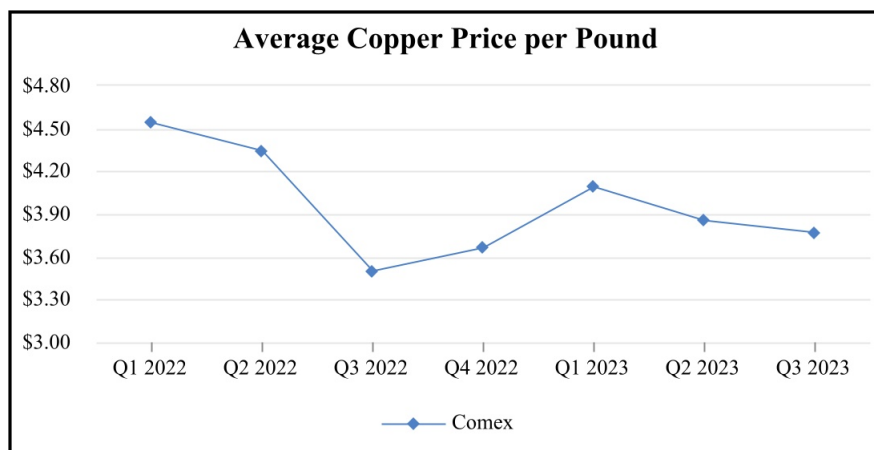
The following are components of changes in net sales compared to the prior year:

	Quarter-to-Date	Year-to-Date
Net selling price in core product lines	(0.3)%	(2.1)%
Unit sales volume in core product lines	(4.8)	(7.1)
Dispositions	(1.2)	(0.4)
Other	(6.9)	(3.8)
	<u>(13.2)%</u>	<u>(13.4)%</u>

The decrease in net sales during the third quarter of 2023 was primarily due to (i) a decrease in sales of \$66.4 million in our non-core product lines, (ii) lower unit sales volume of \$45.1 million in our core product lines, primarily copper tube, line sets, and brass rod, (iii) a decrease in sales of \$11.2 million as a result of the disposition of Heatlink Group during the third quarter of 2023, and (iv) lower net selling prices of \$2.4 million in our core product lines, primarily copper tube and line sets.

The decrease in net sales during the first nine months of 2023 was primarily due to (i) lower unit sales volume of \$219.0 million in our core product lines, (ii) a decrease in sales of \$119.9 million in our non-core product lines, (iii) lower net selling prices of \$64.1 million in our core product lines, and (iv) a decrease in sales of \$13.8 million as a result of the disposition of Heatlink Group during the third quarter of 2023.

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



The following tables compare cost of goods sold and operating expenses as dollar amounts and as a percent of net sales for the first nine months of 2023 and 2022:

<i>(In thousands)</i>	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Cost of goods sold	\$ 579,058	\$ 678,637	\$ 1,897,128	\$ 2,244,062
Depreciation and amortization	9,631	10,850	30,704	32,993
Selling, general, and administrative expense	48,295	50,178	156,988	146,590
Gain on sale of assets	—	—	—	(5,507)
Gain on sale of business	(4,137)	—	(4,137)	—
Asset impairments	5,934	—	5,934	—
Gain on insurance settlement	—	—	(19,466)	—
Operating expenses	\$ 638,781	\$ 739,665	\$ 2,067,151	\$ 2,418,138

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Cost of goods sold	70.6 %	71.8 %	70.6 %	72.3 %
Depreciation and amortization	1.2	1.1	1.1	1.1
Selling, general, and administrative expense	5.9	5.3	5.8	4.7
Gain on sale of assets	—	—	—	(0.2)
Gain on sale of business	(0.5)	—	(0.2)	—
Asset impairments	0.7	—	0.2	—
Gain on insurance settlement	—	—	(0.7)	—
Operating expenses	77.9 %	78.2 %	76.8 %	77.9 %

Q3 2023 compared to Q3 2022

Cost of goods sold decreased in the third quarter of 2023 primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 29.4 percent compared with 28.2 percent in the prior year quarter. Depreciation and amortization decreased in the third quarter of 2023 primarily as a result of several long-lived assets becoming fully depreciated and as a result of long-lived assets sold with Heatlink Group. Selling, general, and administrative expense decreased in the third quarter of 2023 primarily as a result of (i) lower employment costs, including incentive compensation and agent commissions, of \$6.4 million and (ii) the absence of expenses associated with Heatlink Group of \$1.2 million. These decreases were largely offset by (i) higher legal and professional fees of \$2.0 million, (ii) lower foreign currency transaction gains of \$1.7 million, (iii) higher repair, maintenance, and supplies costs of \$0.9 million, (iv) higher marketing and advertising costs of \$0.3 million, and (v) higher lease and rent expense of \$0.3 million. In addition, during the third quarter of 2023 we recognized fixed asset impairment charges on idled equipment of \$5.9 million and a gain on the sale of Heatlink Group of \$4.1 million.

Interest expense was consistent with the third quarter of 2022. Interest income was higher during the third quarter of 2023 primarily as a result of the purchase of short-term investments in the fourth quarter of 2022 and throughout 2023, and higher rates on deposits. During the third quarter of 2023, we recognized an unrealized loss on short-term investments of \$2.4 million. Other expense, net, was consistent with the third quarter of 2022.

Our effective tax rate for the third quarter of 2023 was 27 percent compared with 25 percent for the same period last year. The items impacting the effective tax rate were (i) increases related to the provision for state income taxes, net of the federal benefit, of \$6.5 million and (ii) the effect of foreign tax rates higher than statutory tax rates and other foreign items of \$6.1 million. These were partially offset by other adjustments of \$1.5 million.

For the third quarter of 2022, the difference between the effective tax rate and the amount computed using the U.S. federal statutory rate was primarily attributable to the provision for state income taxes, net of the federal benefit, of \$7.3 million.

During the third quarter of 2023 and 2022, we recognized losses of \$2.4 million and income of \$1.0 million, respectively, on our investments in unconsolidated affiliates.

YTD 2023 compared to YTD 2022

Cost of goods sold decreased in the first nine months of 2023 primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 29.4 percent compared with 27.7 percent in the prior year. Depreciation and amortization decreased in the first nine months of 2023 primarily as a result of several long-lived assets becoming fully depreciated and as a result of long-lived assets sold with Heatlink Group. Selling, general, and administrative expense increased in the first nine months of 2023 primarily as a result of (i) higher foreign currency transaction losses of \$5.1 million, (ii) higher legal and professional fees of \$2.9 million, (iii) higher marketing and advertising costs of \$1.5 million, (iv) higher repairs and maintenance costs of \$1.3 million, and (v) gains on the disposal of assets of \$1.3 million recorded in the prior year. These increases were partially offset by (i) the absence of expenses associated with Heatlink Group of \$1.2 million and (ii) lower employment costs of \$1.0 million. In addition, during the first nine months of 2023, we settled the insurance claim related to the August 2022 fire at our Bluffs, Illinois manufacturing operation and recognized a \$19.5 million gain. We also recognized fixed asset impairment charges on idled equipment of \$5.9 million and a gain on the sale of Heatlink Group of \$4.1 million. During the first nine months of 2022 we recognized a gain of \$5.5 million on the sale of a building.

Interest expense was consistent with the first nine months of 2022. Interest income was higher during the first nine months of 2023 primarily as a result of the purchase of short-term investments in the fourth quarter of 2022 and throughout 2023, and higher rates on deposits. During the first nine months of 2023, we recognized an unrealized gain on short-term investments of \$18.4 million. Other income, net, was higher during the first nine months of 2023 primarily as a result of a gain for an indemnification settlement related to one of our foreign benefit plans recognized during the first nine months of 2023.

Our effective tax rate for the first nine months of 2023 was 26 percent compared with 25 percent for the same period last year. The items impacting the effective tax rate are primarily related to (i) the provision for state income taxes, net of the federal benefit, of \$21.5 million and (ii) the effect of foreign tax rates higher than statutory tax rates and other foreign items of \$10.7 million. These were partially offset by other adjustments of \$2.0 million.

For the first nine months of 2022, the items impacting the effective tax rate were primarily related to (i) the provision for state income taxes, net of the federal benefit, of \$24.2 million and (ii) the effect of foreign tax rates higher than statutory tax rates of \$4.3 million.

During the first nine months of 2023 and 2022, we recognized losses of \$2.7 million and income of \$6.0 million, respectively, on our investments in unconsolidated affiliates.

Piping Systems Segment

The following table compares summary operating results for the first nine months of 2023 and 2022 for the businesses comprising our Piping Systems segment:

<i>(In thousands)</i>	For the Quarter Ended		Percent Change	For the Nine Months Ended		Percent Change
	September 30, 2023	September 24, 2022	2023 vs. 2022	September 30, 2023	September 24, 2022	2023 vs. 2022
Net sales	\$ 568,151	\$ 634,808	(10.5)%	\$ 1,868,635	\$ 2,163,045	(13.6)%
Operating income	140,609	167,939	(16.3)	455,605	540,006	(15.6)

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

	Quarter-to-Date	Year-to-Date
Net selling price in core product lines	(1.2)%	(2.4)%
Unit sales volume in core product lines	(6.0)	(9.0)
Dispositions	(1.8)	(0.6)
Other	(1.5)	(1.6)
	<u>(10.5)%</u>	<u>(13.6)%</u>

The decrease in net sales during the third quarter of 2023 was primarily attributable to (i) lower unit sales volume of \$37.5 million in the segment's core product lines, primarily copper tube and line sets, (ii) a decrease in sales of \$11.2 million as a result of the disposition of Heatlink Group during the third quarter of 2023, (iii) a decrease in sales of \$11.1 million in the segment's non-core product lines, and (iv) lower net selling prices in the segment's core product lines of \$7.6 million.

Net sales during the first nine months of 2023 decreased primarily as a result of (i) lower unit sales volume of \$193.7 million in the segment's core product lines, (ii) lower net selling prices in the segment's core product lines of \$50.8 million, (iii) a decrease in sales of \$34.4 million in the segment's non-core product lines, and (iv) a decrease in sales of \$13.8 million as a result of the disposition of Heatlink Group during the third quarter of 2023.

The following tables compare cost of goods sold and operating expenses as dollar amounts and as a percent of net sales for the first nine months of 2023 and 2022:

<i>(In thousands)</i>	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Cost of goods sold	\$ 394,736	\$ 440,216	\$ 1,315,212	\$ 1,539,493
Depreciation and amortization	5,025	5,516	15,835	16,846
Selling, general, and administrative expense	21,847	21,137	76,049	66,700
Asset impairments	5,934	—	5,934	—
Operating expenses	<u>\$ 427,542</u>	<u>\$ 466,869</u>	<u>\$ 1,413,030</u>	<u>\$ 1,623,039</u>

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Cost of goods sold	69.5 %	69.3 %	70.4 %	71.2 %
Depreciation and amortization	0.9	0.9	0.8	0.8
Selling, general, and administrative expense	3.8	3.3	4.1	3.1
Asset impairments	1.0	—	0.3	—
Operating expenses	75.2 %	73.5 %	75.6 %	75.0 %

The decrease in cost of goods sold during the third quarter of 2023 was primarily due to the decrease in sales volume. Gross margin as a percentage of sales was 30.5 percent compared with 30.7 percent in the prior year quarter. Depreciation and amortization decreased slightly in the third quarter of 2023 primarily as a result of long-lived assets becoming fully depreciated and as a result of long-lived assets sold with Heatlink Group. Selling, general, and administrative expense increased slightly for the third quarter of 2023 primarily as a result of (i) lower foreign currency transaction gains of \$1.6 million, (ii) higher legal and professional fees of \$0.6 million, (iii) higher marketing and advertising costs of \$0.4 million, (iv) higher repair, maintenance, and supplies costs of \$0.4 million, and (v) higher leases and rent of \$0.3 million. These increases were largely offset by (i) lower employment costs, including incentive compensation and healthcare, of \$1.8 million and (ii) the absence of expenses associated with Heatlink Group of \$1.2 million. In addition, during the third quarter of 2023 we recognized fixed asset impairment charges on idled equipment of \$5.9 million.

The decrease in cost of goods sold during the first nine months of 2023 was primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 29.6 percent compared with 28.8 percent in the prior year. Depreciation and amortization decreased in the first nine months of 2023 primarily as a result of depreciation and amortization of the long-lived assets becoming fully depreciated and as a result of long-lived assets sold with Heatlink Group. Selling, general, and administrative expense increased for the first nine months of 2023 primarily as a result of (i) higher foreign currency transaction losses of \$4.5 million, (ii) higher marketing and advertising costs of \$1.5 million, (iii) higher legal and professional fees of \$1.2 million, (iv) higher product liability expense of \$0.7 million, (v) higher repair, maintenance, and supplies costs of \$0.7 million, (vi) higher lease and rent expense of \$0.7 million, and (vii) higher employment costs of \$0.6 million. These increases were partially offset by the absence of expenses associated with Heatlink Group of \$1.2 million. In addition, during the first nine months of 2023 we recognized fixed asset impairment charges on idled equipment of \$5.9 million.

Industrial Metals Segment

The following table compares summary operating results for the first nine months of 2023 and 2022 for the businesses comprising our Industrial Metals segment:

<i>(In thousands)</i>	For the Quarter Ended		Percent Change 2023 vs. 2022	For the Nine Months Ended		Percent Change 2023 vs. 2022
	September 30, 2023	September 24, 2022		September 30, 2023	September 24, 2022	
Net sales	\$ 141,012	\$ 144,880	(2.7)%	\$ 452,512	\$ 498,367	(9.2)%
Operating income	16,221	12,077	34.3	61,407	59,504	3.2

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

	Quarter-to- Date	Year-to- Date
Net selling price in core product lines	3.7 %	(2.8)%
Unit sales volume in core product lines	(5.3)	(5.2)
Other	(1.1)	(1.2)
	<u>(2.7) %</u>	<u>(9.2)%</u>

The decrease in net sales during the third quarter of 2023 was primarily due to lower unit sales volume of \$7.5 million in the segment's core product lines, primarily brass rod, partially offset by higher net selling prices of \$5.2 million in the segment's core product lines.

The decrease in net sales during the first nine months of 2023 was primarily due to (i) lower unit sales volume of \$25.3 million in the segment's core product lines, (ii) lower net selling prices of \$13.3 million in the segment's core product lines, and (iii) decrease in sales of \$3.6 million in the segment's non-core product lines.

The following tables compare cost of goods sold and operating expenses as dollar amounts and as a percent of net sales for the first nine months of 2023 and 2022:

(In thousands)

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Cost of goods sold	\$ 119,108	\$ 128,152	\$ 375,375	\$ 424,802
Depreciation and amortization	1,835	1,846	5,411	5,636
Selling, general, and administrative expense	3,848	2,805	10,319	8,425
Operating expenses	<u>\$ 124,791</u>	<u>\$ 132,803</u>	<u>\$ 391,105</u>	<u>\$ 438,863</u>

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Cost of goods sold	84.5 %	88.5 %	83.0 %	85.2 %
Depreciation and amortization	1.3	1.3	1.2	1.1
Selling, general, and administrative expense	2.7	2.0	2.3	1.7
Operating expenses	<u>88.5 %</u>	<u>91.8 %</u>	<u>86.4 %</u>	<u>88.1 %</u>

The decrease in cost of goods sold during the third quarter of 2023 was primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 15.5 percent compared with 11.5 percent in the prior year quarter. Depreciation and amortization was consistent with the third quarter of 2022. Selling, general, and administrative expense increased for the third quarter of 2023 primarily as a result of higher legal and professional fees of \$0.9 million.

The decrease in cost of goods sold during the first nine months of 2023 was primarily due to the factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 17.0 percent compared with 14.8 percent in the prior year. Depreciation and amortization decreased slightly as a result of several long-lived assets becoming fully depreciated. Selling, general, and administrative expense increased during the first nine months of 2023 primarily as a result of (i) higher legal and professional fees of \$1.0 million, (ii) gains on the disposal of assets of \$1.0 million recorded in the prior year, and (iii) higher repair and maintenance costs of \$0.4 million. These increases were partially offset by lower employment costs of \$0.6 million.

Climate Segment

The following table compares summary operating results for the first nine months of 2023 and 2022 for the businesses comprising our Climate segment:

<i>(In thousands)</i>	For the Quarter Ended		Percent Change	For the Nine Months Ended		Percent Change
	September 30, 2023	September 24, 2022	2023 vs. 2022	September 30, 2023	September 24, 2022	2023 vs. 2022
Net sales	\$ 119,949	\$ 174,650	(31.3)%	\$ 396,857	\$ 479,756	(17.3)%
Operating income	34,846	47,462	(26.6)	145,901	134,909	8.1

Sales for the third quarter and first nine months of 2023 decreased primarily as a result of reduced demand, particularly for products utilized in residential construction, and a decrease in volume and price in certain product lines.

The following tables compare cost of goods sold and operating expenses as dollar amounts and as a percent of net sales for the first nine months of 2023 and 2022:

<i>(In thousands)</i>	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Cost of goods sold	\$ 76,133	\$ 114,850	\$ 242,009	\$ 311,917
Depreciation and amortization	1,618	2,289	5,973	6,989
Selling, general and administrative expense	7,352	10,049	22,440	25,941
Gain on insurance settlement	—	—	(19,466)	—
Operating expenses	\$ 85,103	\$ 127,188	\$ 250,956	\$ 344,847

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Cost of goods sold	63.5 %	65.8 %	61.0 %	65.0 %
Depreciation and amortization	1.3	1.3	1.5	1.5
Selling, general and administrative expense	6.1	5.8	5.7	5.4
Gain on insurance settlement	—	—	(4.9)	—
Operating expenses	70.9 %	72.9 %	63.3 %	71.9 %

Gross margin as a percentage of sales was 36.5 percent compared with 34.2 percent in the prior year quarter. Depreciation and amortization decreased for the third quarter of 2023 as a result of several long-lived assets becoming fully depreciated. Selling, general, and administrative expense decreased for the third quarter of 2023 primarily due to lower agent commissions of \$2.4 million.

Cost of goods sold decreased during the first nine months of 2023 primarily due to factors noted above regarding the change in net sales. Gross margin as a percentage of sales was 39.0 percent compared with 35.0 percent in the prior year. Depreciation and amortization decreased for the first nine months of 2023 as a result of several long-lived assets becoming fully depreciated. Selling, general, and administrative expense decreased slightly for the first nine months of 2023 primarily as a result of lower agent commissions of \$3.8 million. In addition, during the first nine months of 2023, we settled the insurance claim related to the August 2022 fire at our Bluffs, Illinois manufacturing operation and recognized a \$19.5 million gain.

Liquidity and Capital Resources

The following table presents selected financial information for the first nine months of 2023 and 2022:

<i>(In thousands)</i>	2023	2022
Increase (decrease) in:		
Cash, cash equivalents, and restricted cash	\$ 515,920	\$ 409,042
Short-term investments	(93,183)	—
Property, plant, and equipment, net	(3,272)	(11,402)
Total debt	(172)	432
Working capital, net of cash and current debt	(91,120)	14,153
Net cash provided by operating activities	498,490	516,912
Net cash provided by (used in) investing activities	94,117	(16,269)
Net cash used in financing activities	(78,999)	(81,291)

Cash Flows from Operating Activities

During the nine months ended September 30, 2023, net cash provided by operating activities was primarily attributable to (i) consolidated net income of \$490.4 million, (ii) a decrease in inventories of \$53.4 million, and (iii) non-capital related insurance proceeds of \$9.9 million for the August 2022 fire in Bluffs, Illinois. There were also increases due to non-cash adjustments primarily consisting of (i) depreciation and amortization of \$31.1 million and (ii) stock-based compensation expense of \$17.3 million. These increases were largely offset by (i) an increase in accounts receivable of \$36.9 million, (ii) the unrealized gain on short-term investments of \$18.4 million, (iii) the gain related to the settlement of the insurance claim for the August 2022 fire in Bluffs, Illinois of \$19.5 million, (iv) a decrease in current liabilities of \$25.5 million, and (v) an increase in other assets of \$12.9 million.

During the nine months ended September 24, 2022, net cash provided by operating activities was primarily attributable to (i) consolidated net income of \$522.6 million, (ii) depreciation and amortization of \$33.3 million, (iii) a decrease in accounts receivable of \$15.7 million, and (iv) stock-based compensation expense of \$12.3 million. These increases were partially offset by (i) an increase in inventories of \$33.8 million, (ii) an increase in other assets of \$8.6 million, (iii) a decrease in other liabilities of \$7.4 million, (iv) the gain of \$7.1 million recognized on the sale of assets, (v) equity in earnings of unconsolidated affiliates of \$6.0 million, and (vi) a decrease in current liabilities of \$5.3 million.

Cash Flows from Investing Activities

The major components of net cash provided by investing activities during the nine months ended September 30, 2023 included (i) proceeds from the maturity of short-term investments of \$217.9 million and (ii) insurance proceeds of \$24.6 million for property and equipment related to the fire at our Bluffs, Illinois facility and the tornado at our Covington, Tennessee manufacturing operations. These sources were partially offset by (i) the purchase of short-term investments of \$106.2 million and (ii) capital expenditures of \$39.5 million.

The major component of net cash used in investing activities during the nine months ended September 24, 2022 was capital expenditures of \$29.6 million. This use was partially offset by (i) proceeds from the sale of properties of \$7.8 million, (ii) insurance proceeds for property and equipment of \$3.4 million, and (iii) dividends received from unconsolidated affiliates of \$2.1 million.

Cash Flows from Financing Activities

For the nine months ended September 30, 2023, net cash used in financing activities consisted primarily of (i) \$50.1 million used for the payment of regular quarterly dividends to stockholders of the Company, (ii) \$19.3 million used to repurchase common stock, and (iii) \$9.1 million net cash used to settle stock-based awards.

For the nine months ended September 24, 2022, net cash used in financing activities consisted primarily of (i) \$41.9 million used for the payment of regular quarterly dividends to stockholders of the Company and (ii) \$38.1 million used to repurchase common stock.

Liquidity and Outlook

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

As of September 30, 2023, we had \$1.10 billion of cash and short-term investments on hand and \$371.3 million available to be drawn under the Credit Agreement. Our current ratio was 6.0 to 1.

We have significant environmental remediation obligations which we expect to pay over future years. Cash used for environmental remediation activities was approximately \$1.9 million during the first nine months of 2023. We expect to spend approximately \$3.9 million over the next twelve months for ongoing environmental remediation activities.

The Company declared a quarterly cash dividend of 15.0 cents per common share during the first, second, and third quarters of 2023 and 12.5 cents per common share during the first, second, and third quarters of 2022, respectively. Payment of dividends in the future is dependent upon our financial condition, cash flows, capital requirements, earnings, and other factors.

Long-Term Debt

As of September 30, 2023, the Company's total debt was \$1.9 million or 0.1 percent of its total capitalization.

The Company's Credit Agreement provides for an unsecured \$400.0 million revolving credit facility, which matures March 31, 2026. There were no borrowings outstanding under the Credit Agreement as of September 30, 2023. The Credit Agreement backed approximately \$28.7 million in letters of credit at the end of the third quarter of 2023.

Covenants contained in the Company's financing obligations require, among other things, the maintenance of minimum levels of tangible net worth and the satisfaction of certain minimum financial ratios. As of September 30, 2023, the Company was in compliance with all of its debt covenants.

Share Repurchase Program

The Board of Directors has extended, until July 2024, the authorization to repurchase up to 40 million shares of the Company's common stock through open market transactions or through privately negotiated transactions. We may cancel, suspend, or extend the time period for the repurchase of shares at any time. Any repurchases will be funded primarily through existing cash and cash from operations. We may hold any shares repurchased in treasury or use a portion of the repurchased shares for our stock-based compensation plans, as well as for other corporate purposes. From its initial authorization in 1999 through September 30, 2023, the Company has repurchased approximately 15.0 million shares under this authorization.

Contractual Cash Obligations

There have been no significant changes in our contractual cash obligations reported at December 31, 2022.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Cost and Availability of Raw Materials and Energy

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

The Company occasionally enters into future fixed-price arrangements with certain customers. We may utilize futures contracts to hedge risks associated with these forward fixed-price arrangements. We may also utilize futures contracts to manage price risk associated with inventory. Depending on the nature of the hedge, changes in the fair value of the futures contracts will either be offset against the change in fair value of the inventory through earnings or recognized as a component of accumulated other comprehensive income (AOCI) in equity and reflected in earnings upon the sale of inventory. Periodic value fluctuations of the contracts generally offset the value fluctuations of the underlying fixed-price transactions or inventory. At September 30, 2023, we held open futures contracts to purchase approximately \$18.2 million of copper over the next ten months related to fixed-price sales orders and to sell approximately \$6.8 million of copper over the next eight months related to copper inventory.

We may enter into futures contracts or forward fixed-price arrangements with certain vendors to manage price risk associated with natural gas purchases. The effective portion of gains and losses with respect to these positions are deferred in equity as a component of AOCI and reflected in earnings upon consumption of natural gas. Periodic value fluctuations of the futures contracts generally offset the value fluctuations of the underlying natural gas prices. As of September 30, 2023, we held no open futures contracts to purchase natural gas.

Interest Rates

At September 30, 2023, we had no variable-rate debt outstanding. At this borrowing level, a hypothetical 10 percent increase in interest rates would have had an insignificant unfavorable impact on our pretax earnings and cash flows. The primary interest rate exposure on variable-rate debt is based on the Secured Overnight Financing Rate (SOFR).

Foreign Currency Exchange Rates

Foreign currency exposures arising from transactions include firm commitments and anticipated transactions denominated in a currency other than an entity's functional currency. The Company and its subsidiaries generally enter into transactions denominated in their respective functional currencies. We may utilize certain futures or forward contracts with financial institutions to hedge foreign currency transactional exposures. Gains and losses with respect to these positions are deferred in equity as a component of AOCI and reflected in earnings upon collection of receivables or payment of commitments. At September 30, 2023, we had open forward contracts with a financial institution to sell approximately 4.7 million euros, 25.2 million Swedish kronor, and 8.0 million Norwegian kroner through January 2024.

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

Cautionary Statement Regarding Forward Looking Information

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

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary statement identifying important economic, political, and technological factors, among others, which could cause actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions. In addition to those factors discussed under "Risk Factors" in the Annual Report on Form 10-K for the year ended December 31, 2022, such factors include: (i) the current and projected future business environment, including interest rates capital and consumer spending, and the impact of the COVID-19 pandemic; (ii) the domestic housing and commercial construction industry environment; (iii) availability and price fluctuations in commodities (including copper, natural gas, and other raw materials, including crude oil that indirectly affects plastic resins); (iv) competitive factors and competitor responses to the Company's initiatives; (v) stability of government laws and regulations, including taxes; (vi) availability of financing; and (vii) continuation of the environment to make acquisitions, domestic and foreign, including regulatory requirements and market values of candidates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15(e) of the Exchange Act as of September 30, 2023. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of September 30, 2023 to ensure that information required to be disclosed in Company reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the Company's fiscal quarter ending September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

General

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

Item 1A. Risk Factors

The Company is exposed to risk as it operates its businesses. To provide a framework to understand the operating environment of the Company, we have provided a brief explanation of the more significant risks associated with our businesses in our 2022 Annual Report on Form 10-K. There have been no material changes in risk factors that were previously disclosed in our 2022 Annual Report on Form 10-K. Additionally, the operating results of the Company's unconsolidated affiliates may be adversely affected by unfavorable economic and market conditions.

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

Issuer Purchases of Equity Securities

The Company's Board of Directors has extended, until July 2024, the authorization to repurchase up to 40 million shares of the Company's common stock through open market transactions or through privately negotiated transactions. The Company may cancel, suspend, or extend the time period for the repurchase of shares at any time. Any repurchases will be funded primarily through existing cash and cash from operations. The Company may hold any shares repurchased in treasury or use a portion of the repurchased shares for its stock-based compensation plans, as well as for other corporate purposes. From its initial authorization in 1999 through September 30, 2023, the Company had repurchased approximately 15.0 million shares under this authorization. Below is a summary of the Company's stock repurchases for the period ended September 30, 2023.

	(a) Total Number of Shares Purchased ⁽¹⁾	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs ⁽²⁾
July 2 - July 29, 2023	1,222	\$ 41.78	—	25,003,808
July 30 - August 26, 2023	178,378	\$ 40.43	—	25,003,808
August 27 - September 30, 2023	4,210	\$ 38.02	—	25,003,808
Total	183,810		—	

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

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

Item 6. Exhibits

31.1	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.</u>
32.1	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.INS	Inline XBRL Instance Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Presentation Linkbase Document
101.SCH	Inline XBRL Taxonomy Extension Schema
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in exhibit 101)

Items 3, 4, and 5 are not applicable and have been omitted.

SIGNATURES

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

MUELLER INDUSTRIES, INC.

/s/ Jeffrey A. Martin

Jeffrey A. Martin

Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)

October 25, 2023

Date

/s/ Anthony J. Steinriede

Anthony J. Steinriede

Vice President – Corporate Controller

October 25, 2023

Date

CERTIFICATION

I, Gregory L. Christopher, certify that:

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

Date: October 25, 2023

/s/ Gregory L. Christopher
Gregory L. Christopher
Chief Executive Officer

CERTIFICATION

I, Jeffrey A. Martin, certify that:

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

Date: October 25, 2023

/s/ Jeffrey A. Martin
Jeffrey A. Martin
Chief Financial Officer

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Mueller Industries, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory L. Christopher, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ GREGORY L. CHRISTOPHER
Gregory L. Christopher
Chief Executive Officer
October 25, 2023

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Mueller Industries, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey A. Martin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ JEFFREY A. MARTIN

Jeffrey A. Martin
Chief Financial Officer
October 25, 2023