UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2025

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

Commission File Number 001-32892

MUELLER WATER PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-3547095**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1200 Abernathy Road N.E.
Suite 1200
Atlanta, GA 30328
(Address of principal executive offices)

(770) 206-4200
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01	**MWA**	**New York Stock Exchange**

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

There were 156,293,515 shares of common stock of the registrant outstanding at August 1, 2025.

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PART I

Item 1. FINANCIAL STATEMENTS

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2025	September 30, 2024
	(in millions, except share amounts)	
Assets:		
Cash and cash equivalents	$ 372.0	$ 309.9
Receivables, net of allowance for credit losses of $5.3 million and $8.3 million	205.4	208.9
Inventories, net	316.6	301.7
Other current assets	43.8	37.9
Total current assets	937.8	858.4
Property, plant and equipment, net	327.8	318.8
Intangible assets, net	308.1	309.7
Goodwill, net	87.6	80.7
Other noncurrent assets	69.1	68.3
Total assets	$ 1,730.4	$ 1,635.9
Liabilities and stockholders' equity:		
Current portion of long-term debt	$ 1.0	$ 0.8
Accounts payable	118.6	109.9
Other current liabilities	123.2	147.3
Total current liabilities	242.8	258.0
Long-term debt	449.8	448.7
Deferred income taxes	49.9	55.4
Other noncurrent liabilities	58.9	63.7
Total liabilities	801.4	825.8
Commitments and contingencies (Note 10.)		
Preferred stock: par value $0.01 per share; 60,000,000 shares authorized; none outstanding at June 30, 2025, and September 30, 2024	—	—
Common stock: par value $0.01 per share; 600,000,000 shares authorized; 156,272,099 and 156,227,170 shares outstanding at June 30, 2025, and September 30, 2024, respectively	1.6	1.6
Additional paid-in capital	1,166.1	1,205.2
Accumulated deficit	(226.8)	(365.9)
Accumulated other comprehensive loss	(11.9)	(30.8)
Total stockholders' equity	929.0	810.1
Total liabilities and stockholders' equity	$ 1,730.4	$ 1,635.9

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

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
	(in millions, except per share amounts)			
Net sales	$ 380.3	$ 356.7	$ 1,048.9	$ 966.5
Cost of sales	234.6	225.3	672.2	618.4
Gross profit	145.7	131.4	376.7	348.1
Operating expenses:				
Selling, general and administrative	71.0	61.5	180.6	182.1
Strategic reorganization and other charges	1.0	2.9	5.1	12.7
Total operating expenses	72.0	64.4	185.7	194.8
Operating income	73.7	67.0	191.0	153.3
Other expenses:				
Pension expense (benefit) other than service	—	1.0	(0.1)	3.0
Interest expense, net	1.7	2.8	5.6	9.7
Other expense	—	—	—	1.6
Total other expenses, net	1.7	3.8	5.5	14.3
Income before income taxes	72.0	63.2	185.5	139.0
Income tax expense	19.5	15.9	46.4	33.1
Net income	$ 52.5	$ 47.3	$ 139.1	$ 105.9
Net income per basic share	$ 0.34	$ 0.30	$ 0.89	$ 0.68
Net income per diluted share	$ 0.33	$ 0.30	$ 0.88	$ 0.68
Weighted average shares outstanding:				
Basic	156.5	155.7	156.5	155.9
Diluted	157.4	156.7	157.5	156.6
Dividends declared per share	$ 0.067	$ 0.064	$ 0.201	$ 0.192

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

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
	(in millions)			
Net income	$ 52.5	$ 47.3	$ 139.1	$ 105.9
Other comprehensive income (loss), net of income tax:				
Pension actuarial amortization	0.4	0.6	1.2	1.8
Foreign currency translation	20.2	(4.4)	17.7	4.5
Total other comprehensive income (loss), net of income tax	20.6	(3.8)	18.9	6.3
Comprehensive income	$ 73.1	$ 43.5	$ 158.0	$ 112.2

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

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Total
			(in millions)		
Balance at September 30, 2024	$ 1.6	$ 1,205.2	$ (365.9)	$ (30.8)	$ 810.1
Net income	—	—	35.3	—	35.3
Dividends declared	—	(10.5)	—	—	(10.5)
Stock-based compensation	—	2.5	—	—	2.5
Shares retained for employee taxes	—	(4.0)	—	—	(4.0)
Common stock issued	—	1.6	—	—	1.6
Other comprehensive loss, net of tax	—	—	—	(0.9)	(0.9)
Balance at December 31, 2024	$ 1.6	$ 1,194.8	$ (330.6)	$ (31.7)	$ 834.1
Net income	—	—	51.3	—	51.3
Dividends declared	—	(10.5)	—	—	(10.5)
Stock-based compensation	—	2.5	—	—	2.5
Shares retained for employee taxes	—	(0.3)	—	—	(0.3)
Common stock issued	—	2.3	—	—	2.3
Stock repurchased under buyback program	—	(5.0)	—	—	(5.0)
Other comprehensive loss, net of tax	—	—	—	(0.8)	(0.8)
Balance at March 31, 2025	$ 1.6	$ 1,183.8	$ (279.3)	$ (32.5)	$ 873.6
Net income	—	—	52.5	—	52.5
Dividends declared	—	(10.4)	—	—	(10.4)
Stock-based compensation	—	2.3	—	—	2.3
Common stock issued	—	0.4	—	—	0.4
Stock repurchased under buyback program	—	(10.0)	—	—	(10.0)
Other comprehensive income, net of tax	—	—	—	20.6	20.6
Balance at June 30, 2025	$ 1.6	$ 1,166.1	$ (226.8)	$ (11.9)	$ 929.0

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

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Total
			(in millions)		
Balance at September 30, 2023	$ 1.6	$ 1,240.4	$ (481.8)	$ (48.7)	$ 711.5
Net income	—	—	14.3	—	14.3
Dividends declared	—	(10.0)	—	—	(10.0)
Stock-based compensation	—	2.6	—	—	2.6
Shares retained for employee taxes	—	(1.5)	—	—	(1.5)
Common stock issued	—	0.4	—	—	0.4
Other comprehensive income, net of tax	—	—	—	13.9	13.9
Balance at December 31, 2023	$ 1.6	$ 1,231.9	$ (467.5)	$ (34.8)	$ 731.2
Net income	—	—	44.3	—	44.3
Dividends declared	—	(10.0)	—	—	(10.0)
Stock-based compensation	—	1.9	—	—	1.9
Shares retained for employee taxes	—	(0.2)	—	—	(0.2)
Common stock issued	—	1.1	—	—	1.1
Stock repurchased under buyback program	—	(10.0)	—	—	(10.0)
Other comprehensive loss, net of tax	—	—	—	(3.8)	(3.8)
Balance at March 31, 2024	$ 1.6	$ 1,214.7	$ (423.2)	$ (38.6)	$ 754.5
Net income	—	—	47.3	—	47.3
Dividends declared	—	(9.9)	—	—	(9.9)
Stock-based compensation	—	2.5	—	—	2.5
Common stock issued	—	1.0	—	—	1.0
Other comprehensive loss, net of tax	—	—	—	(3.8)	(3.8)
Balance at June 30, 2024	$ 1.6	$ 1,208.3	$ (375.9)	$ (42.4)	$ 791.6

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

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine months ended June 30,	
	2025	2024
	(in millions)	
Operating activities:		
Net income	$ 139.1	$ 105.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	28.7	28.8
Amortization	5.4	20.4
Non-cash asset impairment	1.0	1.4
(Gain) loss on sale of assets	(0.1)	0.4
Stock-based compensation	7.3	7.0
Pension cost	0.4	3.5
Deferred income taxes	(6.8)	(18.6)
Inventory reserve provision	3.1	8.4
Other, net	0.9	0.3
Changes in assets and liabilities:		
Receivables, net	4.2	3.8
Inventories	(16.5)	(4.6)
Other assets	(3.5)	(6.9)
Accounts payable	3.9	(17.2)
Other current liabilities	(25.6)	10.7
Other noncurrent liabilities	(5.7)	6.2
Net cash provided by operating activities	135.8	149.5
Investing activities:		
Capital expenditures	(32.8)	(28.0)
Proceeds from sale of assets	0.1	0.1
Net cash used in investing activities	(32.7)	(27.9)
Financing activities:		
Dividends paid	(31.4)	(29.9)
Common stock repurchased under buyback program	(15.0)	(10.0)
Employee taxes related to stock-based compensation	(4.3)	(1.7)
Common stock issued	4.3	2.5
Debt issuance costs	—	(0.9)
Principal payments for finance lease obligations	(0.8)	(0.7)
Net cash used in financing activities	(47.2)	(40.7)
Effect of currency exchange rate changes on cash	6.2	2.1
Net change in cash and cash equivalents	62.1	83.0
Cash and cash equivalents at beginning of period	309.9	160.3
Cash and cash equivalents at end of period	$ 372.0	$ 243.3

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

	Nine months ended June 30,	
	2025	2024
	(in millions)	
Supplemental cash flow information:		
Cash paid for interest, net	$ 9.1	$ 13.1
Cash paid for income taxes, net	$ 49.8	$ 47.3
Non-cash investing and financing activities:		
Property, plant and equipment accrued and unpaid	$ 5.1	$ —
Property, plant and equipment acquired through finance leases	$ 1.7	$ 1.7

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

MUELLER WATER PRODUCTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2025
(UNAUDITED)

Note 1. Organization and Basis of Presentation

Mueller Water Products, Inc., a Delaware corporation, together with its consolidated subsidiaries, operates in two business segments: Water Flow Solutions and Water Management Solutions. Water Flow Solutions' portfolio includes iron gate valves, specialty valves and service brass products. Water Management Solutions' portfolio includes fire hydrants, repair and installation, natural gas, metering, leak detection, as well as pressure management and control products and solutions. The "Company," "we," "us" and "our" refer to Mueller Water Products, Inc. and its subsidiaries. With regard to the Company's segments, "we," "us" and "our" may also refer to the segment being discussed.

Our condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which require us to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses as well as in the disclosure of contingent assets and liabilities for the reporting periods. Actual results could differ from those estimates. All significant intercompany balances and transactions have been eliminated. These condensed consolidated financial statements do not include all information required by GAAP for complete financial statements and should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the year ended September 30, 2024. In our opinion, all normal and recurring adjustments that we consider necessary for a fair financial statement presentation have been made. The condensed consolidated balance sheet at September 30, 2024 was derived from our audited financial statements.

Our business is seasonal as a result of the impact of cold weather conditions. Net sales and operating income historically have been lowest in the three-month periods ending December 31 and March 31 when the northern United States ("U.S.") and most of Canada generally face weather conditions that restrict significant construction and other field crew activity. Therefore, the results of operations for the three and nine months ended June 30, 2025 are not necessarily indicative of operating results that may be achieved for any other interim period or the full year.

Unless the context indicates otherwise, whenever we refer to a particular year, we mean our fiscal year ended or ending September 30 in that particular calendar year.

Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). ASU 2023-07 requires public business entities that disclose information on their reportable segments to provide additional information on their significant expense categories and "other segment items," which represent the difference between segment revenue less significant segment expense and a segment's measure of profit or loss. A description of "other segment items" is also required. Further, certain segment related disclosures that were limited to annual disclosure are now required for interim periods. Finally, public business entities are required to disclose the title and position of their Chief Operating Decision Maker ("CODM") and explain how the CODM uses the reported measures of profit or loss to assess segment performance. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Upon adoption, ASU 2023-07 should be applied retrospectively to all prior periods. We do not expect ASU 2023-07 to have a material impact on our financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 requires public business entities to disclose a tabular rate reconciliation utilizing percentages and reporting currency amounts in specific categories with certain reconciling items at or above the specified 5% threshold to improve the transparency and comparability of disclosures. Additionally, entities are required to disclose the year-to-date amount of income taxes paid, net of refunds received, disaggregated by federal (national), state, and foreign jurisdictions. Disclosure of all individual jurisdictions where income taxes paid, net of refunds received, is 5% or more of the total is also required. This guidance is effective for fiscal years beginning after December 15, 2024 with early adoption permitted. Upon adoption, ASU 2023-09 should be applied on a prospective basis while retrospective application is permitted. We do not expect ASU 2023-09 to have a material impact on our financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03 "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"). ASU 2024-03 requires public business entities to disclose disaggregated information about certain income statement expense line

items. These expenses include purchases of inventory, employee compensation, depreciation and intangible asset amortization for each income statement line item that contains those expenses. Additionally, specified expenses, gains or losses that are currently required to be disclosed must now be included in the disaggregated income statement expense line item disclosures and any remaining amounts should be described qualitatively. There is also a requirement to separately disclose total selling expenses and provide a definition of those expenses. This guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Upon adoption, ASU 2024-03 should be applied on a prospective basis while retrospective application is permitted. We are currently evaluating the impact ASU 2024-03 will have on our financial statements and related disclosures.

Strategic Reorganization and Other Charges

The Company expects to incur certain costs related to the decommissioning and demolition of its legacy foundry in Decatur, Illinois, the amount of which is not estimable at this time. During the nine months ended June 30, 2025, we recorded approximately $5.1 million in Strategic reorganization and other charges consisting of expenses associated with our leadership transition, non-cash asset impairment in our Water Flow Solutions segment and certain transaction-related expenses. During the nine months ended June 30, 2024, we recorded approximately $12.7 million in Strategic reorganization and other charges consisting of expenses associated with our leadership transition, certain transaction-related expenses, cybersecurity incidents expense, non-cash asset impairment in our Water Management Solutions segment and severance. Activity in accrued Strategic reorganization and other charges, reported as part of Other current liabilities, is presented below:

	Nine months ended June 30,	
	2025	2024
	(in millions)	
Beginning balance	$ 3.4	$ 6.6
Expenses incurred	5.1	12.7
Amounts paid and other adjustments, net	(6.7)	(15.2)
Ending balance	$ 1.8	$ 4.1

New Markets Tax Credit Program

On December 22, 2020, we entered into a financing transaction with Wells Fargo Community Investment Holdings, LLC (“Wells Fargo”) related to our brass foundry construction project in Decatur, Illinois under a qualified New Markets Tax Credit program (“NMTC”). The NMTC is a federal program intended to encourage capital investment in qualified lower income communities. Under the NMTC, investors claim federal income tax credits over a period of seven years in connection with qualified investments in the equity of community development entities (“CDE”s), which are privately managed investment institutions that are certified to make qualified low-income community investments, such as in our foundry project.

Under the NMTC, Wells Fargo contributed capital of $4.8 million to an investment fund and we loaned $12.2 million to the fund. Wells Fargo is entitled to the associated tax credits, which are subject to 100% recapture if we do not comply with various regulations and contractual provisions surrounding the foundry project. We have indemnified Wells Fargo for any loss or recapture of tax credits related to the transaction until the seven-year period elapses. We do not anticipate any credit recaptures will be required in connection with this arrangement.

The investment fund contributed $16.5 million cash for a 99.99% stake in a joint venture (“Sub-CDE”) with a CDE. The Sub-CDE then loaned $16.2 million to us, with the use of the loan proceeds restricted to foundry project expenditures. This transaction also includes a put/call provision under which we may be obligated or entitled to repurchase Wells Fargo’s interest in the investment fund. We believe that Wells Fargo will exercise its put option in December 2027 for nominal consideration, resulting in our becoming the sole owner of the investment fund, cancelling the related loans, and recognizing an estimated gain of $3.9 million.

We determined that the investment fund and the Sub-CDE are variable interest entities (“VIEs”) and that we are the primary beneficiary of the VIEs. The ongoing activities of the VIEs, namely collecting and remitting interest and fees and administering NMTC compliance, were contemplated in the initial design of the transaction and are not expected to significantly affect economic performance throughout the life of the VIEs. Additionally, we are obligated to deliver tax benefits and provide various other guarantees to Wells Fargo and to absorb the losses of the VIEs. Wells Fargo does not have a material interest in the underlying economics of the project. Consequently, we have included the financial statements of the VIEs in our consolidated financial statements.

Intercompany transactions between us and the VIEs have been eliminated in consolidation. Wells Fargo's contribution to the investment fund is consolidated in our financial statements within Other noncurrent liabilities as a result of its redemption features.

Direct costs associated with Wells Fargo's capital contribution were netted against the recorded proceeds, resulting in a net cash contribution of $3.9 million. Other direct costs associated with the transaction were capitalized and are being recognized as interest expense over the seven-year tax credit period. Incremental costs to maintain the structure during the compliance period are expensed as incurred and are immaterial to the consolidated financial statements.

Note 2. Revenue from Contracts with Customers

We recognize revenue when control of promised products or services is transferred to our customers, in amounts that reflect the consideration to which we expect to be entitled in exchange for those products or services. We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, the payment terms are identified, the contract has commercial substance and collectability of consideration is probable. We determine the appropriate revenue recognition for our contracts with customers by analyzing the type, terms and conditions of each customer contract or arrangement.

The table below represents the balances of our customer receivables and deferred revenue:

	June 30, 2025	September 30, 2024
	(in millions)	
Billed receivables	$ 205.3	$ 212.7
Unbilled receivables	5.4	4.5
Gross customer receivables	210.7	217.2
Allowance for credit losses	(5.3)	(8.3)
Receivables, net	$ 205.4	$ 208.9
Deferred revenue	$ 11.3	$ 12.8

Allowance for Credit Losses

Our condensed consolidated statements of operations include the expected credit losses either arising or changing during the period for our receivables. In the period in which we determine a receivable will not be collected, in whole or in part, we charge off the uncollectible amount against the allowance. Our judgments of expected credit losses are based on prior collection experience, customer credit creditworthiness, other current conditions and forecasts of economic trends which may affect the collectibility of the receivables. Differences in actual rather than anticipated industry or economic conditions could impact our customers' ability to pay resulting in actual credit losses differing from the amounts included in the allowance and such differences could be significant. The table below represents the activity in the allowance:

	Nine months ended June 30,	
	2025	2024
	(in millions)	
Beginning balance	$ 8.3	$ 7.3
Provision (reversed) charged to expense	(0.2)	2.3
Write-offs and other	(2.8)	(1.7)
Ending balance	$ 5.3	$ 7.9

Contract Asset and Liability Balances

Differences in the timing of revenue recognition, billing and cash collection result in customer receivables, advance payments and billings in excess of revenue recognized. Customer receivables include amounts billed and currently due from customers as well as unbilled amounts including contract assets. Amounts are billed in accordance with contractual terms and unbilled amounts arise when the timing of billing differs from the timing of revenue recognized.

Advance payments and billings in excess of revenue are recognized and recorded as deferred revenue and are classified as Other current liabilities or Other noncurrent liabilities in the accompanying condensed consolidated balance sheets based on the timing of when we expect to recognize revenue. Deferred revenue represents contract liabilities and is recorded when customers remit cash payments in advance of our satisfaction of performance obligations pursuant to contractual arrangements. Contract liabilities are reversed when the performance obligation is satisfied and revenue is recognized.

Deferred revenue primarily consists of amounts related to monitoring, leak detection, software and hosting services. Activity in deferred revenue during the period is as follows:

	Nine months ended June 30,	
	2025	2024
	(in millions)	
Beginning balance	$ 12.8	$ 9.2
Revenue deferred during the period	6.2	6.9
Previously deferred revenue recognized during the period	(7.7)	(5.0)
Ending balance	$ 11.3	$ 11.1

Current deferred revenue was $5.8 million as of June 30, 2025. Noncurrent deferred revenue was $5.5 million as of June 30, 2025. We estimate that noncurrent deferred revenue will be recognized as follows: $0.7 million in 2026, $1.5 million in 2027, $1.2 million in 2028, $0.7 million in 2029, $0.5 million in 2030 and $0.9 million thereafter.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. Our performance obligations are generally satisfied at a point in time for sales of equipment and products or over time for our software hosting and leak detection monitoring services. Performance obligations are supported by customer contracts which provide frameworks for the nature of the distinct products or services. The transaction price is adjusted for our estimate of variable consideration which may include discounts and rebates. To estimate variable consideration, we apply the expected value or the most likely amount method based on whichever method most appropriately predicts the amount of consideration we expect to receive. The method applied is typically based on historical experience and known trends. We include estimated variable consideration in the transaction price only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur in future periods when the uncertainty associated with the variable consideration is subsequently resolved. We exclude from the measurement of the transaction price all taxes assessed by a governmental authority.

We do not adjust the transaction price of a contract for the effects of a significant financing component if, at the inception of the contract, we expect that the period between when we transfer a product or service to a customer and when a customer remits payment will be one year or less.

Revenue for the sale of our products is recognized when the obligations of the terms of our contract are satisfied, which is when the customer is able to direct the use of and obtain substantially all of the benefits from the product, which generally occurs upon shipment when control of the product transfers to the customer.

We offer assurance warranties to our customers that the products provided will function as intended and comply with any agreed-upon specifications. These warranties cannot be purchased separately. On limited products, we offer extended warranties, which may be purchased separately.

Costs to Obtain or Fulfill a Contract

Shipping and handling costs associated with freight activities after the customer has obtained control are accounted for as fulfillment costs and are expensed to Cost of sales within our condensed consolidated statement of operations at the time the revenue is recognized.

We incur certain incremental costs to obtain a contract, which primarily relate to incremental sales commissions. As the expected benefit associated with these incremental costs is generally one year or less based on the nature of the product sold and benefits received, we have applied the practical expedient to expense them as incurred and therefore do not capitalize the related costs. Our sales commissions are paid based on orders or shipments, and we reserve the right to claw back any commissions in the event of product returns, cancellations or lost collections.

Disaggregation of Revenue

Refer to Note 8. for information regarding disaggregation of our revenues from contracts with customers by reportable segment and by geographical region based on customer location. Economic factors may impact the nature, amount, timing and certainty of our revenue and cash flows.

Note 3. Income Taxes

The reconciliation between the U.S. federal statutory income tax rate and the effective income tax rate is presented below:

	Three months ended June 30,				Nine months ended June 30,			
	2025		**2024**		**2025**		**2024**	
U.S. federal statutory income tax rate	21.0	%	21.0	%	21.0	%	21.0	%
Adjustments to reconcile to the effective tax rate:								
State income taxes, net of federal benefit	4.0		3.5		4.0		3.5	
Excess tax benefit related to stock-based compensation	—		—		(1.2)		—	
Tax credits	(1.4)		(1.8)		(1.4)		(1.8)	
Global Intangible Low-Taxed Income	0.3		(0.1)		0.3		(0.1)	
Foreign income tax rate differential	(0.6)		(0.4)		(0.6)		(0.4)	
Nondeductible compensation	1.5		1.0		1.5		1.0	
Uncertain tax positions	0.3		0.4		0.3		(0.7)	
Valuation allowances	0.4		0.7		0.4		0.4	
Other	1.6		0.9		0.7		0.9	
Effective income tax rate	27.1	%	25.2	%	25.0	%	23.8	%

At June 30, 2025 and September 30, 2024, the gross liabilities for unrecognized income tax benefits were $3.6 million and $3.0 million, respectively, and are included in Other noncurrent liabilities.

During the nine months ended June 30, 2024, we recorded $1.6 million in income tax benefits due to the release of an uncertain tax position that expired on December 31, 2023.

On July 4, 2025, the U.S. government enacted H.R. 1, commonly referred to as the One Big Beautiful Bill Act (“OBBBA”). OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act enacted in 2017, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. We are currently assessing its impact on our consolidated financial statements. We do not expect the OBBBA to have a material impact on our financial statements or our estimated annual effective tax rate for 2025.

Note 4. Borrowing Arrangements

The components of our long-term debt are as follows:

	June 30, 2025	September 30, 2024
	(in millions)	
4.0% Senior Notes	$ 450.0	$ 450.0
Finance leases	3.5	2.7
Total debt	453.5	452.7
Less: deferred financing costs	2.7	3.2
Less: current portion of long-term debt	1.0	0.8
Long-term debt	$ 449.8	$ 448.7

ABL Agreement. Our asset-based lending agreement, as amended, ("ABL"), is provided by a syndicate of banking institutions and consists of a revolving credit facility for up to $175.0 million in borrowing capacity that matures the earlier of (a) March 16, 2029, which is ninety-one days prior to the stated maturity date of our 4.0% Senior Notes if the Notes are still outstanding on that date or (b) March 28, 2029. The ABL includes the ability to borrow up to $25.0 million of swing line loans and up to $60.0 million of letters of credit. The ABL permits us to increase the size of the credit facility by an additional $150.0 million in certain circumstances subject to adequate borrowing base availability.

Borrowings under the ABL bear interest at a floating rate equal to Secured Overnight Financing Rate ("SOFR") plus an adjustment of 10 basis points and an applicable margin range of 150 to 175 basis points, or a base rate (as defined in the ABL) plus an applicable margin range of 50 to 75 basis points. At June 30, 2025, the applicable margin was 150 basis points for SOFR-based loans and 50 basis points for base rate loans.

The ABL is subject to mandatory prepayments if total outstanding borrowings under the ABL are greater than the aggregate commitments under the revolving credit facility or if we dispose of overdue accounts receivable in certain circumstances. The borrowing base under the ABL is equal to the sum of (a) 85% of the value of eligible accounts receivable and (b) the lesser of (i) 70% of the value of eligible inventory or (ii) 85% of the net orderly liquidation value of eligible inventory, less certain reserves. Prepayments can be made at any time without penalty.

The ABL allows cash dividend payments on the Company's common stock of approximately $56.4 million in fiscal 2025, with such amount increasing 10% annually as set out in the ABL. Additionally, cash dividend payments in excess of such limits, repurchases of common stock and certain other Restricted Payments (as defined in the ABL) are permitted if (i) Pro Forma Availability (as defined in the ABL) is (i) greater than or equal to the greater of 17.5% of the Loan Cap (as defined in the ABL) and $30.6 million for each day during the 30-day period prior to such Restricted Payment, or (ii) Pro Forma Availability is greater than 12.5% but less than 17.5% of the Loan Cap and $21.9 million for each day during the 30-day period prior to such Restricted Payment and the fixed charge coverage ratio of the most recently ended Measurement Period (as defined in the ABL) is at least 1 to 1.

Substantially all of our U.S. subsidiaries are borrowers under the ABL and are jointly and severally liable for outstanding borrowings. Our obligations under the ABL are secured by a first-priority perfected lien on all of our U.S. inventory, accounts receivable, certain cash balances and other supporting assets.

The ABL includes a commitment fee for any unused borrowing capacity of 37.5 basis points per annum when the unused capacity is above 50% of the credit commitments, with a step down to 25.0 basis points per annum when unused capacity is less than or equal to 50% of the credit commitments. At June 30, 2025, the commitment fee was 37.5 basis points.

Borrowings are not subject to any financial maintenance covenants unless excess availability is less than the greater of $17.5 million and 10% of the Loan Cap. Excess availability based on June 30, 2025 data was $163.0 million, as reduced by $11.8 million of outstanding letters of credit and $0.2 million of accrued fees and expenses.

4.0% Senior Unsecured Notes. On May 28, 2021, we privately issued $450.0 million of 4.0% Unsecured Senior Notes ("4.0% Senior Notes"), which mature on June 15, 2029, and bear interest at 4.0%, paid semi-annually in June and December. We capitalized $5.5 million of financing costs, which are being amortized over the term of the 4.0% Senior Notes using the effective interest method. Proceeds from the 4.0% Senior Notes, along with cash on hand, were used to redeem our previously

existing notes. Substantially all of our U.S. subsidiaries guarantee the 4.0% Senior Notes, which are subordinate to borrowings under our ABL. Based on quoted market prices, which is a Level 1 measurement, the outstanding 4.0% Senior Notes had a fair value of $432.7 million at June 30, 2025.

An indenture governing the 4.0% Senior Notes ("Indenture") contains customary covenants and events of default, including covenants that limit our ability to incur certain debt and liens. There are no financial maintenance covenants associated with the Indenture. We believe we were in compliance with these covenants at June 30, 2025.

We may redeem some or all of the 4.0% Senior Notes at any time after June 15, 2024, at specified redemption prices. Upon a Change of Control (as defined in the Indenture), we could be required to offer to purchase the 4.0% Senior Notes at a price equal to 101% of the outstanding principal amount if there is a Ratings Decline (as defined in the Indenture).

Note 5. Retirement Plan

We have a defined benefit plan ("Pension Plan") that we fund in accordance with its requirements and, where applicable, in amounts sufficient to satisfy the minimum funding requirements of applicable laws. The Pension Plan provides benefits based on years of service and compensation or at stated amounts for each year of service with an annual measurement date of September 30.

The components of net periodic cost for our Pension Plan are presented below:

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
	(in millions)			
Service cost	$ 0.2	$ 0.2	$ 0.5	$ 0.5
Pension expense (benefit) other than service:				
Interest cost	3.0	3.5	9.0	10.5
Expected return on plan assets	(3.6)	(3.3)	(10.8)	(9.9)
Amortization of actuarial net loss	0.6	0.8	1.7	2.4
Pension expense (benefit) other than service	—	1.0	(0.1)	3.0
Net periodic cost	$ 0.2	$ 1.2	$ 0.4	$ 3.5

The amortization of actuarial losses, net of income tax, is recorded as a component of Other comprehensive income. For the three months ended June 30, 2025 and 2024, the amortization of actuarial net loss is shown net of income tax of $0.1 million and $0.2 million, respectively, in the condensed consolidated statements of comprehensive income. For the nine months ended June 30, 2025 and 2024, the amortization of actuarial loss is shown net of income tax of $0.4 million and $0.6 million, respectively, in the condensed consolidated statements of comprehensive income.

Note 6. Stock-based Compensation Plans

We grant various forms of stock-based compensation, including market-based restricted stock units ("MRSUs"), restricted stock units, stock options and performance-based restricted stock units ("PRSUs") under our Amended and Restated 2006 Mueller Water Products, Inc. Stock Incentive Plan (the "2006 Stock Plan"), Phantom Plan instruments under our Mueller Water Products, Inc. 2012 Phantom Plan, and Employee stock purchase plan instruments under our 2006 Employee Stock Purchase Plan. Grants issued during the nine months ended June 30, 2025 are as follows:

	Number granted	Weighted average grant date fair value per instrument	Total grant date fair value (in millions)
Quarter ended December 31, 2024			
MRSUs	64,044	$ 38.25	$ 2.4
PRSUs	64,044	25.58	1.6
Restricted stock units	87,344	25.58	2.2
Phantom Plan instruments	134,382	25.58	3.4
Non-qualified stock options	207,417	7.90	1.6
Employee stock purchase plan instruments	24,621	$ 3.86	0.1
Total - Quarter ended December 31, 2024			$ 11.3
Quarter ended March 31, 2025			
MRSUs	7,692	$ 41.24	$ 0.3
PRSUs	7,692	25.19	0.2
Restricted stock units	84,355	26.60	2.2
Non-qualified stock options	21,198	9.14	0.2
Employee stock purchase plan instruments	24,802	$ 4.53	0.1
Total - Quarter ended March 31, 2025			$ 3.0
Quarter ended June 30, 2025			
Employee stock purchase plan instruments	21,752	$ 5.45	$ 0.1
Total - Quarter ended June 30, 2025			0.1
Total - Year to date ended June 30, 2025			$ 14.4

An MRSU award represents a target number of units that may be paid out at the end of a three-year award cycle based on a calculation of our relative total shareholder return ("TSR") performance as compared with the TSR of a selected peer group. Settlements in our common shares will range from zero to two times the number of MRSUs granted, depending on our TSR performance relative to that of the peer group.

Compensation expense attributed to MRSUs is based on the fair value of the awards on their respective grant dates, as determined using a Monte Carlo model. For these awards, compensation expense is recognized over the requisite service period regardless of whether the market condition is ultimately met. The assumptions used to determine the grant date fair value are indicated below for awards granted to date during the current fiscal year:

	December 3, 2024	March 3, 2025
Variables used in determining grant date fair value:		
Dividend yield	1.10%	1.10%
Risk-free rate	4.10%	3.90%
Expected term (in years)	2.80	2.60

The expected dividend yield is based on our estimated annual dividend and our stock price history at the grant date. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield in effect at the grant date with a term equal to the expected term. The expected term represents the average period of time the units are expected to be outstanding.

At June 30, 2025, the outstanding Phantom Plan instruments had a fair value of $24.04 per instrument and our accrued liability for Phantom Plan instruments was $4.7 million and is included within Other current liabilities for amounts related to instruments scheduled to vest in twelve months or less and Other noncurrent liabilities for amounts related to instruments scheduled to vest beyond twelve months.

Stock options generally vest ratably on each anniversary date of the original grant over three years. Compensation expense attributed to stock options is based on the fair value of the awards on their respective grant dates, as determined using a Black-Scholes model. The assumptions used to determine the grant date fair value are indicated below for awards granted to date during the current fiscal year:

	December 3, 2024	March 3, 2025
Variables used in determining grant date fair value:		
Dividend yield	1.64%	1.41%
Risk-free rate	4.14%	4.02%
Expected term (in years)	6.00	6.00

The expected dividend yield is based on our estimated annual dividend and our stock price history at the grant date. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield in effect at the grant date with a term equal to the expected term. The expected term represents the average period of time the options are expected to be outstanding.

A PRSU award consists of a target number of units that may be paid out at the end of a three-year award cycle. Settlements in our common shares will range from zero to two times the number of PRSUs granted, depending on our financial performance against predetermined targets.

Restricted stock units generally vest ratably over the life of the award, usually three years, on each anniversary date of the original grant. Compensation expense for restricted stock units is recognized between the grant date and the vesting date (or the date on which a participant becomes retirement-eligible as defined and pursuant to the terms of the 2006 Stock Plan, if sooner) on a straight-line basis for each tranche of each award. Fair values of restricted stock units are determined using the closing price of our common stock on the respective grant date.

Employee stock purchase plan instruments are shares of our common stock purchased by employees under the Mueller Water Products Inc. 2006 Employee Stock Purchase Plan ("ESPP"). Generally, all full-time, active employees are eligible to participate in the ESPP, subject to certain restrictions. Employee purchases are funded through payroll deductions, and any excess payroll withholdings are returned to the employee. The price for the shares purchased under the ESPP is 85% of the lower of the closing price on the first day or the last day of the offering period.

We issued 260,727 shares of common stock to settle PRSUs vested during the nine months ended June 30, 2025; no shares of common stock were issued to settle PRSUs during the three months ended June 30, 2025. Additionally, we issued 227,492 shares of common stock to settle restricted stock units vested during the nine months ended June 30, 2025; no shares of common stock were issued to settle restricted stock units during the three months ended June 30, 2025. Finally, we issued 246,577 shares of common stock to settle stock options exercised during the nine months ended June 30, 2025; no shares of common stock were issued to settle stock options exercised during the three months ended June 30, 2025. Common shares totaling 169,488 were surrendered to us to pay the applicable tax withholding obligations of equity award participants for the nine months ended June 30, 2025; no common shares were surrendered to us to pay the applicable tax withholding obligations during the three months ended June 30, 2025.

Operating income included stock-based compensation expense of $3.2 million and $3.7 million during the three months ended June 30, 2025 and 2024, respectively. Operating income included stock-based compensation of $10.8 million and $10.1 million during the nine months ended June 30, 2025 and 2024, respectively. At June 30, 2025, there was approximately $13.0 million of unrecognized compensation expense related to stock-based compensation arrangements, which will be expensed through March 2028.

We excluded 300,351 and 24,636 stock-based compensation instruments from the calculations of diluted earnings per share in the three months ended June 30, 2025 and 2024, respectively, and 343,476 and 520,420 for the nine months ended June 30, 2025 and 2024, respectively, since their inclusion would have been antidilutive.

Note 7. Supplemental Balance Sheet Information

Selected supplemental asset information is presented below:

	June 30, 2025	September 30, 2024
	(in millions)	
Inventories, net:		
Purchased components and raw materials	$ 159.5	$ 163.6
Work in process, net	70.3	65.8
Finished goods, net	86.8	72.3
Inventories, net	$ 316.6	$ 301.7
Other current assets:		
Prepaid expenses	$ 20.2	$ 17.2
Non-trade receivables	3.9	3.4
Maintenance and repair supplies and tooling	3.6	5.4
Goods to be returned	3.7	4.2
Income taxes	0.8	0.8
Workers' compensation reimbursement receivable	2.7	2.4
Other current assets	8.9	4.5
Total other current assets	$ 43.8	$ 37.9
Property, plant and equipment:		
Land	$ 6.5	$ 6.5
Buildings	131.2	126.6
Machinery and equipment	580.4	550.4
Construction in progress	47.2	45.2
Total property, plant and equipment	765.3	728.7
Accumulated depreciation	(437.5)	(409.9)
Property, plant and equipment, net	$ 327.8	$ 318.8
Other noncurrent assets:		
Operating lease right-of-use assets	$ 27.1	$ 26.9
Maintenance and repair supplies and tooling	19.8	20.3
Workers' compensation reimbursement receivable	4.1	4.1
Pension asset	14.8	13.5
Note receivable	1.8	1.8
Deferred financing fees	1.1	1.3
Other noncurrent assets	0.4	0.4
Total other noncurrent assets	$ 69.1	$ 68.3

Selected supplemental liability information is presented below:

	June 30, 2025	September 30, 2024
	(in millions)	
Other current liabilities:		
Compensation and benefits	$ 48.6	$ 58.3
Customer rebates	16.4	16.9
Income taxes payable	10.1	5.6
Warranty accrual	12.1	13.3
Deferred revenue	5.8	7.1
Returned goods accrual	5.5	7.3
Taxes other than income taxes	4.5	3.5
Operating lease liabilities	6.1	5.5
Workers' compensation accrual	4.6	4.6
Restructuring liabilities	1.8	3.4
Interest payable	0.8	5.3
Other current liabilities	6.9	16.5
Total other current liabilities	$ 123.2	$ 147.3
Other noncurrent liabilities:		
Operating lease liabilities	$ 22.2	$ 22.5
Warranty accrual	8.1	10.3
Transition tax liability	—	1.7
Uncertain tax position liability	3.6	3.0
NMTC liability	3.9	3.9
Workers' compensation accrual	5.8	5.8
Asset retirement obligation	4.2	4.2
Deferred revenue	5.5	5.7
Deferred development grant	2.0	2.5
Other noncurrent liabilities	3.6	4.1
Total other noncurrent liabilities	$ 58.9	$ 63.7

Goodwill

Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis on September 1 of each fiscal year or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value.

The following table summarizes information concerning our goodwill, all of which is within our Water Management Solutions segment, during the nine months ended June 30, 2025, in millions:

Balance at September 30, 2024:	
Goodwill	$ 821.1
Accumulated impairment	(740.4)
Goodwill, net	80.7
Activity during the nine months ended June 30, 2025:	
Change in foreign currency exchange rates	6.9
Balance at June 30, 2025	$ 87.6

Note 8. Segment Information

We have two reportable segments, Water Flow Solutions and Water Management Solutions. Water Flow Solutions' portfolio includes iron gate valves, specialty valves and service brass products. Water Management Solutions' portfolio includes fire hydrants, repair and installation, natural gas, metering, leak detection, as well as pressure management and control products and solutions. Summarized financial information for our segments is presented below:

	Three months ended June 30,		Nine months ended June 30,	
	2025	2024	2025	2024
	(in millions)			
Net revenue, excluding intercompany:				
Water Flow Solutions	$ 216.6	$ 208.1	$ 607.4	$ 555.2
Water Management Solutions	163.7	148.6	441.5	411.3
	$ 380.3	$ 356.7	$ 1,048.9	$ 966.5
Operating income (loss):				
Water Flow Solutions	$ 60.5	$ 57.8	$ 149.9	$ 137.6
Water Management Solutions	30.1	25.5	88.7	69.6
Corporate	(16.9)	(16.3)	(47.6)	(53.9)
	$ 73.7	$ 67.0	$ 191.0	$ 153.3
Depreciation and amortization:				
Water Flow Solutions	$ 6.6	$ 9.1	$ 19.0	$ 28.2
Water Management Solutions	5.0	7.1	15.0	20.8
Corporate	0.1	0.1	0.1	0.2
	$ 11.7	$ 16.3	$ 34.1	$ 49.2
Strategic reorganization and other charges:				
Water Flow Solutions	$ —	$ —	$ 1.0	$ 0.2
Water Management Solutions	0.2	1.4	0.6	1.4
Corporate	0.8	1.5	3.5	11.1
	$ 1.0	$ 2.9	$ 5.1	$ 12.7
Capital expenditures:				
Water Flow Solutions	$ 5.3	$ 6.2	$ 15.8	$ 16.1
Water Management Solutions	6.4	6.0	17.0	11.9
Corporate	—	—	—	—
	$ 11.7	$ 12.2	$ 32.8	$ 28.0
Water Flow Solutions disaggregated revenue:				
Central	$ 56.9	$ 55.2	$ 163.5	$ 148.7
Northeast	38.1	34.4	112.1	100.1
Southeast	48.4	45.2	137.4	135.5
West	57.4	54.9	152.2	133.8
United States	200.8	189.7	565.2	518.1
Canada	13.5	16.1	34.1	30.2
Other international locations	2.3	2.3	8.1	6.9
	$ 216.6	$ 208.1	$ 607.4	$ 555.2
Water Management Solutions disaggregated revenue:				
Central	$ 40.3	$ 39.4	$ 115.5	$ 110.0
Northeast	31.0	31.3	88.3	90.8
Southeast	38.5	34.7	99.0	100.2
West	35.7	28.5	93.5	72.3
United States	145.5	133.9	396.3	373.3
Canada	10.9	10.8	24.5	23.9
Other international locations	7.3	3.9	20.7	14.1
	$ 163.7	$ 148.6	$ 441.5	$ 411.3

Note 9. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is as follows:

	Pension actuarial amortization, net of income tax	Foreign currency translation, net of income tax	Total
		(in millions)	
Balance at September 30, 2024	$ (19.7)	$ (11.1)	$ (30.8)
Current period other comprehensive income	1.2	17.7	18.9
Balance at June 30, 2025	$ (18.5)	$ 6.6	$ (11.9)

For the nine months ended June 30, 2025, pension actuarial amortization included in the condensed consolidated statements of comprehensive income as a component of pension benefit other than service was $1.6 million, net of income tax of $0.4 million. Refer to Note 5. Retirement Plans for further information. For the nine months ended June 30, 2025, foreign currency translation included in the condensed consolidated statements of comprehensive income was $17.7 million, net of no income tax.

Note 10. Commitments and Contingencies

We are involved in various legal proceedings that have arisen in the normal course of operations, including the proceedings summarized below. We provide for costs relating to these matters when a loss is probable and the amount is reasonably estimable. Legal and administrative costs related to these matters are expensed as incurred. The effect of the outcome of these matters on our financial statements cannot be predicted with certainty as any such effect depends on the amount and timing of the resolution of such matters. Other than the litigation described below, we do not believe that any of our outstanding litigation would have a materially adverse effect on our financial position, results of operations, cash flows or liquidity.

Environmental. We are subject to a wide variety of laws and regulations concerning the protection of the environment, both with respect to the operations at many of our properties and with respect to remediating environmental conditions that may exist at our own or other properties. We accrue for environmental expenses resulting from existing conditions that relate to past operations when the costs are probable and reasonably estimable.

In the acquisition agreement pursuant to which a predecessor to Tyco International plc, now Johnson Controls International plc ("Tyco"), sold our businesses to a previous owner in August 1999, Tyco agreed to indemnify us and our affiliates, among other things, for all "Excluded Liabilities." Excluded Liabilities include, among other things, substantially all liabilities relating to the time prior to August 1999, including environmental liabilities. The indemnity survives indefinitely. Tyco's indemnity does not cover liabilities to the extent caused by us or the operation of our businesses after August 1999, nor does it cover liabilities arising with respect to businesses or sites acquired after August 1999. Since 2007, Tyco has engaged in multiple corporate restructurings, split-offs and divestitures. While none of these transactions directly affects the indemnification obligations of the Tyco indemnitors under the 1999 acquisition agreement, the result of such transactions is that the assets of, and control over, such Tyco indemnitors has changed. Should any of these Tyco indemnitors become financially unable or fail to comply with the terms of the indemnity, we may be responsible for such obligations or liabilities.

The purchaser of U.S. Pipe has been identified as a "potentially responsible party" ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act in connection with a former manufacturing facility operated by U.S. Pipe that was in the vicinity of a proposed Superfund site located in North Birmingham, Alabama. Under the terms of the acquisition agreement relating to our sale of U.S. Pipe, we agreed to indemnify the purchaser for certain environmental liabilities, including those arising out of the former manufacturing site in North Birmingham. Accordingly, the purchaser tendered the matter to us for indemnification, which we accepted. Ultimate liability for the site will depend on many factors that have not yet been determined, including the determination of the Environmental Protection Agency's remediation costs, the number and financial viability of the other PRPs (there are four other PRPs currently) and the determination of the final allocation of the costs among the PRPs. Since the amounts of such costs cannot be reasonably estimated at this time, no amounts have been accrued for this matter at June 30, 2025.

CBP Matter. On October 4, 2024, we delivered to the U.S. Customs and Border Protections ("CBP") a prior disclosure letter to correct information reported at the time of entry under U.S. laws and customs regulations with respect to the origin of certain products that were supplied by a manufacturer in Canada but that we subsequently determined had not been substantially transformed in Canada, resulting in the underpayment of certain duties to CBP. We identified the entry discrepancies to our U.S.

importer of such products and provided the information to CBP. We originally expensed $9.1 million in 2024 related to this matter. On May 8, 2025, the CBP completed its review and assessed a total amount equal to approximately $9.0 million for this matter, inclusive of the actual amount of duties and interest owed for these discrepancies.

Cybersecurity Incident Putative Class Action. In connection with the cybersecurity incident initially reported on October 28, 2023, the Company was named as a defendant in a putative class action lawsuit captioned *David Kok v. Mueller Water Products, Inc.,* filed on August 30, 2024 in the U.S. District Court for the Northern District of Georgia, Atlanta Division, Case No. 1:24-cv-03894-SCJ. On July 7, 2025, the Company entered into a settlement agreement with the Plaintiff, which is subject to Court approval. Under the terms of the settlement, class members can seek the following: (1) reimbursement of up to $500 for ordinary losses related to the data incident so long as they provide third party documentation (included within the $500 cap on ordinary losses is reimbursement of up to five hours of lost time at $15 per hour for a total of $75); (2) reimbursement of up to $1,400 for extraordinary losses resulting from actual, unreimbursed monetary loss relating to identity theft, fraud or misuse; and (3) two years of three-bureau credit monitoring. In the alternative, class members can forego these benefits and instead choose a one-time cash payment of $45. The credit monitoring, ordinary and extraordinary losses, lost time, and alternative cash payment benefits are all subject to an overall aggregate cap of $285,000. In addition to benefits to the class, Plaintiff's counsel will receive a fee award of $170,000 and the settlement class representative, David Kok, will receive a service award of $3,500.

Indemnification. We are a party to contracts in which it is common for us to agree to indemnify third parties for certain liabilities that arise out of or relate to the subject matter of the contract. In some cases, this indemnity extends to related liabilities arising from the negligence of the indemnified parties, but usually excludes any liabilities caused by gross negligence or willful misconduct. We cannot estimate the potential amount of future payments under these indemnities until events arise that would trigger a liability under the indemnities.

Additionally, in connection with the sale of assets and the divestiture of businesses, such as the divestitures of U.S. Pipe and Anvil, we may agree to indemnify buyers and related parties for certain losses or liabilities incurred by these parties with respect to: (i) the representations and warranties made by us to these parties in connection with the sale and (ii) liabilities related to the pre-closing operations of the assets or business sold. Indemnities related to pre-closing operations generally include certain environmental and tax liabilities and other liabilities not assumed by these parties in the transaction.

Indemnities related to the pre-closing operations of sold assets or businesses normally do not represent additional liabilities to us, but simply serve to protect these parties from potential liability associated with our obligations existing at the time of the sale. We have accrued for those pre-closing obligations that are considered probable and reasonably estimable. Should circumstances change, increasing the likelihood of payments related to a specific indemnity, we will accrue a liability when future payment is probable and the amount is reasonably estimable.

Other Matters. We monitor and analyze our warranty experience and costs periodically and may revise our accruals as necessary. Factors considered in our analyses include warranty terms, specific claim situations, general incurred and projected failure rates, the nature of product failures, product and labor costs, and general business conditions.

We are party to a number of lawsuits arising in the ordinary course of business, including product liability cases for products manufactured by us or third parties. While the results of litigation cannot be predicted with certainty, we believe that the final outcome of such other litigation is not likely to have a materially adverse effect on our financial position, results of operations, cash flows or liquidity.

Note 11. Subsequent Events

On July 30, 2025, our Board of Directors declared a dividend of $0.067 per share on our common stock, payable on or about August 21, 2025, to stockholders of record at the close of business on August 12, 2025.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related notes thereto that appear elsewhere in this report. This report contains certain statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws. All statements that address activities, events or developments that the Company intends, expects, plans, projects, believes or anticipates will or may occur in the future are forward-looking statements, including, without limitation, statements regarding outlooks, projections, forecasts, expectations, commitments, trend descriptions and the ability to capitalize on trends, value creation, Board of Directors and committee composition plans, long-term strategies and the execution or acceleration thereof, operational improvements, inventory positions, the benefits of capital investments, financial or operating performance, including driving increased margins, operational and commercial initiatives, capital allocation and growth strategy plans, and the demand for the Company's products. Forward-looking statements are based on certain assumptions and assessments made by the Company in light of the Company's experience and perception of historical trends, current conditions and expected future developments.

Actual results and the timing of events may differ materially from those contemplated by the forward-looking statements due to a number of factors, including, without limitation, logistical challenges and supply chain disruptions, geopolitical conditions, including the Israel-Hamas war, public health crises, or other events; inventory and in-stock positions of our distributors and end customers; an inability to realize the anticipated benefits from our operational initiatives, including our large capital investments in Decatur, Illinois, plant closures, and reorganization and related strategic realignment activities; an inability to attract or retain a skilled and diverse workforce, including executive officers, increased competition related to the workforce and labor markets; an inability to protect the Company's information systems against further service interruption, risks resulting from possible future cybersecurity incidents, misappropriation of data or breaches of security; failure to comply with personal data protection and privacy laws; cyclical and changing demand in core markets such as municipal spending, residential construction, and natural gas distribution; government monetary or fiscal policies; the impact of adverse weather conditions; the impact of manufacturing and product performance; the impact of wage, commodity and materials price inflation; foreign exchange rate fluctuations; the impact of higher interest rates; the impact of warranty charges and claims, and related accommodations; the strength of our brands and reputation; an inability to successfully resolve significant legal proceedings or government investigations; compliance with environmental, trade and anti-corruption laws and regulations; climate change and legal or regulatory responses thereto; changing regulatory, trade and tariff conditions; the failure to integrate and/or realize any of the anticipated benefits of acquisitions or divestitures; an inability to achieve some or all of our goals and commitments in environmental and sustainability programs; and other factors that are described in the section entitled "RISK FACTORS" in Item 1A. of the Company's most recent Annual Report on Form 10-K and later filings on Form 10-Q, as applicable.

Forward-looking statements do not guarantee future performance and are only as of the date they are made. The Company undertakes no duty to update its forward-looking statements except as required by law. Undue reliance should not be placed on any forward-looking statements. You are advised to review any further disclosures the Company makes on related subjects in subsequent Forms 10-K, 10-Q, 8-K and other reports filed with the United States Securities and Exchange Commission.

Overview

Business

We have two reportable segments: Water Flow Solutions and Water Management Solutions. Water Flow Solutions' portfolio includes iron gate valves, specialty valves and service brass products. Water Flow Solutions represented approximately 57% of our fiscal 2024 net sales. Water Management Solutions' portfolio includes fire hydrants, repair and installation, natural gas, metering, leak detection, as well as pressure management and control products and solutions. Water Management Solutions represented approximately 43% of our fiscal 2024 net sales.

We estimate approximately 60% to 65% of our 2024 net sales were associated with the repair and replacement of municipal water infrastructure, approximately 25% to 30% were related to residential construction activity and approximately 10% were related to natural gas utilities and industrial applications.

In October 2023, the Israel-Hamas war caused a temporary shutdown of our facility in Ariel, Israel. While we reopened the facility in November 2023, the war caused supply chain disruption and labor availability challenges that hindered, and continue to hinder, our ability to most efficiently manufacture and deliver our products from our facility in Ariel, Israel. We have made investments in recruiting and training new team members, expanding our suppliers, and shifting certain Krausz branded manufacturing to our Cleveland, Tennessee facility to increase production levels, as well as expediting product shipments and increasing inventory safety stock to meet customer delivery times.

The cybersecurity incident in the first quarter of fiscal 2024 consisted of unauthorized access and deployment of ransomware by a third party to a portion of our internal information system infrastructure. The incident caused temporary disruptions and limitations of access to portions of our business applications supporting certain aspects of our operations including shipping, receiving and payment functions. Operational delays as well as investigation and remediation costs in connection with the incident adversely impacted our results for the first quarter of fiscal 2024; however, there was no material impact to our consolidated net sales for the full fiscal 2024. We have restored the impacted applications and systems. As reported on November 29, 2023, we identified a separate cybersecurity incident, which primarily related to a system that was at the end of its useful life and was already in the process of being replaced in the ordinary course of business. We completed the replacement of this system during the second quarter of fiscal 2024.

In the first quarter of fiscal 2024, we incurred approximately $1.5 million of expenses related to the cybersecurity incidents. We continue to address the impacts of the cybersecurity incidents, including making enhancements to our cybersecurity processes and analyzing the data accessed, exfiltrated or otherwise impacted in connection with the cybersecurity incidents.

In January 2025, we announced the appointment of Ms. Melissa Rasmussen as Senior Vice President and Chief Financial Officer effective March 3, 2025 and Mr. Steven Heinrichs transitioned from his Chief Financial Officer and Chief Legal Officer roles to Senior Advisor and remains available to the Company on a consulting basis through September 30, 2025.

For fiscal year 2025, we anticipate that consolidated net sales will increase between 6.9% and 7.6% as compared with fiscal 2024. The external operating environment remains uncertain as we face challenges emanating from changes in government policies and possible disruptions to global supply chains, the interest rate and tariff environment, geopolitics, as well as labor and material inflation and availability. We expect these challenges to continue during the remainder of fiscal 2025. We continue to anticipate resilient demand associated with the municipal repair and replacement end market driven by the aging water infrastructure and increasing water rates, moderated by budgetary and operational pressures on municipalities. We anticipate that new residential construction activity and new lot and land development will be relatively constrained by the uncertainty in the economy, affordability concerns and interest rate environment, depending on the geographic region. In July 2025, Blue Chip Economic Indicators forecasted a 2.2% decline in housing starts for the calendar year 2025 as compared to calendar year 2024.

After our short-cycle channel and customer inventory levels largely normalized during the first quarter of 2024, our orders and shipments reflected a more typical demand environment compared with the high backlog environment we experienced during and after the COVID-19 pandemic. In fiscal 2025, we have experienced a more normalized demand environment. Therefore, we anticipate quarterly consolidated net sales as a percentage of fiscal 2025 consolidated net sales to be the highest in the third quarter and lowest in the first quarter, with a sequential increase in consolidated net sales in the second quarter as the construction season ramps up for the spring season. Accordingly, for the remainder of fiscal 2025, we assume that we will experience typical seasonality and a normalized demand environment, leading to lower consolidated net sales for the fourth quarter relative to the third quarter.

Inventory costs for the first nine months of 2025 increased approximately 1.5% due to inflation. For the remainder of fiscal 2025, we anticipate that inflation will continue to rise, particularly for purchased parts, due to new tariffs enacted after March 2025. At this time, excluding the impact of tariffs, we expect inflation to modestly impact manufacturing and transportation costs. We have implemented targeted price increases for certain products, as well as supply chain and operations initiatives, to mitigate these higher tariffs. We will continue to monitor the market and economic conditions impacting our business and take appropriate actions to address inflationary and other cost pressures, including increased tariffs, by implementing price increases, cost containment measures and supplier management measures, among other mitigating actions.

Results of Operations

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

	Three months ended June 30, 2025			
	Water Flow Solutions	Water Management Solutions	Corporate	Total
	(in millions)			
Net sales	$ 216.6	$ 163.7	$ —	$ 380.3
Gross profit	$ 83.8	$ 61.9	$ —	$ 145.7
Operating expenses:				
Selling, general and administrative	23.3	31.6	16.1	71.0
Strategic reorganization and other charges	—	0.2	0.8	1.0
Total operating expenses	23.3	31.8	16.9	72.0
Operating income (loss)	$ 60.5	$ 30.1	$ (16.9)	73.7
Non-operating expenses:				
Interest expense, net				1.7
Income before income taxes				72.0
Income tax expense				19.5
Net income				$ 52.5

	Three months ended June 30, 2024			
	Water Flow Solutions	Water Management Solutions	Corporate	Total
	(in millions)			
Net sales	$ 208.1	$ 148.6	$ —	$ 356.7
Gross profit	$ 81.9	$ 49.5	$ —	$ 131.4
Operating expenses:				
Selling, general and administrative	24.1	22.6	14.8	61.5
Strategic reorganization and other charges	—	1.4	1.5	2.9
Total operating expenses	24.1	24.0	16.3	64.4
Operating income (loss)	$ 57.8	$ 25.5	$ (16.3)	67.0
Non-operating expenses:				
Pension expense other than service				1.0
Interest expense, net				2.8
Income before income taxes				63.2
Income tax expense				15.9
Net income				$ 47.3

Consolidated Analysis

Net sales for the three months ended June 30, 2025 were $380.3 million as compared with $356.7 million in the prior year period, an increase of $23.6 million or 6.6%, primarily as a result of increased volumes and higher pricing across most product lines.

Gross profit for the three months ended June 30, 2025 was $145.7 million as compared with $131.4 million in the prior year period, an increase of $14.3 million or 10.9%, primarily as a result of manufacturing efficiencies and higher volumes. Gross profit was negatively impacted by approximately 7% due to inflation and increased tariffs. As a result, gross margin was 38.3% in the three months ended June 30, 2025 as compared with 36.8% in the prior year period.

Selling, general and administrative expenses ("SG&A") for the three months ended June 30, 2025 were $71.0 million as compared with $61.5 million in the prior year period, an increase of $9.5 million or 15.4%, primarily due to $9.1 million unfavorable foreign currency fluctuation primarily resulting from the depreciation of the U.S. dollar versus the Israeli shekel during the quarter, inflation of approximately 3%, higher personnel-related expense and third-party fees, partially offset by lower intangible amortization and engineering expense. The unfavorable foreign currency impact for the three months ended June 30, 2025 was $7.7 million. SG&A as a percentage of net sales was 18.7% and 17.2% for the three months ended June 30, 2025 and June 30, 2024, respectively.

Strategic reorganization and other charges for the three months ended June 30, 2025 were $1.0 million and consisted of expenses associated with our leadership transition. Strategic reorganization and other charges for the three months ended June 30, 2024 were $2.9 million and consisted of expenses associated with non-cash asset impairment, our leadership transition, severance and certain transaction-related expenses.

Net interest expense for the three months ended June 30, 2025 was $1.7 million as compared with $2.8 million in the prior year period, a decrease of $1.1 million or 39.3%, primarily due to higher interest income. The components of net interest expense are as shown below:

	Three months ended June 30,	
	2025	2024
	(in millions)	
4.0% Senior Notes	$ 4.5	$ 4.5
Deferred financing costs amortization	0.2	0.2
ABL Agreement	0.2	0.2
Capitalized interest	(0.1)	—
Other interest expense	—	0.2
Total interest expense	4.8	5.1
Interest income	(3.1)	(2.3)
Interest expense, net	$ 1.7	$ 2.8

The reconciliation between the U.S. federal statutory income tax rate and the effective income tax rate is presented below:

	Three months ended June 30,			
	2025		2024	
U.S. federal statutory income tax rate	21.0	%	21.0	%
Adjustments to reconcile to the effective tax rate:				
State income taxes, net of federal benefit	4.0		3.5	
Tax credits	(1.4)		(1.8)	
Global Intangible Low-Taxed Income	0.3		(0.1)	
Foreign income tax rate differential	(0.6)		(0.4)	
Nondeductible compensation	1.5		1.0	
Uncertain tax positions	0.3		0.4	
Valuation allowances	0.4		0.7	
Other	1.6		0.9	
Effective income tax rate	27.1	%	25.2	%

Segment Analysis

Water Flow Solutions

Net sales for the three months ended June 30, 2025 were $216.6 million as compared with $208.1 million in the prior year period, an increase of $8.5 million or 4.1%, primarily as a result of increased volumes of iron gate and specialty valves as well as higher pricing across most product lines, partially offset by lower volumes of service brass products.

Gross profit for the three months ended June 30, 2025 was $83.8 million as compared with $81.9 million in the prior year period, an increase of $1.9 million or 2.3%. This increase was primarily a result of increased volumes and favorable manufacturing performance. Gross profit was negatively impacted by approximately 7% due to inflation and increased tariffs. Gross margin was 38.7% in the three months ended June 30, 2025 and 39.4% in the prior year period.

SG&A for the three months ended June 30, 2025 was $23.3 million as compared with $24.1 million in the prior year period, a decrease of $0.8 million or 3.3%, primarily as a result of lower amortization and bad debt, partially offset by higher personnel-related expenses, third-party fees and inflation of approximately 3%. SG&A as a percentage of net sales was 10.8% and 11.6% in the three months ended June 30, 2025 and 2024, respectively.

Water Management Solutions

Net sales for the three months ended June 30, 2025 were $163.7 million as compared with $148.6 million in the prior year period, an increase of $15.1 million or 10.2%, primarily as a result of increased volumes of repair products and hydrants as well as higher pricing across most product lines, partially offset by lower volumes of natural gas distribution products.

Gross profit for the three months ended June 30, 2025 was $61.9 million as compared with $49.5 million in the prior year period, an increase of $12.4 million or 25.1%. The increase was primarily a result of favorable manufacturing performance and increased volumes. Gross profit was negatively impacted by approximately 8% due to inflation and increased tariffs. Gross margin was 37.8% in the three months ended June 30, 2025 as compared with 33.3% in the prior year period.

SG&A for the three months ended June 30, 2025 was $31.6 million as compared with $22.6 million in the prior year period, an increase of $9.0 million or 39.8%, primarily due to $7.1 million unfavorable foreign currency impact associated with depreciation of the U.S. dollar compared with the Israeli shekel, higher personnel-related expenses, approximately 2% inflation and higher third-party fees, partially offset by lower amortization and travel expenditures. SG&A as a percentage of net sales was 19.3% and 15.2% in the three months ended June 30, 2025 and 2024, respectively.

Corporate

SG&A for the three months ended June 30, 2025 was $16.1 million as compared with $14.8 million in the prior year period, an increase of $1.3 million or 8.8%.

Nine months ended June 30, 2025 Compared to Nine months ended June 30, 2024

	Nine months ended June 30, 2025			
	Water Flow Solutions	Water Management Solutions	Corporate	Total
		(in millions)		
Net sales	$ 607.4	$ 441.5	$ —	$ 1,048.9
Gross profit	$ 215.9	$ 160.8	$ —	$ 376.7
Operating expenses:				
Selling, general and administrative	65.0	71.5	44.1	180.6
Strategic reorganization and other charges	1.0	0.6	3.5	5.1
Total operating expenses	66.0	72.1	47.6	185.7
Operating income (loss)	$ 149.9	$ 88.7	$ (47.6)	191.0
Non-operating expenses:				
Pension benefit other than service				(0.1)
Interest expense, net				5.6
Income before income taxes				185.5
Income tax expense				46.4
Net income				$ 139.1

	Nine months ended June 30, 2024			
	Water Flow Solutions	Water Management Solutions	Corporate	Total
		(in millions)		
Net sales	$ 555.2	$ 411.3	$ —	$ 966.5
Gross profit	$ 205.7	$ 142.4	$ —	$ 348.1
Operating expenses:				
Selling, general and administrative	67.9	71.4	42.8	182.1
Strategic reorganization and other charges	0.2	1.4	11.1	12.7
Total operating expenses	68.1	72.8	53.9	194.8
Operating income (loss)	$ 137.6	$ 69.6	$ (53.9)	153.3
Non-operating expenses:				
Pension expense other than service				3.0
Interest expense, net				9.7
Other expense				1.6
Income before income taxes				139.0
Income tax expense				33.1
Net income				$ 105.9

Consolidated Analysis

Net sales for the nine months ended June 30, 2025 were $1,048.9 million as compared with $966.5 million in the prior year period, an increase of $82.4 million or 8.5%, primarily as a result of increased volumes and higher pricing across most product lines.

Gross profit for the nine months ended June 30, 2025 was $376.7 million as compared with $348.1 million in the prior year period, an increase of $28.6 million or 8.2%, primarily as a result of increased volumes, higher pricing, and manufacturing efficiencies, partially offset by approximately 5% due to inflation and increased tariffs. Manufacturing efficiencies were negatively impacted by a $4.1 million write-down of inventory and other assets associated with our legacy brass foundry in Decatur, Illinois. As a result, gross margin was 35.9% in the nine months ended June 30, 2025 as compared with 36.0% in the prior year period.

SG&A for the nine months ended June 30, 2025 was $180.6 million as compared with $182.1 million in the prior year period, a decrease of $1.5 million or 0.8%, primarily due to lower intangible amortization, partially offset by unfavorable foreign currency fluctuation as a result of depreciation of the U.S. dollar compared with the Israeli shekel, as well as higher personnel-related expenses, third-party fees and approximately 3% inflation. SG&A as a percentage of net sales was 17.2% and 18.8% for the nine months ended June 30, 2025 and June 30, 2024, respectively.

Strategic reorganization and other charges for the nine months ended June 30, 2025 were $5.1 million and consisted of expenses associated with our leadership transition, non-cash asset impairment and certain transaction-related costs. Strategic reorganization and other charges for the nine months ended June 30, 2024 were $12.7 million and consisted of expenses associated with our leadership transition, certain transaction-related expenses, cybersecurity incidents expense, non-cash asset impairment and severance.

Net interest expense for the nine months ended June 30, 2025 was $5.6 million as compared with $9.7 million in the prior year period, a decrease of $4.1 million or 42.3%, primarily due to higher interest income. The components of net interest expense are as shown below:

	Nine months ended June 30,	
	2025	2024
	(in millions)	
4.0% Senior Notes	$ 13.5	$ 13.5
Deferred financing costs amortization	0.7	0.7
ABL Agreement	0.6	0.7
Capitalized interest	(0.3)	(0.1)
Other interest expense	0.4	0.5
Total interest expense	14.9	15.3
Interest income	(9.3)	(5.6)
Interest expense, net	$ 5.6	$ 9.7

The reconciliation between the U.S. federal statutory income tax rate and the effective income tax rate is presented below:

	Nine months ended June 30,			
	2025		2024	
U.S. federal statutory income tax rate	21.0	%	21.0	%
Adjustments to reconcile to the effective tax rate:				
State income taxes, net of federal benefit	4.0		3.5	
Excess tax benefit related to stock-based compensation	(1.2)		—	
Tax credits	(1.4)		(1.8)	
Global Intangible Low-Taxed Income	0.3		(0.1)	
Foreign income tax rate differential	(0.6)		(0.4)	
Nondeductible compensation	1.5		1.0	
Uncertain tax positions	0.3		(0.7)	
Valuation allowances	0.4		0.4	
Other	0.7		0.9	
Effective income tax rate	25.0	%	23.8	%

Segment Analysis

Water Flow Solutions

Net sales for the nine months ended June 30, 2025 were $607.4 million as compared with $555.2 million in the prior year period, an increase of $52.2 million or 9.4%, primarily as a result of increased volumes and higher pricing across most product lines.

Gross profit for the nine months ended June 30, 2025 was $215.9 million as compared with $205.7 million in the prior year period, an increase of $10.2 million or 5.0%. This increase was primarily a result of increased volumes, higher pricing across most product lines and manufacturing efficiencies, partially offset by approximately 6% inflation and increased tariffs. Manufacturing efficiencies were negatively impacted by a $4.1 million write-down of inventory and other assets associated with our legacy brass foundry in Decatur, Illinois. Gross margin was 35.5% in the nine months ended June 30, 2025 and 37.0% in the prior year period.

SG&A for the nine months ended June 30, 2025 was $65.0 million as compared with $67.9 million in the prior year period, a decrease of $2.9 million or 4.3%, primarily as a result of lower amortization, travel, bad debt and engineering materials expenses, partially offset by higher personnel-related expense, inflation of approximately 3%, and higher third-party fees. SG&A as a percentage of net sales was 10.7% and 12.2% in the nine months ended June 30, 2025 and 2024, respectively.

Water Management Solutions

Net sales for the nine months ended June 30, 2025 were $441.5 million as compared with $411.3 million in the prior year period, an increase of $30.2 million or 7.3%, primarily as a result of increased volumes and higher pricing across most product lines.

Gross profit for the nine months ended June 30, 2025 was $160.8 million as compared with $142.4 million in the prior year period, an increase of $18.4 million or 12.9%. The increase was primarily driven by increased volumes, higher pricing across most product lines and manufacturing efficiencies. Gross profit was negatively impacted by approximately 4% as a result of inflation and increased tariffs. Gross margin was 36.4% in the nine months ended June 30, 2025 as compared with 34.6% in the prior year period.

SG&A for the nine months ended June 30, 2025 was $71.5 million as compared with $71.4 million in the prior year period, an increase of $0.1 million or 0.1%, primarily due to unfavorable foreign currency fluctuation associated with the depreciation of the U.S. dollar compared with the Israeli shekel, approximately 3% inflation, and higher consulting and professional fees,

partially offset by lower amortization, travel and bad debt expense, and engineering expenditures. SG&A as a percentage of net sales was 16.2% and 17.4% in the nine months ended June 30, 2025 and 2024, respectively.

Corporate

SG&A for the nine months ended June 30, 2025 was $44.1 million as compared with $42.8 million in the prior year period, an increase of $1.3 million or 3.0%. Inflation of approximately 3%, and higher insurance and travel expense were partially offset by lower consulting and professional fees as well as a decrease in personnel-related expense.

Liquidity and Capital Resources

We had cash and cash equivalents on hand of $372.0 million at June 30, 2025 and $163.0 million of additional borrowing capacity under our ABL based on June 30, 2025 data. At June 30, 2025, cash and cash equivalents included $78.7 million, $14.4 million and $8.1 million in Israel, Canada and China, respectively.

We declared a quarterly dividend of $0.067 per share on July 30, 2025, payable on or about August 21, 2025 to stockholders of record as of August 12, 2025, which will result in an estimated $10.5 million cash outlay.

We repurchased $15.0 million of our outstanding common stock during the nine months ended June 30, 2025 under our publicly announced share repurchase program, and as of June 30, 2025, we had $65.0 million remaining under our share repurchase authorization.

The ABL and 4.0% Senior Notes contain customary representations and warranties, covenants and provisions governing an event of default. These covenants restrict our ability to engage in certain activities, including but not limited to, the payment of cash dividends and the redemption of our common stock.

Cash flows provided by operating activities decreased $13.7 million to $135.8 million during the nine months ended June 30, 2025 compared with $149.5 million in the prior year period. The decrease was driven by changes in working capital and other assets and liabilities of $35.2 million and non-cash adjustments of $11.7 million which more than offset the increase in net income of $33.2 million. Working capital provided $9.6 million in year-over-year cash primarily due to increases in Accounts payable of $21.1 million offset by increases in Inventories of $11.9 million. Other assets and liabilities used $44.8 million in year-over-year cash primarily due to decreases in compensation-related accruals and other decreases in current and noncurrent liabilities. The decrease in non-cash adjustments was primarily due to lower amortization.

Capital expenditures were $32.8 million in the nine months ended June 30, 2025 as compared with $28.0 million in the prior year period. Capital expenditures increased primarily as a result of timing and higher expenditures associated with our foundries, including replacement of aged lost foam equipment, and cybersecurity infrastructure improvements as compared with the prior year period. For the fiscal year 2025, our capital expenditures are expected to be between $50.0 million and $52.0 million.

We anticipate that our existing cash, cash equivalents and borrowing capacity combined with our expected operating cash flows will be sufficient to meet our anticipated operating needs, income tax payments, capital expenditures and debt service obligations as they become due through the next twelve months from the date of this filing. However, our ability to make these payments will depend largely on our future operating performance, which may be affected by general economic, financial, competitive, legislative, regulatory, geopolitical, business and other factors beyond our control.

ABL Agreement

Our ABL is provided by a syndicate of banking institutions and consists of a revolving credit facility for up to $175.0 million in borrowing capacity that matures the earlier of (a) March 16, 2029, which is ninety-one days prior to the stated maturity date of our 4.0% Senior Notes if the Notes are still outstanding on that date or (b) March 28, 2029. The ABL includes the ability to borrow up to $25.0 million of swing line loans and up to $60.0 million of letters of credit. The ABL permits us to increase the size of the credit facility by an additional $150.0 million in certain circumstances subject to adequate borrowing base availability.

Borrowings under the ABL bear interest at a floating rate equal to SOFR plus an adjustment of 10 basis points and an applicable margin range of 150 to 175 basis points, or a base rate (as defined in the ABL) plus an applicable margin range of 50 to 75 basis points. At June 30, 2025, the applicable margin was 150 basis points for SOFR-based loans and 50 basis points for base rate loans.

The ABL is subject to mandatory prepayments if total outstanding borrowings under the ABL are greater than the aggregate commitments under the revolving credit facility or if we dispose of overdue accounts receivable in certain circumstances. The borrowing base under the ABL is equal to the sum of (a) 85% of the value of eligible accounts receivable and (b) the lesser of (i) 70% of the value of eligible inventory or (ii) 85% of the net orderly liquidation value of eligible inventory, less certain reserves. Prepayments can be made at any time without penalty.

The ABL allows cash dividend payments on the Company's common stock of approximately $56.4 million in fiscal 2025, with such amount increasing 10% annually as set out in the ABL. Additionally, cash dividend payments in excess of such limits, repurchases of common stock and certain other Restricted Payments (as defined in the ABL) are permitted if (i) Pro Forma Availability (as defined in the ABL) is (i) greater than or equal to the greater of 17.5% of the Loan Cap (as defined in the ABL) and $30.6 million for each day during the 30-day period prior to such Restricted Payment, or (ii) Pro Forma Availability is greater than 12.5% but less than 17.5% of the Loan Cap and $21.9 million for each day during the 30-day period prior to such Restricted Payment and the fixed charge coverage ratio of the most recently ended Measurement Period (as defined in the ABL) is at least 1 to 1.

Substantially all of our U.S. subsidiaries are borrowers under the ABL and are jointly and severally liable for outstanding borrowings. Our obligations under the ABL are secured by a first-priority perfected lien on all of our U.S. inventory, accounts receivable, certain cash balances and other supporting assets.

The ABL includes a commitment fee for any unused borrowing capacity of 37.5 basis points per annum when the unused capacity is above 50% of the credit commitments, with a step down to 25.0 basis points per annum when unused capacity is less than or equal to 50% of the credit commitments. At June 30, 2025, the commitment fee was 37.5 basis points.

Borrowings are not subject to any financial maintenance covenants unless excess availability is less than the greater of $17.5 million and 10% of the Loan Cap. Excess availability based on June 30, 2025 data was $163.0 million, as reduced by $11.8 million of outstanding letters of credit and $0.2 million of accrued fees and expenses.

4.0% Senior Unsecured Notes

On May 28, 2021, we privately issued $450.0 million of 4.0% Unsecured Senior Notes ("4.0% Senior Notes"), which mature on June 15, 2029, and bear interest at 4.0%, paid semi-annually in June and December. We capitalized $5.5 million of financing costs, which are being amortized over the term of the 4.0% Senior Notes using the effective interest method. Proceeds from the 4.0% Senior Notes, along with cash on hand, were used to redeem our previously existing notes. Substantially all of our U.S. subsidiaries guarantee the 4.0% Senior Notes, which are subordinate to borrowings under our ABL. Based on quoted market prices, the outstanding 4.0% Senior Notes had a fair value of $432.7 million at June 30, 2025.

An indenture governing the 4.0% Senior Notes ("Indenture") contains customary covenants and events of default, including covenants that limit our ability to incur certain debt and liens. There are no financial maintenance covenants associated with the Indenture. We believe we were in compliance with these covenants at June 30, 2025.

We may redeem some or all of the 4.0% Senior Notes at any time after June 15, 2024, at specified redemption prices. Upon a Change of Control (as defined in the Indenture), we could be required to offer to purchase the 4.0% Senior Notes at a price equal to 101% of the outstanding principal amount if there is a Ratings Decline (as defined in the Indenture).

Our corporate credit rating and the credit rating for our debt and outlook are presented below:

	Moody's		Standard & Poor's	
	June 30, 2025	September 30, 2024	June 30, 2025	September 30, 2024
Corporate credit rating	Ba1	Ba1	BB	BB
ABL Agreement	Not rated	Not rated	Not rated	Not rated
4.0% Senior Notes	Ba1	Ba1	BB	BB
Outlook	Stable	Stable	Positive	Stable

These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agencies.

Material Cash Requirements

We enter into a variety of contractual obligations as part of our normal operations in addition to capital expenditures. As of June 30, 2025, we had (i) debt obligations related to our $450.0 million 4.0% Senior Notes which mature in 2029 and include annual cash interest payments of $18.0 million in 2025 through 2029, (ii) cumulative cash obligations of $33.1 million for operating leases through 2034 and $4.0 million for finance leases through 2030, and (iii) purchase obligations for raw materials and other purchased parts of approximately $128.7 million which we expect to incur during the next 12 months and $1.4 million beyond June 30, 2026. Additionally, we expect to invest to strengthen our systems, cybersecurity training, policies, programs, response plans and other similar measures. We expect to fund these cash requirements from cash on hand and cash generated from operations.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as "structured finance" or "special purpose" entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, at June 30, 2025, we did not have any undisclosed borrowings, debt, derivative contracts or synthetic leases. Therefore, we were not exposed to any financing, liquidity, market or credit risk that could have arisen had we engaged in such relationships.

We use letters of credit and surety bonds in the ordinary course of business to ensure the performance of contractual obligations. At June 30, 2025, we had $11.8 million of letters of credit and $13.4 million of surety bonds outstanding.

Seasonality

Our business is seasonal as a result of the impact of cold weather conditions. Net sales and operating income historically have been lowest in the three-month periods ending December 31 and March 31 when the northern U.S. and most of Canada generally face weather conditions that restrict significant construction and other field crew activity. Therefore, the results of operations for the three and nine months ended June 30, 2025 are not necessarily indicative of operating results that may be achieved for any other interim period or the full year.

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. These estimates are based upon experience and on various other assumptions we believe to be reasonable under the circumstances. Actual results may differ from these estimates. We consider an accounting estimate to be critical if changes in the estimate that are reasonably likely to occur over time or the use of reasonably different estimates could have a material impact on our financial condition or results of operations. Our critical accounting estimates can be found in the "Critical Accounting Estimates" section in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's 2024 Annual Report on Form 10-K. There have been no changes in the Company's determination of critical accounting estimates since September 30, 2024.

Item 4. CONTROLS AND PROCEDURES

There have been no changes in our internal control over financial reporting which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the quarter ended June 30, 2025.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and our Chief Financial Officer have concluded, based on an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as

amended) by our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, that such disclosure controls and procedures were effective as of the end of the period covered by this report.

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect that our disclosure controls can prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. There are inherent limitations in all control systems, including the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of one or more persons. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and, while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to error or fraud may occur and not be detected.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Refer to the information provided in Note 10. to the Notes to the Condensed Consolidated Financial Statements presented in Item 1. of Part I of this report.

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in PART I, "Item 1A. RISK FACTORS" in our 2024 Annual Report on Form 10-K, each of which could materially affect our business, financial condition or operating results. These described risks are not the only risks facing us. Additional risks and uncertainties not known to us or that we deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents the number and average price of shares purchased in each fiscal month of the third quarter of fiscal 2025:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs [1][2]	Maximum dollar value of shares that may yet be purchased under the plans or programs (in millions)
April 1-30, 2025	—	$ —	—	$ 75.0
May 1-31, 2025	405,592	24.64	405,592	65.0
June 1-30, 2025	—	—	—	$ 65.0
Total	405,592	$ 24.64	405,592	

(1) In 2015, we announced the authorization of a stock repurchase program for up to $50.0 million of our common stock. The program does not commit us to a particular timing or quantity of purchases, and we may suspend or discontinue the program at any time. In 2017, we announced an increase to the authorized amount of this program to $250.0 million.

(2) During the three months ended June 30, 2025, we repurchased 405,592 shares of our common stock pursuant to our share repurchase authorization, and we had $65.0 million remaining under this authorization as of June 30, 2025. During the three months ended June 30, 2025, no shares were surrendered to us to pay the tax withholding obligations of participants in connection with the vesting of equity awards.

Item 5. OTHER INFORMATION

(c) No officers or directors, as defined in Rule 16a-1(f), adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K of the Exchange Act, during the three months ended June 30, 2025.

Item 6. EXHIBITS

o.	Document
	Mueller Water Products, Inc. Third Amended and Restate Bylaws. Incorporated by reference to Exhibit 3.1 to Mueller Water Products, Inc. Form 8-K (File no. 001-32892 filed on May 1, 2025.
	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
	The following financial information from the Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted in XBRL (Extensible Business Reporting Language), (i) the Unaudited Condensed Consolidated Balance Sheets, (ii) the Unaudited Condensed Consolidated Statements of Operations, (iii) the Unaudited Condensed Consolidated Statements of Comprehensive Income, (iv) the Unaudited Condensed Consolidated Statements of Stockholders' Equity, (v) the Unaudited Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to Unaudited Condensed Consolidated Financial Statements.
	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\+ Management compensatory plan, contract or arrangement

* Filed or furnished with this quarterly report

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 WATER PRODUCTS, INC.

Date: August 5, 2025

By: /s/ Suzanne G. Smith
Suzanne G. Smith
Chief Accounting Officer