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, 2024

OR

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

For the transition period from …..…..…..… to …..…..…..…..

Commission file number 000-03922



PATRICK INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Indiana	**35-1057796**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
107 W. Franklin St. **Elkhart, IN**	**46516**
(Address of principal executive offices)	(ZIP Code)

(574) 294-7511
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, no par value	PATK	NASDAQ

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

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

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

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

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

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

As of August 2, 2024, there were 22,401,561 shares of the registrant's common stock outstanding.

PATRICK INDUSTRIES, INC.

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PART 1: FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	Second Quarter Ended		Six Months Ended	
($ in thousands, except per share data)	**June 30, 2024**	July 2, 2023	**June 30, 2024**	July 2, 2023
NET SALES	**$ 1,016,624**	$ 920,685	**$ 1,950,116**	$ 1,820,785
Cost of goods sold	**785,330**	710,717	**1,513,967**	1,416,573
GROSS PROFIT	**231,294**	209,968	**436,149**	404,212
Operating expenses:				
Warehouse and delivery	**38,739**	36,031	**76,188**	71,876
Selling, general and administrative	**83,588**	78,540	**168,834**	160,941
Amortization of intangible assets	**24,278**	19,822	**47,096**	39,586
Total operating expenses	**146,605**	134,393	**292,118**	272,403
OPERATING INCOME	**84,689**	75,575	**144,031**	131,809
Interest expense, net	**20,343**	18,260	**40,433**	36,744
Income before income taxes	**64,346**	57,315	**103,598**	95,065
Income taxes	**16,462**	14,958	**20,621**	22,535
NET INCOME	**$ 47,884**	$ 42,357	**$ 82,977**	$ 72,530
BASIC EARNINGS PER COMMON SHARE	**$ 2.20**	$ 1.97	**$ 3.83**	$ 3.36
DILUTED EARNINGS PER COMMON SHARE	**$ 2.16**	$ 1.94	**$ 3.75**	$ 3.28
Weighted average shares outstanding – Basic	**21,724**	21,521	**21,689**	21,556
Weighted average shares outstanding – Diluted	**22,169**	21,787	**22,125**	22,151

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Second Quarter Ended		Six Months Ended	
($ in thousands)	**June 30, 2024**	July 2, 2023	**June 30, 2024**	July 2, 2023
NET INCOME	**$ 47,884**	$ 42,357	**$ 82,977**	$ 72,530
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss)	**3**	(90)	**(29)**	(99)
Total other comprehensive income (loss)	**3**	(90)	**(29)**	(99)
COMPREHENSIVE INCOME	**$ 47,887**	$ 42,267	**$ 82,948**	$ 72,431

See accompanying Notes to Condensed Consolidated Financial Statements.

PATRICK INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

($ in thousands)	As of June 30, 2024	As of December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 43,960**	$ 11,409
Trade and other receivables, net	**252,106**	163,838
Inventories	**504,445**	510,133
Prepaid expenses and other	**53,383**	49,251
Total current assets	**853,894**	734,631
Property, plant and equipment, net	**367,761**	353,625
Operating lease right-of-use assets	**191,289**	177,717
Goodwill	**758,319**	637,393
Intangible assets, net	**825,315**	651,153
Other non-current assets	**7,292**	7,929
TOTAL ASSETS	**$ 3,003,870**	$ 2,562,448
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	**$ 7,500**	$ 7,500
Current operating lease liabilities	**52,788**	48,761
Accounts payable	**206,605**	140,524
Accrued liabilities	**106,774**	111,711
Total current liabilities	**373,667**	308,496
Long-term debt, less current maturities, net	**1,310,848**	1,018,356
Long-term operating lease liabilities	**142,681**	132,444
Deferred tax liabilities, net	**67,903**	46,724
Other long-term liabilities	**10,267**	11,091
TOTAL LIABILITIES	**1,905,366**	1,517,111
SHAREHOLDERS' EQUITY		
Common stock	**198,138**	203,258
Accumulated other comprehensive loss	**(1,028)**	(999)
Retained earnings	**901,394**	843,078
TOTAL SHAREHOLDERS' EQUITY	**1,098,504**	1,045,337
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 3,003,870**	$ 2,562,448

See accompanying Notes to Condensed Consolidated Financial Statements.

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

($ in thousands)	Six Months Ended June 30, 2024	Six Months Ended July 2, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 82,977**	$ 72,530
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**81,816**	71,492
Stock-based compensation expense	**9,742**	7,946
Other	**1,419**	2,978
Change in operating assets and liabilities, net of acquisitions of businesses:		
Trade and other receivables, net	**(65,089)**	(33,057)
Inventories	**28,276**	117,440
Prepaid expenses and other assets	**(1,862)**	7,112
Accounts payable, accrued liabilities and other	**35,379**	(68,090)
Net cash provided by operating activities	**172,658**	178,351
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(32,411)**	(36,491)
Proceeds from sale of property, plant and equipment	**2,114**	728
Business acquisitions, net of cash acquired	**(330,727)**	(26,837)
Other investing activities	**(25,789)**	(2,947)
Net cash used in investing activities	**(386,813)**	(65,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Term debt repayments	**(3,750)**	(3,750)
Borrowings on revolver	**875,055**	364,814
Repayments on revolver	**(580,055)**	(250,104)
Repayments of convertible notes	**—**	(172,500)
Stock repurchases under buyback program	**—**	(11,776)
Cash dividends paid to shareholders	**(25,047)**	(20,507)
Taxes paid for share-based payment arrangements	**(14,883)**	(7,585)
Payment of contingent consideration from a business acquisition	**(4,560)**	(1,400)
Proceeds from exercise of common stock options	**21**	1,143
Other financing activities	**(75)**	(75)
Net cash provided by (used in) financing activities	**246,706**	$ (101,740)
Net increase in cash and cash equivalents	**32,551**	11,064
Cash and cash equivalents at beginning of year	**11,409**	22,847
Cash and cash equivalents at end of period	**$ 43,960**	$ 33,911

See accompanying Notes to Condensed Consolidated Financial Statements.

PATRICK INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

Second Quarter Ended June 30, 2024

($ in thousands)	Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance March 31, 2024	$ 193,930	$ (1,031)	$ 865,637	$ 1,058,536
Net income	—	—	**47,884**	**47,884**
Dividends declared	—	—	**(12,127)**	**(12,127)**
Other comprehensive income, net of tax	—	**3**	—	**3**
Repurchases of shares for tax payments related to the vesting and exercising of share-based grants	**(95)**	—	—	**(95)**
Issuance of shares upon exercise of common stock options	**21**	—	—	**21**
Stock-based compensation expense	**4,282**	—	—	**4,282**
Balance June 30, 2024	**$ 198,138**	**$ (1,028)**	**$ 901,394**	**$ 1,098,504**

Second Quarter Ended July 2, 2023

($ in thousands)	Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance April 2, 2023	$ 194,753	$ (704)	$ 775,773	$ 969,822
Net income	—	—	42,357	42,357
Dividends declared	—	—	(9,820)	(9,820)
Other comprehensive loss, net of tax	—	(90)	—	(90)
Stock repurchases under buyback program	(1,110)	—	(7,006)	(8,116)
Repurchase of shares for tax payments related to the vesting and exercising of share-based grants	(86)	—	—	(86)
Issuance of shares upon exercise of common stock options	651	—	—	651
Stock-based compensation expense	2,704	—	—	2,704
Balance July 2, 2023	$ 196,912	$ (794)	$ 801,304	$ 997,422

PATRICK INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited) (cont.)

Six Months Ended June 30, 2024

($ in thousands)	Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance December 31, 2023	$ 203,258	$ (999)	$ 843,078	$ 1,045,337
Net income	**—**	**—**	**82,977**	**82,977**
Dividends declared	**—**	**—**	**(24,661)**	**(24,661)**
Other comprehensive loss, net of tax	**—**	**(29)**	**—**	**(29)**
Repurchases of shares for tax payments related to the vesting and exercise of share-based grants	**(14,883)**	**—**	**—**	**(14,883)**
Issuance of shares upon exercise of common stock options	**21**	**—**	**—**	**21**
Stock-based compensation expense	**9,742**	**—**	**—**	**9,742**
Balance June 30, 2024	**$ 198,138**	**$ (1,028)**	**$ 901,394**	**$ 1,098,504**

Six Months Ended July 2, 2023

($ in thousands)	Common Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance December 31, 2022	$ 197,003	$ (695)	$ 758,861	$ 955,169
Net income	—	—	72,530	72,530
Dividends declared	—	—	(19,906)	(19,906)
Other comprehensive loss, net of tax	—	(99)	—	(99)
Share repurchases under buyback program	(1,595)	—	(10,181)	(11,776)
Repurchases of shares for tax payments related to the vesting and exercise of share-based grants	(7,585)	—	—	(7,585)
Issuance of shares upon exercise of common stock options	1,143	—	—	1,143
Stock-based compensation expense	7,946	—	—	7,946
Balance July 2, 2023	$ 196,912	$ (794)	$ 801,304	$ 997,422

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTE 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Patrick Industries, Inc. (“Patrick”, the “Company”, "we", "our") contain all adjustments (consisting of normal recurring adjustments) that we believe are necessary to present fairly the Company’s financial position as of June 30, 2024 and December 31, 2023, its results of operations for the second quarter and six months ended June 30, 2024 and July 2, 2023, and its cash flows for the six months ended June 30, 2024 and July 2, 2023.

Patrick's unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The accompanying unaudited condensed consolidated financial statements for Patrick do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) and disclosures considered necessary for a fair presentation have been included. For further information, refer to Patrick’s Audited Consolidated Financial Statements for the year ended December 31, 2023, and corresponding notes in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 29, 2024.

The Company maintains its financial records on the basis of a fiscal year ending on December 31, with the fiscal quarters spanning approximately thirteen weeks. The first quarter ends on the Sunday closest to the end of the first thirteen-week period. The second and third quarters are thirteen weeks in duration and the fourth quarter is the remainder of the year. The second quarter of fiscal year 2024 ended on June 30, 2024 and the second quarter of fiscal year 2023 ended on July 2, 2023.

Reclassified Amounts

Certain amounts have been reclassified in prior year financial statements to conform with current year presentation. These reclassifications are immaterial to the overall financial statements.

Summary of Significant Accounting Policies

A summary of significant accounting policies is included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 29, 2024

New Accounting Standards

Changes to U.S. GAAP are established by the Financial Accounting Standards Board (“FASB”) in the form of Accounting Standards Updates (“ASUs”) to the FASB’s Accounting Standards Codification.

The Company considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on the Company’s unaudited condensed consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued *ASU 2023-07, "Improvements to Reportable Segment Disclosures"*. This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment’s profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024.

Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. This ASU will likely result in additional required disclosures when adopted. The Company is currently evaluating this guidance to determine the impact on its disclosures; however, adoption will not otherwise impact our consolidated financial statements.

In December 2023, the FASB issued *ASU 2023-09, "Improvements to Income Tax Disclosures"*. This ASU establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. Under the new guidance, entities must consistently categorize and provide greater disaggregation of information in the rate reconciliation. They must also further disaggregate income taxes paid. The new standard is effective for fiscal years beginning after December 15, 2024, with retrospective application permitted. The Company is currently evaluating this guidance to determine the impact on its disclosures; however, adoption will not otherwise impact our consolidated financial statements.

NOTE 2. REVENUE RECOGNITION

In the following table, revenue from contracts with customers, net of intersegment sales, is disaggregated by market type and by reportable segment:

	Second Quarter Ended June 30, 2024		
($ in thousands)	Manufacturing	Distribution	Total
Market type:			
Recreational Vehicle	**$ 309,339**	**$ 140,396**	**$ 449,735**
Marine	**145,374**	**12,304**	**157,678**
Powersports	**100,349**	**3,501**	**103,850**
Manufactured Housing	**77,473**	**97,139**	**174,612**
Industrial	**121,177**	**9,572**	**130,749**
Total	**$ 753,712**	**$ 262,912**	**$ 1,016,624**

	Second Quarter Ended July 2, 2023		
($ in thousands)	Manufacturing	Distribution	Total
Market type:			
Recreational Vehicle	$ 254,745	$ 128,827	$ 383,572
Marine	214,308	12,034	226,342
Powersports	32,663	3,827	36,490
Manufactured Housing	65,319	78,654	143,973
Industrial	121,063	9,245	130,308
Total	$ 688,098	$ 232,587	$ 920,685

	Six Months Ended June 30, 2024		
($ in thousands)	Manufacturing	Distribution	Total
Market type:			
Recreational Vehicle	**$ 601,150**	**$ 269,574**	**$ 870,724**
Marine	**291,419**	**21,574**	**312,993**
Powersports	**180,308**	**6,212**	**186,520**
Manufactured Housing	**146,898**	**183,838**	**330,736**
Industrial	**231,480**	**17,663**	**249,143**
Total	**$ 1,451,255**	**$ 498,861**	**$ 1,950,116**

($ in thousands)	Six Months Ended July 2, 2023		
	Manufacturing	Distribution	Total
Market type:			
Recreational Vehicle	$ 507,189	$ 243,343	$ 750,532
Marine	441,538	22,775	464,313
Powersports	62,225	7,066	69,291
Manufactured Housing	129,508	147,889	277,397
Industrial	240,034	19,218	259,252
Total	$ 1,380,494	$ 440,291	$ 1,820,785

Contract Liabilities

Contract liabilities, representing upfront payments from customers received prior to satisfying performance obligations, were immaterial as of the beginning and end of all periods presented and changes in contract liabilities were immaterial during all periods presented.

NOTE 3. INVENTORY

Inventories consist of the following:

($ in thousands)	**June 30, 2024**	December 31, 2023
Raw materials	**$ 282,926**	$ 269,786
Work in process	**17,867**	16,596
Finished goods	**102,407**	107,675
Less: reserve for inventory obsolescence	**(19,643)**	(15,990)
Total manufactured goods, net	**383,557**	378,067
Materials purchased for resale (distribution products)	**133,054**	140,147
Less: reserve for inventory obsolescence	**(12,166)**	(8,081)
Total materials purchased for resale (distribution products), net	**120,888**	132,066
Total inventories	**$ 504,445**	$ 510,133

NOTE 4. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for the six months ended June 30, 2024 by segment are as follows:

($ in thousands)	Manufacturing	Distribution	Total
Balance - December 31, 2023	$ 560,370	$ 77,023	$ 637,393
Acquisitions	**120,757**	**260**	**121,017**
Adjustments to preliminary purchase price allocations	**16**	**(107)**	**(91)**
Balance - June 30, 2024	**$ 681,143**	**$ 77,176**	**$ 758,319**

Intangible assets, net consist of the following as of June 30, 2024 and December 31, 2023:

($ in thousands)	**June 30, 2024**	December 31, 2023
Customer relationships	**$ 911,239**	$ 729,664
Non-compete agreements	**22,546**	21,561
Patents	**87,600**	69,401
Trademarks	**217,527**	197,027
Intangible assets, gross	**1,238,912**	1,017,653
Less: accumulated amortization	**(413,597)**	(366,500)
Intangible assets, net	**$ 825,315**	$ 651,153

Changes in the carrying value of intangible assets for the six months ended June 30, 2024 by segment are as follows:

($ in thousands)	Manufacturing	Distribution	Total
Balance - December 31, 2023	$ 553,703	$ 97,450	$ 651,153
Additions	**195,924**	**25,690**	**221,614**
Amortization	**(40,529)**	**(6,567)**	**(47,096)**
Adjustments to preliminary purchase price allocations	—	**(356)**	**(356)**
Balance - June 30, 2024	**$ 709,098**	**$ 116,217**	**$ 825,315**

NOTE 5. ACQUISITIONS

General

Business combinations generally take place to strengthen Patrick's positions in existing markets and increase its market share and per unit content, expand into additional markets, and gain key technology. Acquisitions are accounted for under the acquisition method of accounting. For each acquisition, the excess of the purchase consideration over the fair value of the net assets acquired is recorded as goodwill, which generally represents the combined value of the Company's existing purchasing, manufacturing, sales, and systems resources with the organizational talent and expertise of the acquired companies' respective management teams to maximize efficiencies, market share growth and net income.

The Company completed two acquisitions in the second quarter of 2024 and six acquisitions in the first six months of 2024 (the "2024 Acquisitions"). For the second quarter and six months ended June 30, 2024, net sales included in the Company's condensed consolidated statements of income related to the 2024 Acquisitions were $79.6 million and $137.7 million, respectively, and operating income was $15.7 million and $26.6 million, respectively. Acquisition-related costs associated with the 2024 Acquisitions were $5.0 million. Assets acquired and liabilities assumed in the acquisitions were recorded on the Company's condensed consolidated balance sheet at their estimated fair values as of the respective dates of acquisition. For each acquisition, the Company completes its allocation of the purchase price to the fair value of acquired assets and liabilities within a one year measurement period. The Company completed three acquisitions in the second quarter and first six months of 2023. For the second quarter and six months ended July 2, 2023, net sales included in the Company's condensed consolidated statements of income related to the acquisitions completed in the first six months of 2023 were $2.3 million for both periods, and operating income was $0.2 million for both periods.

In connection with certain acquisitions, the Company is required to pay additional cash consideration if certain financial results of the acquired businesses are achieved. The Company records a liability for the estimated fair value of the contingent consideration related to each of these acquisitions as part of the initial purchase price based on the present value of the expected future cash flows and the probability of future payments at the date of acquisition.

Changes in the fair value of contingent consideration for the six months ended June 30, 2024 are as follows:

($ in thousands)	
Balance - December 31, 2023	**$ 8,510**
Additions	**130**
Fair value adjustments[(1)]	**(1,900)**
Settlements	**(4,940)**
Balance - June 30, 2024	**$ 1,800**

(1) The Company recorded a measurement period adjustment reducing the estimated fair value of contingent consideration in connection with one of the 2023 acquisitions.

The following table shows the balance sheet location of the fair value of contingent consideration and the maximum amount of contingent consideration payments the Company may be subject to as of June 30, 2024 and December 31, 2023:

($ in thousands)	**June 30, 2024**	December 31, 2023
Accrued liabilities	**$ 1,725**	$ 7,500
Other long-term liabilities	**75**	1,010
Total fair value of contingent consideration	**$ 1,800**	$ 8,510
Maximum amount of contingent consideration	**$ 3,700**	$ 8,510

2024 Acquisitions

The Company completed six acquisitions in the first six months ended June 30, 2024, including the following previously announced acquisition:

Company	**Segment**	**Description**
Sportech, LLC ("Sportech")	Manufacturing	Leading designer and manufacturer of high-value, complex component solutions sold to powersports original equipment manufacturers ("OEMs"), adjacent market OEMs and the aftermarket, including integrated door systems, roofs, canopies, bumpers, windshields, fender flares and cowls, based in Elk River, Minnesota, acquired in January 2024.

Inclusive of five acquisitions not discussed above, total cash consideration for the 2024 Acquisitions was approximately $330.9 million. The preliminary purchase price allocations are subject to valuation activities being finalized, and thus certain purchase accounting adjustments are subject to change within the measurement period as the Company finalizes its estimates.

2023 Acquisitions

The Company completed three acquisitions in the year ended December 31, 2023, including the following previously announced acquisition (collectively, the “2023 Acquisitions”):

Company	**Segment**	**Description**
BTI Transport	Distribution	Provider of transportation and logistics services to marine OEMs and dealers, based in Elkhart, Indiana, acquired in April 2023. The acquired business operates under the Patrick Marine Transport brand.

Inclusive of two acquisitions not discussed above, total cash consideration for the 2023 Acquisitions was approximately $26.3 million, plus contingent consideration over a two-year period based on future performance in connection with certain acquisitions. Purchase price allocations and all valuation activities in connection with the 2023 Acquisitions have

been finalized. Changes to preliminary purchase accounting estimates recorded in the second quarter and six months ended June 30, 2024 related to the 2023 Acquisitions were immaterial and relate primarily to the valuation of contingent consideration and property, plant, and equipment.

The following table summarizes the fair values of the assets acquired and the liabilities assumed as of the date of acquisition for the 2024 Acquisitions and 2023 Acquisitions:

	2024 Acquisitions			2023 Acquisitions
($ in thousands)	Sportech	All Others	**Total**	Total
Consideration				
Cash, net of cash acquired	$ 319,073	$ 11,790	**$ 330,863**	$ 26,294
Working capital holdback and other, net	—	144	**144**	—
Contingent consideration[1]	—	130	**130**	1,600
Total consideration	$ 319,073	$ 12,064	**$ 331,137**	$ 27,894
Assets Acquired				
Trade receivables	$ 21,545	$ 963	**$ 22,508**	$ 1,293
Inventories	21,021	1,567	**22,588**	4,430
Prepaid expenses & other	1,766	216	**1,982**	105
Property, plant & equipment	18,768	1,893	**20,661**	8,165
Operating lease right-of-use assets	15,096	1,283	**16,379**	1,044
Identifiable intangible assets				
Customer relationships	151,000	5,080	**156,080**	10,075
Non-compete agreements	1,000	145	**1,145**	270
Patents and developed technology	17,500	600	**18,100**	—
Trademarks	20,500	—	**20,500**	—
Liabilities Assumed				
Current portion of operating lease obligations	(1,437)	(585)	**(2,022)**	(262)
Accounts payable & accrued liabilities	(31,773)	(492)	**(32,265)**	(514)
Operating lease obligations	(13,658)	(699)	**(14,357)**	(781)
Deferred tax liabilities	(21,179)	—	**(21,179)**	—
Total fair value of net assets acquired	$ 200,149	$ 9,971	**$ 210,120**	$ 23,825
Goodwill[2]	118,924	2,093	**121,017**	5,814
Bargain purchase gain[3]	—	—	—	(1,745)
	$ 319,073	$ 12,064	**$ 331,137**	$ 27,894

(1) These amounts reflect the acquisition date fair value of contingent consideration based on expected future results relating to certain acquisitions.

(2) Goodwill is tax-deductible for all acquisitions, except Sportech, which is only partially tax-deductible.

(3) In connection with one of the 2023 Acquisitions, the Company recognized a $1.7 million bargain purchase gain. A bargain purchase gain is recognized when the net assets acquired in a business combination have a higher fair value than the consideration paid. This gain is primarily attributable to the fair value assigned to customer relationships in that acquisition and is included in "Selling, general, and administrative" in the consolidated statement of income for the year ended December 31, 2023.

We estimate the value of acquired property, plant, and equipment using a combination of the income, cost, and market approaches, such as estimates of future income growth, capitalization rates, discount rates, and capital expenditure needs of the acquired businesses.

We estimate the value of customer relationships using the multi-period excess earnings method, which is a variation of the income approach, calculating the present value of incremental after-tax cash flows attributable to the asset. Non-compete agreements are valued using a discounted cash flow approach, which is a variation of the income approach, with and without the individual counterparties to the non-compete agreements. Trademarks and patents are valued using the

relief-from-royalty method, which applies an estimated royalty rate to forecasted future cash flows, discounted to present value.

The estimated useful life for customer relationships is 10 years. The estimated useful life for non-compete agreements is 5 years. The estimated useful life for patents and developed technology is 10 years. Trademarks have an indefinite useful life.

Pro Forma Information

The following pro forma information for the second quarter and six months ended June 30, 2024 and July 2, 2023 assumes the 2024 Acquisitions and 2023 Acquisitions occurred as of the beginning of the year immediately preceding each such acquisition. The pro forma information contains the actual operating results of the 2024 Acquisitions and 2023 Acquisitions combined with the results prior to their respective acquisition dates, adjusted to reflect the pro forma impact of the acquisitions occurring as of the beginning of the year immediately preceding each such acquisition.

The pro forma information includes financing and interest expense charges based on incremental borrowings incurred in connection with each transaction. In addition, the pro forma information includes incremental amortization expense, in the aggregate, related to intangible assets acquired in connection with the transactions of $0.1 million and $1.5 million, respectively, for the second quarter and six months ended June 30, 2024 and $5.4 million and $11.0 million, respectively, for the second quarter and six months ended July 2, 2023.

	Second Quarter Ended		Six Months Ended	
($ in thousands, except per share data)	**June 30, 2024**	July 2, 2023	**June 30, 2024**	July 2, 2023
Revenue	**$ 1,016,961**	$ 994,719	**$ 1,974,975**	$ 1,972,587
Net income	**$ 47,919**	$ 40,852	**$ 82,624**	$ 69,568
Basic earnings per common share	**$ 2.21**	$ 1.90	**$ 3.81**	$ 3.23
Diluted earnings per common share	**$ 2.16**	$ 1.88	**$ 3.73**	$ 3.15

The pro forma information is presented for informational purposes only and is not indicative of the results of operations that actually would have been achieved had the acquisitions been consummated as of the periods indicated above.

NOTE 6. STOCK-BASED COMPENSATION

The Company's Board of Directors (the "Board") approved various stock-based grants under the Company's 2009 Omnibus Incentive Plan in the six months ended June 30, 2024 totaling 223,011 shares in the aggregate at an average fair value of $100.63 per share at grant date for a total fair value at grant date of $22.4 million.

The Company recorded expense, net of forfeitures, of approximately $4.2 million and $9.7 million in the second quarter and six months ended June 30, 2024, respectively, for its stock-based compensation plans in the condensed consolidated statements of income. Stock-based compensation expense of $2.7 million and $7.9 million was recorded in the second quarter and six months ended July 2, 2023, respectively.

NOTE 7. EARNINGS PER COMMON SHARE

Earnings per common share calculated for the second quarter and first six months of 2024 and 2023 is as follows:

	Second Quarter Ended		Six Months Ended	
($ in thousands, except per share data)	**June 30, 2024**	July 2, 2023	**June 30, 2024**	July 2, 2023
Numerator:				
Earnings for basic earnings per common share calculation	**$ 47,884**	$ 42,357	**$ 82,977**	$ 72,530
Effect of interest on potentially dilutive convertible notes, net of tax	**—**	—	**—**	162
Earnings for diluted earnings per common share calculation	**$ 47,884**	$ 42,357	**$ 82,977**	$ 72,692
Denominator:				
Weighted average common shares outstanding - basic	**21,724**	21,521	**21,689**	21,556
Weighted average impact of potentially dilutive convertible notes	**260**	—	**233**	331
Weighted average impact of potentially dilutive securities	**185**	266	**203**	264
Weighted average common shares outstanding - diluted	**22,169**	21,787	**22,125**	22,151
Earnings per common share:				
Basic earnings per common share	**$ 2.20**	$ 1.97	**$ 3.83**	$ 3.36
Diluted earnings per common share	**$ 2.16**	$ 1.94	**$ 3.75**	$ 3.28

An immaterial amount of securities was not included in the computation of diluted earnings per common share as they are considered anti-dilutive for the periods presented.

NOTE 8. DEBT

A summary of total debt outstanding at June 30, 2024 and December 31, 2023 is as follows:

($ in thousands)	**June 30, 2024**	December 31, 2023
Long-term debt:		
Term loan due 2027	**$ 125,625**	$ 129,375
Revolver due 2027	**295,000**	—
7.50% senior notes due 2027	**300,000**	300,000
1.75% convertible notes due 2028	**258,750**	258,750
4.75% senior notes due 2029	**350,000**	350,000
Total debt	**1,329,375**	1,038,125
Less: convertible notes deferred financing costs, net	**(4,419)**	(4,917)
Less: term loan deferred financing costs, net	**(472)**	(548)
Less: senior notes deferred financing costs, net	**(6,136)**	(6,804)
Less: current maturities of long-term debt	**(7,500)**	(7,500)
Total long-term debt, less current maturities, net	**$ 1,310,848**	$ 1,018,356

The Company maintains a senior secured credit facility comprised of a $775 million revolving credit facility (the "Revolver due 2027") and the remaining balance of a $150 million term loan. In January 2024, the Company utilized borrowing capacity under the Revolver due 2027 to fund its acquisition of Sportech as discussed in Note 5 "Acquisitions".

The interest rate for incremental borrowings under the Revolver due 2027 at June 30, 2024 was the Secured Overnight Financing Rate ("SOFR") plus 1.75% (or 7.19%) for the SOFR-based option. The fee payable on committed but unused portions of the Revolver due 2027 was 0.225% at June 30, 2024.

Total cash interest paid for the second quarter of 2024 and 2023 was $31.6 million and $26.9 million, respectively, and $40.2 million and $32.7 million for the comparative six month periods, respectively.

NOTE 9. FAIR VALUE MEASUREMENTS

The following table presents fair values of certain assets and liabilities as of June 30, 2024 and December 31, 2023:

	June 30, 2024			December 31, 2023		
($ in millions)	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
7.50% senior notes due 2027[1]	**$ —**	**$ 303.4**	**$ —**	$ —	$ 303.7	$ —
4.75% senior notes due 2029[1]	**$ —**	**$ 322.8**	**$ —**	$ —	$ 320.2	$ —
1.75% convertible notes due 2028[1]	**$ —**	**$ 312.5**	**$ —**	$ —	$ 295.2	$ —
Term loan due 2027[2]	**$ —**	**$ 125.6**	**$ —**	$ —	$ 129.4	$ —
Revolver due 2027[2]	**$ —**	**$ 295.0**	**$ —**	$ —	$ —	$ —
Contingent consideration[3]	**$ —**	**$ —**	**$ 1.8**	$ —	$ —	$ 8.5

(1) The amounts of these notes listed above are the current fair values for disclosure purposes only, and they are recorded in the Company's condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023 using the interest rate method.

(2) The carrying amounts of our Term loan due 2027 and Revolver due 2027 approximate fair value as of June 30, 2024 and December 31, 2023 based upon their terms and conditions in comparison to the terms and conditions of debt instruments with similar terms and conditions available at those dates.`

(3) The estimated fair value of the Company's contingent consideration is discussed further in Note 5 "Acquisitions".

NOTE 10. INCOME TAXES

The effective tax rate in the second quarter of 2024 and 2023 was 25.6% and 26.1%, respectively, and the effective tax rate for the comparable six month periods was 19.9% and 23.7%, respectively. The first six months of 2024 and 2023 tax rates include the impact of the recognition of excess tax benefits on share-based compensation that was recorded as a reduction to income tax expense in the amount of $5.6 million and $1.8 million, respectively.

Cash paid for income taxes, net of refunds, was $19.1 million and $19.2 million in the second quarter and first six months of 2024, respectively, and $31.9 million and $49.0 million in the second quarter and first six months of 2023, respectively.

NOTE 11. SEGMENT INFORMATION

Financial results for the Company's reportable segments have been prepared using a management approach, which is consistent with the basis and manner in which financial information is evaluated by the Company's Chief Operating Decision Maker ("CODM") in allocating resources and in assessing performance. The Company has two reportable segments, Manufacturing and Distribution. The operating results of the operating segments are regularly reviewed by the Company's CODM, the Chief Executive Officer, to assess the performance of the individual operating segments and to make decisions about resources to be allocated to the operating segments. The Company does not measure profitability at the customer end market (RV, marine, powersports, MH and industrial) level.

The tables below present information about the sales and operating income of those segments.

Second Quarter Ended June 30, 2024

($ in thousands)	Manufacturing	Distribution	Total
Net outside sales	**$ 753,712**	**$ 262,912**	**$ 1,016,624**
Intersegment sales	**20,519**	**2,325**	**22,844**
Total sales	**$ 774,231**	**$ 265,237**	**$ 1,039,468**
Operating income for reportable segments	**$ 108,752**	**$ 30,158**	**$ 138,910**

Second Quarter Ended July 2, 2023

($ in thousands)	Manufacturing	Distribution	Total
Net outside sales	$ 688,098	$ 232,587	$ 920,685
Intersegment sales	16,193	2,159	18,352
Total sales	$ 704,291	$ 234,746	$ 939,037
Operating income for reportable segments	$ 95,204	$ 25,839	$ 121,043

Six Months Ended June 30, 2024

($ in thousands)	Manufacturing	Distribution	Total
Net outside sales	**$ 1,451,255**	**$ 498,861**	**$ 1,950,116**
Intersegment sales	**37,486**	**4,878**	**42,364**
Total sales	**$ 1,488,741**	**$ 503,739**	**$ 1,992,480**
Operating income for reportable segments	**$ 196,202**	**$ 53,878**	**$ 250,080**

Six Months Ended July 2, 2023

($ in thousands)	Manufacturing	Distribution	Total
Net outside sales	$ 1,380,494	$ 440,291	$ 1,820,785
Intersegment sales	32,612	4,614	37,226
Total sales	$ 1,413,106	$ 444,905	$ 1,858,011
Operating income for reportable segments	$ 182,369	$ 44,146	$ 226,515

The following table presents a reconciliation of segment operating income to consolidated operating income:

	Second Quarter Ended		Six Months Ended	
($ in thousands)	**June 30, 2024**	July 2, 2023	**June 30, 2024**	July 2, 2023
Operating income for reportable segments	**$ 138,910**	$ 121,043	**$ 250,080**	$ 226,515
Unallocated corporate expenses	**(29,943)**	(25,646)	**(58,953)**	(55,120)
Amortization	**(24,278)**	(19,822)	**(47,096)**	(39,586)
Consolidated operating income	**$ 84,689**	$ 75,575	**$ 144,031**	$ 131,809

Unallocated corporate expenses include corporate general and administrative expenses comprised of wages and other compensation, insurance, taxes, supplies, travel and entertainment, professional fees, acquisition-related transaction costs, amortization of inventory step-up adjustments, and other.

The following table presents an allocation of total assets to the reportable segments of the Company and a reconciliation to consolidated total assets:

($ in thousands)	**June 30, 2024**	December 31, 2023
Manufacturing assets	**$ 2,453,240**	$ 2,071,500
Distribution assets	**445,190**	426,931
Assets for reportable segments	**2,898,430**	2,498,431
Corporate assets unallocated to segments	**61,480**	52,608
Cash and cash equivalents	**43,960**	11,409
Consolidated total assets	**$ 3,003,870**	$ 2,562,448

NOTE 12. STOCK REPURCHASE PROGRAMS

In December 2022, the Board authorized an increase in the amount of the Company's common stock that may be acquired over the next 24 months under the current stock repurchase program to $100 million, including the $38.2 million remaining under the previous authorization. Approximately $77.6 million remains in the amount of the Company's common stock that may be acquired under the current stock repurchase program as of June 30, 2024. Under the stock repurchase plan, the Company made repurchases of common stock as follows for the respective periods:

	Second Quarter Ended		Six Months Ended	
	June 30, 2024	July 2, 2023	**June 30, 2024**	July 2, 2023
Shares repurchased	**—**	125,189	**—**	179,809
Average price	**$ —**	$ 64.83	**$ —**	$ 65.49
Aggregate cost (in millions)	**$ —**	$ 8.1	**$ —**	$ 11.8

NOTE 13. COMMITMENTS AND CONTINGENCIES

The Company is subject to proceedings, lawsuits, audits, and other claims arising in the normal course of business. All such matters are subject to uncertainties and outcomes that are not predictable with assurance. Accruals for these items, when applicable, have been provided to the extent that losses are deemed probable and are reasonably estimable. These accruals are adjusted from time to time as developments warrant.

Although the ultimate outcome of these matters cannot be ascertained, on the basis of present information, amounts already provided, availability of insurance coverage and legal advice received, it is the opinion of management that the ultimate resolution of these proceedings, lawsuits, and other claims will not have a material adverse effect on the Company’s financial position, results of operations, or cash flows.

In the Company's Form 10-K for the year ended December 31, 2023, the Company described the current status of litigation concerning the Lusher Site Remediation Group. In early July 2023, the Court granted the Company’s Rule 54(b) Motion for Final Judgment on previously dismissed claims and granted the Company’s Motion to Dismiss the plaintiff’s remaining claims against the defendants, without prejudice (the Company’s Motion to Dismiss having been joined by the remaining defendants in the litigation.) The only remaining issue pending in the litigation for the Court’s determination is the plaintiff’s motion to bar contribution claims. The Company has also been named as a potentially responsible party for the related Lusher Street Groundwater Contamination Superfund Site (the "Superfund Site") by the U.S. Environmental Protection Agency (the "EPA"). There has been no change in the status of the proceedings as described in the 10-K for the year ended December 31, 2023 filed with the SEC on February 29, 2024. The Company does not currently believe that the litigation or the Superfund Site matter are likely to have a material adverse impact on its financial condition, results of operations, or cash flows. However, any litigation is inherently uncertain, the EPA has yet to select a final remedy for the Superfund Site, and any judgment or injunctive relief entered against us or any adverse settlement could materially and adversely impact our business, results of operations, financial condition, and prospects.

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

OVERVIEW

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the results of operations, financial condition and cash flows of Patrick Industries, Inc. This MD&A should be read in conjunction with the Company's Condensed Consolidated Financial Statements and Notes thereto included in Item 1 of this Report. In addition, this MD&A contains certain statements relating to future results which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. See "Information Concerning Forward-Looking Statements" on page 28 of this Report. The Company undertakes no obligation to update these forward-looking statements.

OVERVIEW OF MARKETS AND RELATED INDUSTRY PERFORMANCE

Second Quarter and Six Months 2024 Financial Overview

Recreational Vehicle ("RV") Industry

The RV industry is our primary market and comprised 44% and 42% of the Company's consolidated net sales in the second quarter ended June 30, 2024 and July 2, 2023, respectively, and 44% and 41% for the comparative six month periods, respectively. Net sales to the RV industry increased 17% and 16% in the second quarter and first six months of 2024, respectively, compared to the prior year periods.

According to the RV Industry Association ("RVIA"), RV wholesale shipments increased 7% in the second quarter of 2024 to approximately 92,700 units compared to approximately 86,200 units in the second quarter of 2023. While we estimate RV industry retail unit sales for second quarter of 2024 decreased approximately 10% compared to the second quarter of 2023, we estimate that industry retail sales exceeded wholesale unit shipments in the second quarter of 2024 as RV OEMs maintained lower production volumes.

RV wholesale unit shipments for the first six months of 2024 totaled approximately 178,600 units, an increase of 8% from approximately 164,800 units in the comparative prior year period. We estimate that despite a 11% decrease in RV industry retail unit sales for the first six months of 2024 compared to the prior year period, industry retail sales exceeded wholesale unit shipments resulting in improved alignment of dealer inventory levels with retail demand.

Marine Industry

Net sales to the marine industry, which represented approximately 16% and 25% of the Company's consolidated net sales in the second quarter ended June 30, 2024 and July 2, 2023, respectively, decreased 30% in the second quarter of 2024 compared to the prior year quarter. For the first six months of 2024 and 2023, net sales to the marine industry represented 16% and 26% of our consolidated net sales, respectively, decreasing 33% in the first six months of 2024 compared to the prior year period. The decrease in net sales was in line with the decrease in wholesale powerboats volumes.

Our marine revenue is generally correlated to marine industry wholesale powerboat unit shipments, which, according to Company estimates based on data published by the National Marine Manufacturers Association ("NMMA"), decreased 27% for the second quarter and decreased 29% for the first six months of 2024 compared to the prior year periods. We estimate that marine industry retail powerboat unit sales decreased 10% in the second quarter and decreased 9% in the first six months of 2024 compared to the prior year periods primarily due to the current macroeconomic environment faced by the end consumer, such as economic uncertainty and higher interest rates.

Powersports Industry

Through acquisitions the past two years, the Company entered the powersports end market. Powersports is a category of motorsports which includes vehicles such as motorcycles, all-terrain vehicles (ATV's), utility vehicles (UTV's), snowmobiles, scooters, golf carts and other personal transportation vehicles, and other related categories. Previously, our sales to the powersports end market were included in the Company's marine end market sales. Effective with the first

quarter of 2024, powersports net sales are being reported separately after the January 2024 acquisition of Sportech, LLC (“Sportech”), as discussed in Note 5 "Acquisitions" of the Notes to Condensed Consolidated Financial Statements.

Net sales to the powersports industry increased 185% in the second quarter ended June 30, 2024 compared to the prior year quarter, representing 10% and 4% of the Company's consolidated net sales in the respective periods. Net sales to the powersports industry increased 169% in the first six months of 2024 compared to the prior year period, representing 10% and 4% of the Company's consolidated net sales in the respective periods. The increases in net sales for these periods are primarily attributable to the acquisition of Sportech.

Manufactured Housing ("MH") Industry

Net sales to the MH industry, which represented 17% and 16% of the Company’s consolidated net sales in the second quarter ended June 30, 2024 and July 2, 2023, respectively, increased 21% in the second quarter of 2024 compared to the prior year quarter. MH net sales represented 17% and 15% of the Company's consolidated net sales for the first six months ended June 30, 2024 and July 2, 2023, respectively, and increased 19% in the first six months ended June 30, 2024 compared to the first six months of 2023. Based on industry data from the Manufactured Housing Institute, MH industry wholesale unit shipments increased by approximately 19% and 17% in the second quarter and first six months of 2024 compared to the prior year period primarily driven by OEMs increasing production from significantly reduced levels in 2023 in anticipation of a recovery in demand.

Industrial Market

The industrial market is comprised primarily of kitchen cabinet, countertop, hospitality, retail and commercial fixtures, and office and household furniture markets and regional distributors. Net sales to this market represented 13% of our consolidated net sales in the second quarter ended June 30, 2024 and July 2, 2023, and remained flat in the second quarter ended June 30, 2024 compared to the prior year period. Industrial net sales represented 13% and 14% of the Company's net sales in the first six months ended June 30, 2024 and July 2, 2023, respectively, and decreased 4% in the first six months ended June 30, 2024 compared to the prior year period. Overall, our revenues in these markets are focused on residential and multifamily housing, hospitality, high-rise housing and office, commercial construction and institutional furniture markets. We estimate that, in general, approximately 70% to 80% of our industrial business is directly tied to the residential housing market, with the remaining 20% to 30% tied to the non-residential and commercial markets.

According to the U.S. Census Bureau, combined new housing starts decreased 7% in the second quarter of 2024 compared to the prior year quarter, with single-family housing starts increasing 7%, and multifamily housing starts decreasing 34% for the same period. For the first six months of 2024, combined new housing starts decreased 3% compared to the prior year period, with single family housing starts increasing 16% and multifamily housing starts decreasing 35%. Our industrial products are generally among the last components installed in new unit construction and as such our related sales typically trail new housing starts by four to six months.

RESULTS OF OPERATIONS

Second Quarter and Six Months Ended June 30, 2024 Compared to 2023

The following table sets forth the percentage relationship to net sales of certain items on the Company's Condensed Consolidated Statements of Income.

	Second Quarter Ended					
($ in thousands)	**June 30, 2024**		July 2, 2023		Amount Change	% Change
Net sales	**$ 1,016,624**	**100.0 %**	$ 920,685	100.0 %	$ 95,939	10 %
Cost of goods sold	**785,330**	**77.2 %**	710,717	77.2 %	74,613	10 %
Gross profit	**231,294**	**22.8 %**	209,968	22.8 %	21,326	10 %
Warehouse and delivery expenses	**38,739**	**3.8 %**	36,031	3.9 %	2,708	8 %
Selling, general and administrative expenses	**83,588**	**8.2 %**	78,540	8.5 %	5,048	6 %
Amortization of intangible assets	**24,278**	**2.4 %**	19,822	2.2 %	4,456	22 %
Operating income	**84,689**	**8.3 %**	75,575	8.2 %	9,114	12 %
Interest expense, net	**20,343**	**2.0 %**	18,260	2.0 %	2,083	11 %
Income taxes	**16,462**	**1.6 %**	14,958	1.6 %	1,504	10 %
Net income	**$ 47,884**	**4.7 %**	$ 42,357	4.6 %	$ 5,527	13 %

	Six Months Ended					
($ in thousands)	**June 30, 2024**		July 2, 2023		Amount Change	% Change
Net sales	**$ 1,950,116**	**100.0 %**	$ 1,820,785	100.0 %	$ 129,331	7 %
Cost of goods sold	**1,513,967**	**77.6 %**	1,416,573	77.8 %	97,394	7 %
Gross profit	**436,149**	**22.4 %**	404,212	22.2 %	31,937	8 %
Warehouse and delivery expenses	**76,188**	**3.9 %**	71,876	3.9 %	4,312	6 %
Selling, general and administrative expenses	**168,834**	**8.7 %**	160,941	8.8 %	7,893	5 %
Amortization of intangible assets	**47,096**	**2.4 %**	39,586	2.2 %	7,510	19 %
Operating income	**144,031**	**7.4 %**	131,809	7.2 %	12,222	9 %
Interest expense, net	**40,433**	**2.1 %**	36,744	2.0 %	3,689	10 %
Income taxes	**20,621**	**1.1 %**	22,535	1.2 %	(1,914)	(8) %
Net income	**$ 82,977**	**4.3 %**	$ 72,530	4.0 %	$ 10,447	14 %

Net Sales. Net sales in the second quarter of 2024 increased $95.9 million, or 10%, to $1.02 billion compared to $920.7 million in the second quarter of 2023. Net sales in the second quarter of 2024 increased as a result of higher wholesale unit shipments in our RV and housing end markets and market share gains and the revenue contribution of acquisitions completed in the first quarter of 2024, partially offset by lower wholesale shipments in our marine end market and lower pricing passed on to our customers to reflect changes in certain commodity costs. The Company's RV market sales increased $66.2 million, or 17%, in the quarter resulting from an increase in production by our RV OEM customers. Marine market sales decreased $68.7 million, or 30%, attributable to a 27% wholesale shipment decline compared to the prior year quarter. Powersports market sales increased $67.4 million, or 185%, compared to the prior year quarter, primarily due to the acquisition of Sportech. MH market sales increased $30.6 million, or 21% compared to the prior year quarter, primarily due to an increase in industry wholesale unit volumes of approximately 19%. Industrial market sales increased $0.4 million, or 0.3% when compared to the prior year quarter, which is in line with housing start trends in the prior two quarters given the timing at which our products are installed in relation to housing starts.

Net sales in the first six months of 2024 increased $129.3 million, or 7%, to $1.95 billion from $1.82 billion in the first six months of 2023. Net sales in the first six months of 2024 increased as a result of an increase in RV and MH market

sales due to industry volume growth along with growth in powersports market sales due to the acquisition of Sportech in January 2024, partially offset by industry volume declines in our marine end market when compared to 2023. The Company's RV market sales increased 16%, marine market sales decreased 33%, powersports market sales increased 169%, MH market sales increased 19% and industrial market sales decreased 4% in the first six months of 2024 when compared to the prior year period.

Revenue attributable to acquisitions completed in the first six months of 2024 was $79.6 million in the second quarter of 2024 and $137.7 million for the first six months of 2024. Revenue attributable to acquisitions completed in the first six months of 2023 was $2.3 million in both the second quarter and the first six months of 2023.

Cost of Goods Sold. Cost of goods sold increased $74.6 million, or 10%, to $785.3 million in the second quarter of 2024 compared to $710.7 million in the second quarter of 2023. As a percentage of net sales, cost of goods sold remained flat during the second quarter of 2024 at 77.2% compared to the second quarter of 2023.

Cost of goods sold increased $97.4 million, or 7%, to $1.51 billion in the first six months of 2024 from $1.42 billion in the first six months of 2023. As a percentage of net sales, cost of goods sold decreased 20 basis points during the first six months of 2024 to 77.6% from 77.8% in the prior year period.

Cost of goods sold as a percentage of net sales remained flat in the second quarter of 2024 primarily as a result of a 40 basis point decrease in labor as a percentage of net sales, offset by a 40 basis point increase in material costs as a percentage of net sales. For the first six months of 2024, cost of goods sold decreased 20 basis points as a result of a 10 basis point decrease in material costs as a percentage of net sales and a 50 basis point decrease in labor as a percentage of net sales, partially offset by a 40 basis point increase in overhead as a percentage of net sales. In general, the Company's cost of goods sold percentage can be impacted from quarter-to-quarter by demand changes in certain market sectors that can result in fluctuating costs of certain raw materials and commodity-based components that are utilized in production.

Gross Profit. Gross profit increased $21.3 million, or 10%, to $231.3 million in the second quarter of 2024 compared to $210.0 million in the prior year period. As a percentage of net sales, gross profit remained flat during the second quarter of 2024 at 22.8%.

Gross profit increased $31.9 million, or 8%, to $436.1 million in the first six months of 2024 compared to $404.2 million in the prior year period. As a percentage of net sales, gross profit increased 20 basis points to 22.4% in the first six months of 2024 compared to 22.2% in the prior year period.

Gross profit as a percentage of net sales was unchanged in the second quarter of 2024 compared to the same period in 2023 and increased 20 basis points for the first six months of 2024 compared to the prior year period, reflecting the items discussed above in "Cost of Goods Sold".

Warehouse and Delivery Expenses. Warehouse and delivery expenses increased $2.7 million, or 8%, to $38.7 million in the second quarter of 2024 compared to $36.0 million in the second quarter of 2023. As a percentage of net sales, warehouse and delivery expenses were 3.8% and 3.9%, respectively, in the second quarter periods presented.

Warehouse and delivery expenses increased $4.3 million, or 6%, to $76.2 million in the first six months of 2024 from $71.9 million in the first six months of 2023. As a percentage of net sales, warehouse and delivery expenses remained flat during the first six months of 2024 at 3.9% compared to the prior year period.

Selling, General and Administrative ("SG&A") Expenses. SG&A expenses increased $5.1 million, or 6%, to $83.6 million in the second quarter of 2024 compared to $78.5 million in the prior year quarter. As a percentage of net sales, SG&A expenses were 8.2% in the second quarter of 2024 compared to 8.5% in the second quarter of 2023. The increase in SG&A expenses in the second quarter of 2024 compared to 2023 is primarily attributed to increases in wages and incentive compensation, while the decrease in SG&A expenses as a percentage of net sales reflects the increase in net sales combined with the fixed nature of certain expenses.

SG&A expenses increased $7.9 million, or 5%, to $168.8 million in the first six months of 2024 from $160.9 million in the prior year quarter. As a percentage of net sales, SG&A expenses were 8.7% in the first six months of 2024 compared

to 8.8% in the first six months of 2023. The increase in SG&A expenses in the first six months of 2024 compared to 2023 is primarily attributed to the $5.0 million of transaction costs associated with the acquisition of Sportech.

Amortization of Intangible Assets. Amortization of intangible assets increased $4.5 million, or 22%, to $24.3 million in the second quarter of 2024 compared to $19.8 million in the prior year quarter. Amortization of intangible assets increased $7.5 million, or 19%, to $47.1 million in the first six months of 2024 from $39.6 million in the prior year period. The increases in the second quarter and first six months of 2024 compared to the comparable prior year periods primarily reflect the impact of the Sportech acquisition as well as the acquisitions completed in 2023.

Operating Income. Operating income increased $9.1 million, or 12%, to $84.7 million in the second quarter of 2024 compared to $75.6 million in 2023. As a percentage of net sales, operating income increased 10 basis points to 8.3% in the second quarter of 2024 compared to 8.2% in the same period in 2023. For the first six months of 2024, operating income increased $12.2 million, or 9%, to $144.0 million from $131.8 million in the same period in 2023. As a percentage of net sales, operating income increased 20 basis points to 7.4% in the first six months of 2024 versus 7.2% in the same period in 2023. The increase in operating income and operating margin percentage is primarily attributable to the items discussed above.

Interest Expense, Net. Interest expense increased $2.0 million, or 11%, to $20.3 million in the second quarter of 2024 compared to $18.3 million in the prior year quarter. Interest expense increased $3.7 million, or 10%, to $40.4 million in the first six months of 2024 from $36.7 million in the prior year period. These increases primarily reflect higher debt levels and higher interest rates on our term loan and revolver balances.

Income Taxes. Income tax expense increased $1.5 million in the second quarter of 2024 to $16.5 million compared to $15.0 million in the prior year quarter. Income tax expense decreased $1.9 million in the first six months of 2024 to $20.6 million from $22.5 million in the prior year period. The increase in income taxes in the second quarter of 2024 compared to the prior year quarter relates primarily to the increase in income before income taxes, and the decrease in income tax expense in the first six months of 2024 compared to the prior year period is driven primarily by the impact of the recognition of excess tax benefits on share-based compensation that was recorded as a reduction to income tax expense in the amount of $5.6 million compared to $1.8 million excess tax benefits on share-based compensation in the first six months of 2023, partially offset by the increase in income before income taxes.

SEGMENT REPORTING

The Company's reportable segments, Manufacturing and Distribution, are based on its method of internal reporting. The Company regularly evaluates the performance of the Manufacturing and Distribution segments and allocates resources to them based on a variety of indicators including sales and operating income. The Company does not measure profitability at the customer end market (RV, marine, powersports, MH and industrial) level.

Second Quarter and Six Months Ended June 30, 2024 Compared to 2023

General

In the discussion that follows, sales attributable to the Company’s reportable segments include intersegment sales and gross profit includes the impact of intersegment operating activity.

The table below presents information about the sales, gross profit and operating income of the Company’s reportable segments. A reconciliation of consolidated net sales and operating income is presented in Note 11 "Segment Information" of the Notes to Condensed Consolidated Financial Statements.

($ in thousands)	Second Quarter Ended		Amount Change	% Change
	June 30, 2024	July 2, 2023		
Sales				
Manufacturing	**$ 774,231**	$ 704,291	$ 69,940	10%
Distribution	**$ 265,237**	$ 234,746	$ 30,491	13%
Gross Profit				
Manufacturing	**$ 178,744**	$ 161,571	$ 17,173	11%
Distribution	**$ 58,132**	$ 52,523	$ 5,609	11%
Operating Income				
Manufacturing	**$ 108,752**	$ 95,203	$ 13,549	14%
Distribution	**$ 30,158**	$ 25,840	$ 4,318	17%

($ in thousands)	Six Months Ended		Amount Change	% Change
	June 30, 2024	July 2, 2023		
Sales				
Manufacturing	**$ 1,488,741**	$ 1,413,106	$ 75,635	5%
Distribution	**$ 503,739**	$ 444,905	$ 58,834	13%
Gross Profit				
Manufacturing	**$ 334,918**	$ 316,655	$ 18,263	6%
Distribution	**$ 108,189**	$ 96,599	$ 11,590	12%
Operating Income				
Manufacturing	**$ 196,202**	$ 182,369	$ 13,833	8%
Distribution	**$ 53,878**	$ 44,146	$ 9,732	22%

Manufacturing

Sales. Sales increased $69.9 million, or 10%, to $774.2 million in the second quarter of 2024 compared to $704.3 million in the prior year quarter. For the first six months of 2024, sales increased $76 million, or 5%, to $1.49 billion from $1.41 billion in the prior year period. The manufacturing segment accounted for approximately 74% of the Company's sales for the second quarter of 2024 and 2023. The sales increase in the second quarter of 2024 compared to 2023 was attributed to sales increases in the Company's RV, powersports and MH end markets, partially offset by a sales decrease in the marine end market. For the second quarter of 2024 compared to the same prior year period, the Company's RV end market sales increased 21%, the marine end market sales decreased 32%, the powersports end market sales increased 207%, the MH end market sales increased 19% and industrial end market sales were flat. For the first six months of 2024 compared to the same prior year period, the Company's RV end market sales increased 19%, the marine end market sales decreased 34%, the powersports end market sales increased 190%, the MH end market sales increased 13% and industrial end market sales decreased 4%. Net sales in the second quarter and first six months of 2024 attributable to acquisitions completed in the first six months of 2024 were approximately $79.6 million and $137.7 million, respectively, and there were no acquisitions completed in the first six months of 2023.

Gross Profit. Gross profit increased $17.1 million, or 11%, to $178.7 million in the second quarter of 2024 compared to $161.6 million in the second quarter of 2023. For the first six months of 2024, gross profit increased $18.2 million, or 6%, to $334.9 million compared to $316.7 million in the first six months of 2023. As a percentage of sales, gross profit increased to 23.1% in the second quarter of 2024 compared to 22.9% in the second quarter of 2023, and was 22.5% in the first six months of 2024 compared to 22.4% in the first six months of 2023.

The increase in gross profit as a percentage of sales in the second quarter of 2024 compared to the same quarter in 2023 is attributable to decreases in labor as a percentage of sales.

Gross profit as a percentage of sales increased during the first six months of 2024 compared to first six months of 2023 due to decreases in manufacturing material and labor costs as a percentage of sales, partially offset by an increase in manufacturing overhead as a percentage of sales.

Operating Income. Operating income increased $13.6 million to $108.8 million in the second quarter of 2024 compared to $95.2 million in the prior year quarter. For the first six months of 2024, operating income increased $13.8 million, or 8%, to $196.2 million compared to $182.4 million in the first six months of 2023. The overall increase in operating income in the second quarter and first six months of 2024 primarily reflects the items discussed above.

Distribution

Sales. Sales increased $30.5 million, or 13%, to $265.2 million in the second quarter of 2024 compared to $234.7 million in the prior year quarter. For the first six months of 2024, sales increased $58.8 million, or 13%, to $503.7 million compared to $444.9 million in the prior year period. This segment accounted for approximately 26% of the Company's sales for the second quarter of 2024 and 2023, and 25% and 24% of the Company's sales for the first six months of 2024 and 2023, respectively. The sales increase in the second quarter of 2024 compared to the second quarter of 2023 was attributed to a 9% increase in our RV end market sales, a 2% increase in marine end market sales, a 24% increase in MH end market sales, and a 4% increase in industrial end market sales, partially offset by a 9% decrease in powersports end market sales. The sales increase in the first six months of 2024 compared to the first six months of 2023 was attributed to a 11% increase in our RV end market sales and a 24% increase in MH end market sales as a result of increases in industry wholesale unit shipments in the respective industries, partially offset by an 8% decrease in industrial end market sales, a 5% decrease in marine end market sales, and a 12% decrease in powersports end market sales.

Gross Profit. Gross profit increased $5.6 million, or 11%, to $58.1 million in the second quarter of 2024 compared to $52.5 million in the second quarter of 2023. For the first six months of 2024, gross profit increased $11.6 million, or 12%, to $108.2 million compared to $96.6 million in the first six months of 2023. As a percentage of sales, gross profit was 21.9% and 21.5%, respectively, in the second quarter and first six months of 2024 compared to 22.4% and 21.7%, respectively, in the second quarter and first six months of 2023, as increases in material costs as a percentage of sales were partially offset by decreases in distribution labor as a percentage of sales, attributable to a decrease in utilization of outsourced labor.

Operating Income. Operating income increased $4.4 million, or 17%, to $30.2 million in the second quarter of 2024 compared to $25.8 million in the prior year quarter. For the first six months of 2024, operating income increased $9.8 million, or 22%, to $53.9 million compared to $44.1 million in the first six months of 2023. The increase in operating income in the second quarter and first six months of 2024 primarily reflects the impact of increased sales and the items discussed above.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of liquidity are cash flows from operations, which includes selling its products and collecting receivables, available cash reserves and borrowing capacity available under the revolving credit and term loan facility (the "2021 Credit Facility") as discussed in Note 8 "Debt" of the Notes to Condensed Consolidated Financial Statements. Our liquidity at June 30, 2024 consisted of cash and cash equivalents of $44.0 million and $475.0 million of availability under the 2021 Credit Facility.

As of June 30, 2024, the Company's existing cash and cash equivalents, cash generated from operations, and available borrowings under its 2021 Credit Facility are expected to be sufficient to meet anticipated cash needs for working capital and capital expenditures for at least the next 12 months, exclusive of any acquisitions, based on its current cash flow budgets and forecast of short-term and long-term liquidity needs.

Principal uses of cash are to support working capital demands, meet debt service requirements and support the Company's capital allocation strategy, which includes acquisitions, capital expenditures, dividends and repurchases of the Company's common stock, among others.

Working capital requirements vary from period to period depending on manufacturing volumes primarily related to the RV, marine, powersports, MH and industrial markets we serve, the timing of deliveries, and the payment cycles of customers. In the event that operating cash flow is inadequate and one or more of the Company's capital resources were to become unavailable, the Company would seek to revise its operating strategies accordingly. The Company will continue to assess its liquidity position and potential sources of supplemental liquidity in view of operating performance, current economic and capital market conditions, and other relevant circumstances.

In January 2024, the Company utilized available borrowing capacity under the Revolver due 2027 and cash on hand to fund its acquisition of Sportech, as discussed in Note 5 "Acquisitions" of the Notes to Condensed Consolidated Financial Statements.

As of and for the reporting period ended June 30, 2024, the Company was in compliance with its financial covenants as required under the terms of the credit agreement that established the 2021 Credit Facility (the "2021 Credit Agreement"). The required maximum consolidated secured net leverage ratio and the required minimum consolidated fixed charge coverage ratio, as such ratios are defined in the 2021 Credit Agreement, compared to the actual amounts as of June 30, 2024 and for the fiscal period then ended are as follows:

	Required	Actual
Consolidated secured net leverage ratio (12-month period)	2.75	0.77
Consolidated fixed charge coverage ratio (12-month period)	1.50	3.34

In addition, as of June 30, 2024, the Company's consolidated total net leverage ratio (12-month period) was 2.62, which is used to determine the applicable borrowing margin under the 2021 Credit Agreement.

Cash Flows

Operating Activities

Cash flows from operating activities are one of the Company's primary sources of liquidity, representing the net income the Company earned in the reported periods, adjusted for non-cash items and changes in operating assets and liabilities.

Net cash provided by operating activities was $172.7 million in the first six months of 2024 compared to $178.4 million in the first six months of 2023. The decrease in operating cash flows is primarily attributable to a $3.3 million use of cash for working capital compared to a $23.4 million source of cash in the prior year period, partially offset by a $10.5 million increase in net income and a $10.3 million increase in depreciation and amortization compared to the first six months of 2023.

Investing Activities

Net cash used in investing activities increased $321.3 million to $386.8 million in the first six months of 2024 compared to $65.5 million in the first six months of 2023 due to an increase in cash used in business acquisitions, which were $330.7 million in the first six months of 2024, primarily due to the acquisition of Sportech, compared to $26.8 million in the first six months of 2023.

Financing Activities

Net cash provided by financing activities was $246.7 million in the first six months of 2024 compared to $101.7 million use of cash in the first six months of 2023 primarily due to an increase in cash provided from net borrowings of $352.8 million under the Revolver due 2027 to fund the acquisition of Sportech.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See Note 1, "Basis of Presentation and Significant Accounting Policies" to the accompanying Condensed Consolidated Financial Statements in Item 1.

CRITICAL ACCOUNTING POLICIES

There have been no material changes to our critical accounting policies which are summarized in the MD&A in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 29, 2024.

OTHER

Seasonality

Manufacturing operations in the RV, marine and MH industries historically have been seasonal and at their highest levels when the weather is moderate. Accordingly, the Company's sales and profits had generally been the highest in the second quarter and lowest in the fourth quarter. Seasonal industry trends in the past several years have included the impact related to the addition of major RV manufacturer open houses for dealers in the August-September timeframe and marine open houses in the December to February timeframe, resulting in dealers delaying certain restocking purchases until new product lines are introduced at these shows. In addition, recent seasonal industry trends have been, and future trends may be, different than in prior years due to volatile economic conditions, interest rates, access to financing, cost of fuel, national and regional economic conditions and consumer confidence on retail sales of RVs and marine units and other products for which the Company sells its components, as well as fluctuations in RV and marine dealer inventories, increased volatility in demand from RV and marine dealers, the timing of dealer orders, and from time to time, the impact of severe weather conditions on the timing of industry-wide wholesale shipments.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

The Company makes forward-looking statements with respect to financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive position, growth opportunities for existing products, plans and objectives of management, markets for the common stock of Patrick Industries, Inc. and other matters from time to time and desires to take advantage of the "safe harbor" which is afforded such statements under the Private Securities Litigation Reform Act of 1995 when they are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements. The statements contained in the foregoing "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as other statements contained in this quarterly report and statements contained in future filings with the Securities and Exchange Commission ("SEC"), publicly disseminated press releases, quarterly earnings conference calls, and statements which may be made from time to time in the future by management of the Company in presentations to shareholders, prospective investors, and others interested in the business and financial affairs of the Company, which are not historical facts, are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. Any projections of financial performance or statements concerning expectations as to future developments should not be construed in any manner as a guarantee that such results or developments will, in fact, occur. There can be no assurance that any forward-looking statement will be realized or that actual results will not be significantly different from those set forth in such forward-looking statement. The Company does not undertake to publicly update or revise any forward-looking statements. Information about certain risks that could affect our business and cause actual results to differ from those expressed or implied in the forward-looking statements are contained in the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and in the Company's Forms 10-Q for subsequent quarterly periods, which are filed with the SEC and are available on the SEC's website at www.sec.gov.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Debt Obligations under Credit Agreement

As of June 30, 2024, our total debt obligations under our 2021 Credit Agreement accrue interest under SOFR-based interest rates. A 100-basis point increase in the underlying SOFR would result in additional annual interest cost of approximately $4.2 million, assuming average borrowings, including our revolving credit facility and term loan under our senior credit facility, subject to variable rates of $420.6 million, which was the amount of such borrowings outstanding at June 30, 2024 subject to variable rates, excluding deferred financing costs related to the term loan.

Commodity Volatility

The prices of key raw materials, consisting primarily of lauan, gypsum, particleboard, aluminum, softwoods lumber, and petroleum-based products, are influenced by demand and other factors specific to these commodities, such as the price of oil, rather than being directly affected by inflationary pressures. Prices of certain commodities have historically been volatile. During periods of volatile commodity prices, we have generally been able to pass both price increases and decreases to our customers in the form of price adjustments. We are exposed to risks during periods of commodity volatility because there can be no assurance future cost increases or decreases, if any, can be partially or fully passed on to customers, or that the timing of such sales price increases or decreases will match raw material cost increases or decreases. We do not believe that commodity price volatility had a material effect on results of operations for the periods presented.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains "disclosure controls and procedures", as such term is defined under Securities Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934, as amended (the "Exchange Act") reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, the Company's management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and the Company's management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to the Company, including consolidated subsidiaries, required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

There have been no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the second quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Items 3 and 4 of Part II are not applicable and have been omitted.

ITEM 1. LEGAL PROCEEDINGS

We are subject to claims and lawsuits in the ordinary course of business. In management's opinion, currently pending legal proceedings and claims against the Company will not, individually or in the aggregate, have a material adverse effect on its financial condition, results of operations, or cash flows.

See Note 13 "Commitments and Contingencies" to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 29, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) Recent Sales of Unregistered Securities. None.
(b) Use of Proceeds. None.
(c) Issuer Purchases of Equity Securities

The following table summarizes our purchases of common stock in the three months ended June 30, 2024.

Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[2]
April 1 - April 28, 2024	75	$ 114.33	—	$ 77,569,000
April 29 - June 2, 2024	274	$ 104.49	—	$ 77,569,000
June 3 - June 30, 2024	—	$ —	—	$ 77,569,000
	349		—	

(1) Amount of 349 shares of common stock were purchased by the Company in the period for the purpose of satisfying the minimum tax withholding obligations of employees upon the vesting of stock awards held by the employees.

(2) See Note 12 "Stock Repurchase Programs" of the Notes to Condensed Consolidated Financial Statements for additional information about the Company's stock repurchase program.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2024, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibits (1)	Description
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer and Chief Financial Officer
101	Interactive Data Files. The following materials are filed electronically with this Quarterly Report on Form 10-Q:
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Schema Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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.

Date: August 8, 2024 By: /s/ Andrew C. Roeder
Andrew C. Roeder
Executive Vice President - Finance, Chief Financial Officer, and Treasurer

Date: August 8, 2024 By: /s/ Matthew S. Filer
Matthew S. Filer
Senior Vice President - Finance and Chief Accounting Officer