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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

OR

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

For the transition period from __________ to __________

Commission File Number: 000-22462

GIBRALTAR INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**16-1445150**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
3556 Lake Shore Road P.O. Box 2028 Buffalo New York	**14219-0228**
(Address of principal executive offices)	(Zip Code)

(716) 826-6500
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value per share	ROCK	NASDAQ Stock Market

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

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

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

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

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

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

As of May 1, 2023, the number of common shares outstanding was: 30,410,872.

GIBRALTAR INDUSTRIES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net sales	$ 293,267	$ 317,865
Cost of sales	216,338	253,021
Gross profit	76,929	64,844
Selling, general, and administrative expense	47,559	43,649
Income from operations	29,370	21,195
Interest expense	1,491	485
Other (income) expense	(397)	153
Income before taxes	28,276	20,557
Provision for income taxes	7,177	5,101
Net income	$ 21,099	$ 15,456
Net earnings per share:		
Basic	$ 0.68	$ 0.47
Diluted	$ 0.68	$ 0.47
Weighted average shares outstanding:		
Basic	30,897	32,913
Diluted	31,024	33,022

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2023	**2022**
Net income	$ 21,099	$ 15,456
Other comprehensive (loss) income:		
Foreign currency translation adjustment	(115)	(227)
Minimum post retirement benefit plan adjustments, net of tax	8	24
Other comprehensive loss	(107)	(203)
Total comprehensive income	$ 20,992	$ 15,253

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	March 31, 2023	December 31, 2022
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 7,497	$ 17,608
Accounts receivable, net of allowance of $4,164 and $3,746, respectively	230,132	217,156
Inventories, net	171,634	170,360
Prepaid expenses and other current assets	19,015	18,813
Total current assets	428,278	423,937
Property, plant, and equipment, net	107,701	109,584
Operating lease assets	24,432	26,502
Goodwill	512,639	512,363
Acquired intangibles	134,735	137,526
Other assets	707	701
	$ 1,208,492	$ 1,210,613
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 129,661	$ 106,582
Accrued expenses	67,103	73,721
Billings in excess of cost	42,929	35,017
Total current liabilities	239,693	215,320
Long-term debt	49,876	88,762
Deferred income taxes	47,030	47,088
Non-current operating lease liabilities	17,488	19,041
Other non-current liabilities	19,018	18,303
Stockholders' equity:		
Preferred stock, $0.01 par value; authorized 10,000 shares; none outstanding	—	—
Common stock, $0.01 par value; authorized 100,000 shares; 34,148 and 34,060 shares issued and outstanding in 2023 and 2022	341	340
Additional paid-in capital	324,466	322,873
Retained earnings	649,077	627,978
Accumulated other comprehensive loss	(3,539)	(3,432)
Cost of 3,389 and 3,199 common shares held in treasury in 2023 and 2022	(134,958)	(125,660)
Total stockholders' equity	835,387	822,099
	$ 1,208,492	$ 1,210,613

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash Flows from Operating Activities		
Net income	$ 21,099	$ 15,456
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,834	6,336
Stock compensation expense	1,594	1,352
Exit activity (recoveries) costs, non-cash	(63)	1,198
(Benefit of) provision for deferred income taxes	(51)	17
Other, net	1,023	1,395
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Accounts receivable	(18,004)	(11,101)
Inventories	(1,586)	(20,937)
Other current assets and other assets	2,536	731
Accounts payable	23,077	(11,962)
Accrued expenses and other non-current liabilities	1,586	9,761
Net cash provided by (used in) operating activities	38,045	(7,754)
Cash Flows from Investing Activities		
Acquisitions, net of cash acquired	554	—
Purchases of property, plant, and equipment, net	(2,190)	(4,402)
Net cash used in investing activities	(1,636)	(4,402)
Cash Flows from Financing Activities		
Long-term debt payments	(50,000)	(29,000)
Proceeds from long-term debt	11,000	47,500
Purchase of common stock at market prices	(7,509)	(3,461)
Net cash (used in) provided by financing activities	(46,509)	15,039
Effect of exchange rate changes on cash	(11)	(159)
Net (decrease) increase in cash and cash equivalents	(10,111)	2,724
Cash and cash equivalents at beginning of year	17,608	12,849
Cash and cash equivalents at end of period	$ 7,497	$ 15,573

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity
Balance at December 31, 2022	**34,060**	**$ 340**	**$ 322,873**	**$ 627,978**	**$ (3,432)**	**3,199**	**$ (125,660)**	**$ 822,099**
Net income	—	—	—	21,099	—	—	—	21,099
Foreign currency translation adjustment	—	—	—	—	(115)	—	—	(115)
Minimum post retirement benefit plan adjustments, net of taxes of $3	—	—	—	—	8	—	—	8
Stock compensation expense	—	—	1,594	—	—	—	—	1,594
Net settlement of restricted stock units	88	1	(1)	—	—	36	(1,929)	(1,929)
Common stock repurchased under stock repurchase program	—	—	—	—	—	154	(7,369)	(7,369)
Balance at March 31, 2023	**34,148**	**$ 341**	**$ 324,466**	**$ 649,077**	**$ (3,539)**	**3,389**	**$ (134,958)**	**$ 835,387**
Balance at December 31, 2021	**33,799**	**$ 338**	**$ 314,541**	**$ 545,572**	**$ 187**	**1,107**	**$ (35,380)**	**$ 825,258**
Net income	—	—	—	15,456	—	—	—	15,456
Foreign currency translation adjustment	—	—	—	—	(227)	—	—	(227)
Minimum post retirement benefit plan adjustments, net of taxes of $10	—	—	—	—	24	—	—	24
Stock compensation expense	—	—	1,352	—	—	—	—	1,352
Net settlement of restricted stock units	173	2	(2)	—	—	72	(3,461)	(3,461)
Balance at March 31, 2022	**33,972**	**$ 340**	**$ 315,891**	**$ 561,028**	**$ (16)**	**1,179**	**$ (38,841)**	**$ 838,402**

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(1) CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements of Gibraltar Industries, Inc. (the "Company") have been prepared by management in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for the fair presentation of results for the interim period have been included. The Company's operations are seasonal; for this and other reasons financial results for any interim period are not necessarily indicative of the results expected for any subsequent interim period or for the full year. The accompanying unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2022.

The consolidated balance sheet at December 31, 2022 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

(2) RECENT ACCOUNTING PRONOUNCEMENTS

The Company considers the applicability and impact of Accounting Standards Updates ("ASUs"), and ASUs effective in or after 2023, respectively, which were assessed and determined to be either not applicable, or had or are expected to have minimal impact on the Company's consolidated financial statements and related disclosures.

(3) ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Trade accounts receivable	$ 189,281	$ 179,170
Costs in excess of billings	45,015	41,732
Total accounts receivables	234,296	220,902
Less allowance for doubtful accounts and contract assets	(4,164)	(3,746)
Accounts receivable, net	$ 230,132	$ 217,156

Refer to Note 4 "Revenue" concerning the Company's costs in excess of billings.

The following table provides a roll-forward of the allowance for credit losses, for the three month period ended March 31, 2023, that is deducted from the amortized cost basis of accounts receivable to present the net amount expected to be collected (in thousands):

Beginning balance as of January 1, 2023	$ 3,746
Bad debt expense, net of recoveries	260
Accounts written off against allowance and other adjustments	158
Ending balance as of March 31, 2023	$ 4,164

(4) REVENUE

Sales includes revenue from contracts with customers for designing, engineering, manufacturing and installation of solar racking systems; electrical balance of systems; roof and foundation ventilation products; centralized mail systems and electronic package solutions; retractable awnings; gutter guards; rain dispersion products; trims and flashings and other accessories; designing, engineering, manufacturing and installation of greenhouses; structural bearings; expansion joints; pavement sealant; elastomeric concrete; and bridge cable protection systems.

Refer to Note 14 "Segment Information" for additional information related to revenue recognized by timing of transfer of control by reportable segment.

As of March 31, 2023, the Company's remaining performance obligations are part of contracts that have an original expected duration of one year or less.

Contract assets consist of costs in excess of billings presented within accounts receivable in the Company's consolidated balance sheets. Contract liabilities consist of billings in excess of cost, classified as current liabilities, and unearned revenue, presented within accrued expenses, in the Company's consolidated balance sheets. Unearned revenue as of March 31, 2023 and December 31, 2022 was $7.8 million and $4.6 million, respectively. Revenue recognized during the three months ended March 31, 2023 and 2022 that was in contract liabilities at the beginning of the respective periods was $18.7 million and $27.4 million, respectively.

(5) INVENTORIES

Inventories consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Raw material	$ 120,150	$ 111,187
Work-in-process	12,824	17,944
Finished goods	44,944	47,523
Gross inventory	177,918	176,654
Less reserves	(6,284)	(6,294)
Total inventories, net	$ 171,634	$ 170,360

(6) ACQUISITION

On August 22, 2022, the Company purchased all the issued and outstanding membership interests of Quality Aluminum Products ("QAP"), a manufacturer of aluminum and steel products including soffit, fascia, trim coil, rain carrying products and aluminum siding. The results of QAP have been included in the Company's consolidated financial results since the date of acquisition within the Company's Residential segment. The purchase consideration for the acquisition of QAP was $52.1 million, which includes a working capital adjustment and certain other adjustments provided for in the membership interest purchase agreement.

The purchase price for the acquisition was allocated to the assets acquired and liabilities assumed based upon their respective fair values estimated as of the date of acquisition. The Company has completed the process to confirm the existence, condition, and completeness of the assets acquired and liabilities assumed to establish fair value of such assets and liabilities and to determine the amount of goodwill to be recognized as of the date of acquisition. The final determination of the fair value of certain assets and liabilities has been completed within a measurement period of up to one year from the date of acquisition. The excess consideration was recorded as goodwill and approximated $4.0 million, all of which is deductible for tax purposes. Goodwill represents future economic benefits arising from other assets acquired that could not be individually identified including workforce additions, growth opportunities, and increased presence in the domestic building products markets.

The allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed is as follows as of the date of the acquisition (in thousands):

Cash	$ 1,018
Working capital	23,372
Property, plant and equipment	8,486
Acquired intangible assets	14,700
Other assets	1,813
Other liabilities	(1,295)
Goodwill	3,991
Fair value of purchase consideration	$ 52,085

The intangible assets acquired in this acquisition consisted of the following (in thousands):

	Fair Value	Weighted-Average Amortization Period
Trademarks	$ 2,800	Indefinite
Customer relationships	11,900	12 years
Total	$ 14,700	

In determining the allocation of the purchase price to the assets acquired and liabilities assumed, the Company uses all available information to make fair value determinations using Level 3 unobservable inputs in which little or no market data exists, and therefore, engages independent valuation specialists to assist in the fair value determination of the acquired long-lived assets.

The acquisition of QAP was financed primarily through borrowings under the Company's revolving credit facility.

The Company recognized costs related to recent acquisitions comprised of legal and consulting fees within selling, general, and administrative ("SG&A") expenses of $21.0 thousand and $7.0 thousand for the three months ended March 31, 2023 and 2022, respectively.

(7) GOODWILL AND RELATED INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill for the three months ended March 31, 2023 are as follows (in thousands):

	Renewables	Residential	Agtech	Infrastructure	Total
Balance at December 31, 2022	$ 188,030	$ 209,056	$ 83,599	$ 31,678	$ 512,363
Adjustments to prior year acquisitions	—	387	—	—	387
Foreign currency translation	(141)	—	30	—	(111)
Balance at March 31, 2023	$ 187,889	$ 209,443	$ 83,629	$ 31,678	$ 512,639

Goodwill is recognized net of accumulated impairment losses of $133.2 million as of March 31, 2023 and December 31, 2022, respectively.

The Company is required to regularly assess whether a triggering event has occurred which would require interim impairment testing. The Company determined that no triggering event had occurred as of March 31, 2023 which would require an interim impairment test to be performed.

Acquired Intangible Assets

Acquired intangible assets consisted of the following (in thousands):

	March 31, 2023		December 31, 2022	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Indefinite-lived intangible assets:				
Trademarks	$ 55,500	$ —	$ 55,500	$ —
Finite-lived intangible assets:				
Trademarks	5,449	4,516	5,448	4,481
Unpatented technology	34,165	22,610	34,163	22,037
Customer relationships	115,027	48,609	115,125	46,557
Non-compete agreements	2,371	2,042	2,371	2,006
	157,012	77,777	157,107	75,081
Total acquired intangible assets	$ 212,512	$ 77,777	$ 212,607	$ 75,081

The following table summarizes the acquired intangible asset amortization expense for the three months ended March 31, (in thousands):

	2023	2022
Amortization expense	$ 2,766	$ 3,098

Amortization expense related to acquired intangible assets for the remainder of fiscal 2023 and the next five years thereafter is estimated as follows (in thousands):

	2023	2024	2025	2026	2027	2028
Amortization expense	$ 8,297	$ 10,883	$ 10,745	$ 9,338	$ 7,699	$ 6,832

(8) LONG-TERM DEBT

Long-term debt consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
Revolving credit facility	$ 52,000	$ 91,000
Less unamortized debt issuance costs	(2,124)	(2,238)
Total debt	$ 49,876	$ 88,762

Revolving Credit Facility

On December 8, 2022, the Company entered into a Credit Agreement (the "Credit Agreement"), and concurrently with entering into the Credit Agreement, the Company paid off all amounts owed under the Sixth Amended and Restated Credit Agreement dated as of January 24, 2019. The Credit Agreement provides for a revolving credit facility and letters of credit in an aggregate amount equal to $400 million. The Company can request additional financing to increase the revolving credit facility to $700 million or enter into a term loan of up to $300 million subject to conditions set forth in the Credit Agreement. The Credit Agreement contains two financial covenants. As of March 31, 2023, the Company was in compliance with all financial covenants. The Credit Agreement terminates on December 8, 2027.

Borrowings under the Credit Agreement bear interest, at the Company’s option, at a rate equal to the applicable margin plus (a) a base rate, (b) a daily simple secured overnight financing rate ("SOFR") rate, (c) a term SOFR rate or (d) for certain foreign currencies, a foreign currency rate, in each case subject to a 0% floor. Through March 31, 2023, the Credit Agreement had an initial applicable margin of 0.125% for base rate loans and 1.125% for SOFR and alternative currency loans. Thereafter, the applicable margin ranges from 0.125% to 1.00% for base rate loans and from 1.125% to 2.00% for SOFR and alternative currency loans based on the Company’s Total Net Leverage Ratio, as defined in the Credit Agreement. In addition, the Credit Agreement is subject to an annual commitment fee, payable quarterly, which is initially 0.20% of the daily average undrawn balance of the revolving credit facility and, from and after April 1, 2023, ranges between 0.20% and 0.25% of the daily average undrawn balance of the revolving credit facility based on the Company’s Total Net Leverage Ratio.

Borrowings under the Credit Agreement are secured by the trade receivables, inventory, personal property, equipment, and general intangibles of the Company’s significant domestic subsidiaries. Capital distributions are subject to certain Total Net Leverage Ratio requirements and capped by an annual aggregate limit under the Credit Agreement.

For the three months ended March 31, 2022, interest rates on the revolving credit facility under the Sixth Amended and Restated Credit Agreement were based on LIBOR plus an additional margin that ranges from 1.125% to 2.00%. In addition, the revolving credit facility under the Sixth Amended and Restated Credit Agreement was subject to an undrawn commitment fee ranging between 0.15% and 0.25% based on the Total Leverage Ratio and the daily average undrawn balance.

Standby letters of credit of $4.3 million have been issued under the Credit Agreement to third parties on behalf of the Company as of March 31, 2023. These letters of credit reduce the amount otherwise available under the revolving credit facility. The Company had $343.7 million and $304.5 million of availability under the revolving credit facility as of March 31, 2023 and December 31, 2022, respectively.

(9) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables summarize the cumulative balance of each component of accumulated other comprehensive (loss) income, net of tax, for the three months ended March 31, (in thousands):

	Foreign Currency Translation Adjustment	Minimum Post Retirement Benefit Plan Adjustments	Total Pre-Tax Amount	Tax Benefit (Expense)	Accumulated Other Comprehensive (Loss) Income
Balance at December 31, 2022	$ (3,382)	$ (395)	$ (3,777)	$ (345)	$ (3,432)
Minimum post retirement health care plan adjustments	—	11	11	3	8
Foreign currency translation adjustment	(115)	—	(115)	—	(115)
Balance at March 31, 2023	**$ (3,497)**	**$ (384)**	**$ (3,881)**	**$ (342)**	**$ (3,539)**
Balance at December 31, 2021	$ 1,640	$ (2,247)	$ (607)	$ 794	$ 187
Minimum post retirement health care plan adjustments	—	34	34	(10)	24
Foreign currency translation adjustment	(227)	—	(227)	—	(227)
Balance at March 31, 2022	**$ 1,413**	**$ (2,213)**	**$ (800)**	**$ 784**	**$ (16)**

The realized adjustments relating to the Company's minimum post retirement health care costs were reclassified from accumulated other comprehensive loss and included in other expense in the consolidated statements of income.

(10) EQUITY-BASED COMPENSATION

On May 4, 2022, the stockholders of the Company approved the adoption of the Gibraltar Industries, Inc. Amended and Restated 2016 Stock Plan for Non-Employee Directors ("Non-Employee Directors Plan") which increases the total number of shares for issuance by the Company thereunder from 100,000 shares to 200,000 shares, allows the Company to grant awards of shares of the Company's common stock to current non-employee Directors of the Company, and permits the Directors to defer receipt of such shares pursuant to the terms of the Non-Employee Directors Plan.

On May 4, 2018, the stockholders of the Company approved the adoption of the Gibraltar Industries, Inc. 2018 Equity Incentive Plan (the "2018 Plan"). The 2018 Plan provides for the issuance of up to 1,000,000 shares of common stock and supplements the remaining shares available for issuance under the Gibraltar Industries, Inc. 2015 Equity Incentive Plan (the "2015 Plan"). Both the 2018 Plan and the 2015 Plan allow the Company to grant equity-based incentive compensation awards, in the form of non-qualified options, restricted shares, restricted stock units, performance shares, performance stock units, and stock rights to eligible participants.

Equity Based Awards - Settled in Stock

The following table sets forth the number of equity-based awards granted during the three months ended March 31, which will convert to shares upon vesting, along with the weighted average grant date fair values:

	2023		2022	
Awards	**Number of Awards**	**Weighted Average Grant Date Fair Value**	**Number of Awards (2)**	**Weighted Average Grant Date Fair Value**
Performance stock units (1)	81,611	$ 53.44	108,464	$ 47.00
Restricted stock units	46,646	$ 53.44	58,958	$ 47.00

(1) The Company's performance stock units ("PSUs") represent shares granted for which the final number of shares earned depends on financial performance. The number of shares to be issued may vary between 0% and 200% of the number of PSUs granted depending on the relative achievement to targeted thresholds. The Company's PSUs with a financial performance condition are based on the Company's return on invested capital ("ROIC") over a one-year performance period.

(2) PSUs granted in the first quarter of 2022 includes 5,653 units that were forfeited in the first quarter of 2023 and 62,201 units that will be converted to shares and issued to recipients in the first quarter of 2025 at 60.5% of the target amount granted, based on the Company's actual ROIC compared to ROIC target for the performance period ended December 31, 2022.

Equity Based Awards - Settled in Cash

The Company's equity-based awards that are settled in cash are the awards under the Management Stock Purchase Plan (the “MSPP”) which is authorized under the Company's equity incentive plans. The MSPP provides participants the ability to defer a portion of their compensation, convertible to unrestricted investments, restricted stock units, or a combination of both, or defer a portion of their directors’ fees, convertible to restricted stock units. Employees eligible to defer a portion of their compensation also receive a company-matching award in restricted stock units equal to a percentage of their compensation.

The deferrals and related company match are credited to an account that represents a share-based liability. The portion of the account deferred to unrestricted investments is measured at fair market value of the unrestricted investments, and the portion of the account deferred to restricted stock units and company-matching restricted stock units is measured at a 200-day average of the Company’s stock price. The account will be converted to and settled in cash payable to participants upon retirement or a termination of their service to the Company.

Total MSPP liabilities recorded on the consolidated balance sheet as of March 31, 2023 was $15.9 million, of which $2.0 million was included in current accrued expenses and $13.9 million was included in non-current liabilities. Total MSPP liabilities recorded on the consolidated balance sheet as of December 31, 2022 was $15.4 million, of which $2.3 million was included in current accrued expenses and $13.1 million was included in non-current liabilities. The value of the restricted stock units within the MSPP liability were $13.7 million and $13.4 million at March 31, 2023 and December 31, 2022, respectively.

The following table provides the number of restricted stock units credited to active participant accounts and the payments made with respect to MSPP liabilities during the three months ended March 31,:

	2023	2022
Restricted stock units credited	41,743	2,876
MSPP liabilities paid (in thousands)	$ 2,147	$ 2,545

(11) EXIT ACTIVITY COSTS AND ASSET IMPAIRMENTS

The Company has incurred exit activity costs and asset impairment charges as a result of its 80/20 simplification and portfolio management initiatives. These initiatives have resulted in the identification of low-volume, low margin, internally-produced products which have been or will be outsourced or discontinued, the simplification of processes, the sale and exiting of less profitable businesses or product lines, and a reduction in the Company's manufacturing footprint.

Exit activity costs (recoveries) were incurred during the three months ended March 31, 2023 and 2022 which related to moving and closing costs, and severance, along with asset impairment charges (recoveries) related to the write-down of inventory associated with discontinued product lines, as a result of process simplification initiatives. In conjunction with these initiatives, the Company recorded costs during the three months ended March 31, 2023 associated with the final closure and sale of a facility closed during the fourth quarter of 2022. During the three months ended March 31, 2022, the Company closed one facility as a result of these initiatives.

The following tables set forth the exit activity costs (recoveries) and asset impairment charges (recoveries) incurred by segment during the three months ended March 31, related to the restructuring activities described above (in thousands):

	2023			2022		
	Exit activity costs	Asset impairment recovery	Total	Exit activity costs (recoveries), net	Asset impairment charges	Total
Renewables	$ —	$ (63)	$ (63)	$ 1,328	$ 1,198	$ 2,526
Residential	114	—	114	3	—	3
Agtech	561	—	561	(9)	—	(9)
Infrastructure	—	—	—	(63)	—	(63)
Corporate	—	—	—	20	—	20
Total	$ 675	$ (63)	$ 612	$ 1,279	$ 1,198	$ 2,477

The following table provides a summary of where the exit activity costs and asset impairment charges were recorded in the consolidated statements of income for the three months ended March 31, (in thousands):

	2023	2022
Cost of sales	$ 513	$ 2,208
Selling, general, and administrative expense	99	269
Total exit activity and asset impairment charges	$ 612	$ 2,477

The following table reconciles the beginning and ending liability for exit activity costs relating to the Company's facility consolidation efforts (in thousands):

	2023	2022
Balance at January 1	$ 2,417	$ 272
Exit activity costs recognized	675	1,279
Cash payments	(1,321)	(116)
Balance at March 31	$ 1,771	$ 1,435

(12) INCOME TAXES

The following table summarizes the provision for income taxes for continuing operations (in thousands) for the three months ended March 31, and the applicable effective tax rates:

	2023	2022
Provision for income taxes	$ 7,177	$ 5,101
Effective tax rate	25.4 %	24.8 %

The effective tax rate for the three months ended March 31, 2023 and 2022, respectively, was greater than the U.S. federal statutory rate of 21% due to state taxes and nondeductible permanent differences partially offset by favorable discrete items.

(13) EARNINGS PER SHARE

Earnings per share and the weighted average shares outstanding used in calculating basic and diluted earnings per share are as follows for the three months ended March 31, (in thousands):

	2023	2022
Numerator:		
Net income available to common stockholders	$ 21,099	$ 15,456
Denominator for basic earnings per share:		
Weighted average shares outstanding	30,897	32,913
Denominator for diluted earnings per share:		
Weighted average shares outstanding	30,897	32,913
Common stock units	127	109
Weighted average shares and conversions	31,024	33,022

The weighted average number of diluted shares does not include potential anti-dilutive common shares issuable pursuant to equity based incentive compensation awards. The following table provides the potential anti-dilutive common stock units for the three months ended March 31, (in thousands):

	2023	2022
Common stock units	64	54

(14) SEGMENT INFORMATION

The Company is organized into four reportable segments on the basis of the production processes, products and services provided by each segment, identified as follows:

(i) Renewables, which primarily includes designing, engineering, manufacturing and installation of solar racking and electrical balance of systems;

(ii) Residential, which primarily includes roof and foundation ventilation products, centralized mail systems and electronic package solutions, retractable awnings and gutter guards, and rain dispersion products, trims and flashings and other accessories;

(iii) Agtech, which provides growing solutions including the designing, engineering, manufacturing and installation of greenhouses; and

(iv) Infrastructure, which primarily includes structural bearings, expansion joints and pavement sealant for bridges, airport runways and roadways, elastomeric concrete, and bridge cable protection systems.

When determining the reportable segments, the Company aggregated operating segments based on their similar economic and operating characteristics.

The following table illustrates certain measurements used by management to assess performance of the segments described above for the three months ended March 31, (in thousands):

	2023	2022
Net sales:		
Renewables	$ 59,205	$ 78,783
Residential	179,495	179,485
Agtech	35,852	42,428
Infrastructure	18,715	17,169
Total net sales	$ 293,267	$ 317,865
Income from operations:		
Renewables	$ 2,269	$ (6,984)
Residential	29,509	33,435
Agtech	2,330	31
Infrastructure	2,714	1,181
Unallocated Corporate Expenses	(7,452)	(6,468)
Total income from operations	$ 29,370	$ 21,195

	March 31, 2023	December 31, 2022
Total assets:		
Renewables	$ 393,088	$ 392,368
Residential	535,423	519,567
Agtech	180,688	193,966
Infrastructure	82,795	80,264
Unallocated corporate assets	16,498	24,448
	$ 1,208,492	$ 1,210,613

The following tables illustrate segment revenue disaggregated by timing of transfer of control to the customer for the three months ended March 31 (in thousands):

	Three Months Ended March 31, 2023				
	Renewables	Residential	Agtech	Infrastructure	Total
Net sales:					
Point in Time	$ 9,094	$ 177,942	$ 5,107	$ 6,061	$ 198,204
Over Time	50,111	1,553	30,745	12,654	95,063
Total net sales	$ 59,205	$ 179,495	$ 35,852	$ 18,715	$ 293,267

	Three Months Ended March 31, 2022				
	Renewables	Residential	Agtech	Infrastructure	Total
Net sales:					
Point in Time	$ 5,650	$ 178,131	$ 1,613	$ 6,303	$ 191,697
Over Time	73,133	1,354	40,815	10,866	126,168
Total net sales	$ 78,783	$ 179,485	$ 42,428	$ 17,169	$ 317,865

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

Certain information set forth herein includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and, therefore are, or may be deemed to be, “forward-looking statements.” These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes,” “anticipates,” “aspires,” “expects,” “estimates,” “seeks,” “projects,” “intends,” “plans,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, competition, strategies, margins, integration of acquired businesses, the industries in which we operate and the expected impact of evolving laws and regulation. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the “Risk Factors” disclosures in our most recent Annual Report on Form 10-K. Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition, liquidity and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained herein. In addition, even if our results of operations, financial condition, liquidity, and the development of the industries in which we operate are consistent with the forward-looking statements contained in this Quarterly Report on Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make herein speak only as of the date of those statements, and we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

The Company uses certain operating performance measures, specifically consolidated gross margin, operating margin by segment and consolidated operating margin, to manage the Company's businesses, set operational goals, and establish performance targets for incentive compensation for the Company's employees. The Company defines consolidated gross margin as a percentage of total consolidated gross profit to total consolidated net sales. The Company defines operating margin by segment as a percentage of total income from operations by segment to total net sales by segment and consolidated operating margin as a percentage of total consolidated income from operations to total consolidated net sales. The Company believes consolidated gross margin, operating margin and consolidated operating margin may be useful to investors in evaluating the profitability of the Company's segments and the Company on a consolidated basis.

Overview

Gibraltar Industries, Inc. (the "Company") is a leading manufacturer and provider of products and services for the renewable energy, residential, agtech, and infrastructure markets.

The Company operates and reports its results in the following four reporting segments:
- Renewables;
- Residential;
- Agtech; and
- Infrastructure.

The Company serves customers primarily in North America including renewable energy (solar) developers, home improvement retailers, wholesalers, distributors, institutional and commercial growers of food and plants, and contractors. At March 31, 2023, the Company operated 33 facilities, comprised of 25 manufacturing facilities, one distribution center, and seven offices, which are located in 15 states, Canada, China, and Japan. The Company's operational infrastructure provides the necessary scale to support regional and national customers in each of the Company's markets.

Recent Trends

The broader market dynamics over the past few years, have resulted in impacts to the Company, including material cost inflation, labor availability issues and logistics costs increases. The Company has also been impacted from supply constraints for materials and commodities used in its operations and from shortages in solar panels used by the Company's customers in conjunction with the goods and services the Company provides. In certain instances these constraints have resulted in project delays, cost inflation and logistical delays. The Company continues to work with its customers and suppliers in this dynamic environment to better align pricing, understand the existing and potential future impacts to the supply chain, and make efforts to mitigate such impacts. The Company expects that some of these dynamics will continue in 2023 and could continue to have an impact on demand, material costs, labor and logistics.

In June 2022, the Uyghur Forced Labor Prevention Act ("UFLPA") was enacted. The UFLPA requires traceability of components of imported goods to validate that the components are not sourced from areas in the Xinjiang region of China. This has caused solar panels to be held at the border awaiting a determination that the panels do not contain components from Xinjiang. While a few of the historically significant suppliers have begun to have panels cleared for importation, the clearance is still on a shipment-by-shipment basis, and formal documentation requirements have not yet been published. Some of the Company's larger customers have continued to shift sourcing to modules manufactured outside of China in efforts to clear U.S. customs more efficiently and ramp up the execution of solar projects.

In December 2022, the U.S. Department of Commerce ("USDOC") announced its preliminary ruling regarding the circumvention of antidumping and countervailing duties (“AD/CVD”) on Chinese imports of solar panels produced in four other countries in Southeast Asia. Four of eight major manufacturers across the four countries investigated were found to have been circumventing the AD/CVD orders. The findings are preliminary and further investigation is occurring with a final determination scheduled for August 17, 2023. Independent of the DOC’s final determination, the Presidential Proclamation issued in June 2022 provides that duties will not be collected on the imports from the impacted countries until June 2024. This provides U.S. solar importers time to adjust supply chains to ensure compliance with U.S. law. As the timing and progress of many of our customers’ projects depend upon the supply of solar panels, our operating results have been and could be impacted by these actions. We continue to work with customers who are assessing their ability to source panels needed to complete projects.

On August 16, 2022, the Inflation Reduction Act ("IRA") was signed into law. Among other things, the IRA provides for Investment Tax Credits ("ITC") for renewable energy. The IRA provides a 30% ITC for projects started prior January 29, 2023. Projects started on or after this date have the opportunity to claim the 30% rate only if the project is less than one megawatt or adheres to the new prevailing wage and apprenticeship requirements. Otherwise, these projects will default to a base rate of 6%. The IRA also provides the option to earn an additional 10% credit for domestic content, and separately, an additional 10% credit for siting a project in an “energy community.” Lastly, under the IRA, Manufacturers Tax Credits ("MTC") that support clean energy manufacturing were established and expanded, and are available to suppliers of certain, specific solar tracker components, including mechanical parts and battery storage, that are made in the U.S. Final guidance is pending and expected to be issued by the Department of Treasury over the course of 2023 for the domestic content, energy community, and MTC credits. The Company believes that these enhanced tax credits under the IRA will provide long-term certainty for the industry and should reduce policy driven demand swings for our products. We will work with our customers to maximize the tax credits available to them.

Business Strategy

The Company's mission is to make life better for people and the planet, fueled by advancing the disciplines of engineering, science, and technology. The Company is innovating to reshape critical markets in sustainable power, comfortable and efficient living, and productive growing throughout North America. Furthermore, the Company strives to create compounding and sustainable value for its stockholders and stakeholders with strong and relevant leadership positions in higher growth, profitable end markets focused on addressing some of the world's most challenging opportunities. The foundation of the Company's strategy is built on three core pillars: Business System, Portfolio Management, and Organization Development.

1. Business System reflects the necessary systems, processes, and management tools required to deliver consistent and continuous performance improvement, every day. The Company's business system is a critical enabler to grow, scale, and deliver its plans. The Company's focus is on deploying effective tools to drive growth, improve operating performance, and develop the organization utilizing 80/20 and lean quote-to-cash initiatives along with digital systems for speed, agility and responsiveness. The Business System pillar challenges existing operating paradigms, drives day-to-day performance, forces prioritization of resources, tests the Company's business models, and drives new product and services innovation.
2. Portfolio Management is focused on optimizing the Company’s business portfolio in higher growth markets with leadership positions while ensuring its financial capital and human resources are effectively and

efficiently deployed to deliver sustainable, profitable growth while increasing its relevance with customers and shaping its markets. In 2022, the Company acquired Quality Aluminum Products ("QAP") in the Residential segment and made the decision to divest its non-core Processing business within the Agtech segment to help achieve these objectives.

3. Organization Development drives the Company's continuous focus on ensuring it has the right design and structure to scale the organization in order to execute the Company's plans and meet commitments. The Company aspires to make its place of work the "Best Place to Work", where focus is on creating an environment for our people to have the best opportunity for success, continue to develop, grow and learn. At core of this pillar is the Company's development process focused on helping employees reach their potential, improve performance, develop career roadmaps, identify ongoing education requirements, and respective succession plans. The Company believes doing so helps it attract and retain the best people to execute its business plans.

The Company believes the key elements of the Company's strategy have, and will continue to, enable the Company to respond timely to changes in the end markets the Company serves, including the broader market dynamics experienced over the past two years. The Company has and expects to continue to examine the need for restructuring of the Company's operations, including consolidation of facilities, reducing overhead costs, curtailing investments in working capital, and managing the Company's business to generate incremental cash. The Company believes its strategy enables the Company to respond to volatility in commodity and other input costs and fluctuations in customer demand, along with striving to maintain and improve margins. The Company has used cash flows generated by these initiatives to minimize debt, improve the Company's liquidity position, invest in growth initiatives and return capital to the Company's shareholders through share repurchases. Overall, the Company continues to strive to achieve stronger financial results, make more efficient use of capital, and deliver higher stockholder returns.

Recent Developments

On December 8, 2022, the Company entered into a Credit Agreement (the "Credit Agreement"), and concurrently with entering into the Credit Agreement, the Company paid off all amounts owed under the Sixth Amended and Restated Credit Agreement dated as of January 24, 2019, which was terminated with no prepayment penalties. The Credit Agreement provides for a revolving credit facility and letters of credit in an aggregate amount equal to $400 million. The Company can request additional financing to increase the revolving credit facility to $700 million or enter into a term loan of up to $300 million subject to conditions set forth in the Credit Agreement. The Credit Agreement contains two financial covenants. As of March 31, 2023, the Company was in compliance with both financial covenants. The Credit Agreement terminates on December 8, 2027.

On August 22, 2022, the Company purchased all the issued and outstanding membership interests of Quality Aluminum Products ("QAP"), a manufacturer of soffit, fascia, trim coil, rain carrying products and aluminum siding for an aggregate purchase price of $52.1 million. The acquisition of QAP was financed primarily through borrowings under the Company's revolving credit facility. The results of operations of QAP have been included in the Residential segment of the Company's consolidated financial statements from the date of acquisition.

In May 2022, the Company's Board of Directors authorized a share repurchase program of up to $200 million of the Company's issued and outstanding common stock. The program has a duration of three years, ending May 2, 2025. Repurchases may be made, from time to time, in amounts and at prices the Company deems appropriate, subject to market conditions, applicable legal requirements, debt covenants and other considerations. Any such repurchases may be executed using open market purchases, privately negotiated agreements or other transactions. The repurchase program may be suspended or discontinued at any time at the Company's discretion. As of March 31, 2023, the Company has repurchased 2,150,903 shares for an aggregate price of $93.2 million under this repurchase program.

Results of Operations

Three Months Ended March 31, 2023 Compared to the Three Months Ended March 31, 2022

The following table sets forth selected results of operations data and its percentage of net sales for the three months ended March 31 (in thousands):

	2023		2022	
Net sales	$ 293,267	100.0 %	$ 317,865	100.0 %
Cost of sales	216,338	73.8 %	253,021	79.6 %
Gross profit	76,929	26.2 %	64,844	20.4 %
Selling, general, and administrative expense	47,559	16.2 %	43,649	13.7 %
Income from operations	29,370	10.0 %	21,195	6.7 %
Interest expense	1,491	0.5 %	485	0.2 %
Other (income) expense	(397)	(0.1)%	153	0.0 %
Income before taxes	28,276	9.6 %	20,557	6.5 %
Provision for income taxes	7,177	2.4 %	5,101	1.6 %
Net income	$ 21,099	7.2 %	$ 15,456	4.9 %

The following table sets forth the Company’s net sales by reportable segment for the three months ended March 31, (in thousands):

				Impact of		
	2023	2022	Total Change	Acquisitions	Portfolio Management	Ongoing Operations
Net sales:						
Renewables	$ 59,205	$ 78,783	$ (19,578)	$ —	$ —	$ (19,578)
Residential	179,495	179,485	10	14,266	—	(14,256)
Agtech	35,852	42,428	(6,576)	—	691	(7,267)
Infrastructure	18,715	17,169	1,546	—	—	1,546
Consolidated	$ 293,267	$ 317,865	$ (24,598)	$ 14,266	$ 691	$ (39,555)

Consolidated net sales decreased by $24.6 million, or 7.7%, to $293.3 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The 7.7% decrease in revenue was driven by a $39.6 million or 12.4% decrease in organic revenue, largely the result of a 14% volume decline, partially offset by a 1% increase in pricing to customers. Partially offsetting the year over year decrease were $14.3 million of revenues generated by QAP, which was acquired during the third quarter of 2022 and reported as part of the Company's Residential segment. Consolidated backlog decreased 18% to $360 million down from $437 million at the end of the prior year quarter.

Net sales in the Company's Renewables segment decreased $19.6 million, or 24.9%, to $59.2 million for the three months ended March 31, 2023 compared to $78.8 million for the three months ended March 31, 2022. Revenue declined as the demand for solar panel installation continues to be impacted by panel importation challenges resulting from the UFLPA, which was implemented in June 2022. Additionally, adverse winter weather conditions experienced in the current year quarter impacted the scheduling of projects. As a result, backlog decreased 20% from the prior year, however, the Company expects backlog to improve once there is better understanding of documentary compliance requirements relative to the UFLPA.

Net sales in the Company's Residential segment were flat at $179.5 million for both the three months ended March 31, 2023 and 2022, respectively. The positive impact of participation gains along with $14.3 million of sales generated by QAP, acquired in the third quarter of 2022, offset headwinds of channel inventory correction, the market's return to normal seasonal demand, and adverse winter weather in key regions of the U.S.

Net sales in the Company's Agtech segment decreased 15.3%, or $6.6 million, to $35.9 million for the three months ended March 31, 2023 compared to $42.4 million for the three months ended March 31, 2022. Revenue declined in the Company's produce businesses as customers re-scope and re-prioritize project launch of fruit and vegetable growing facilities. While the active project pipeline continues to grow, backlog decreased 32% year over year.

Net sales in the Company's Infrastructure segment increased 8.7%, or $1.5 million, to $18.7 million for the three months ended March 31, 2023 compared to $17.2 million for the three months ended March 31, 2022. The increase in revenue was due to continued solid market demand, which also resulted in an 38% increase in backlog year over year. Management expects continued positive momentum from increased infrastructure spending related to the Infrastructure Investment and Jobs Act, and ongoing efforts to increase market participation.

The Company's consolidated gross margin increased to 26.2% for the three months ended March 31, 2023 compared to 20.4% for the three months ended March 31, 2022. The increase was driven by business mix, field operations productivity and improvement in supply chain management and efficiencies along with continuing progress in the Company's business operating system.

Selling, general, and administrative ("SG&A") expenses increased by $3.9 million, or 9.0% to $47.6 million for the three months ended March 31, 2023 compared to $43.6 million for the three months ended March 31, 2022. The $3.9 million increase was the combined result of higher performance-based compensation expense as compared to the prior year, largely the result of equity-based awards in the Company's deferred compensation plan that are valued based on its 200-day average stock price, along with incremental SG&A expenses incurred by QAP, acquired in the third quarter of 2022. SG&A expenses as a percentage of net sales increased to 16.2% for the three months ended March 31, 2023 compared to 13.7% for the three months ended March 31, 2022.

The following table sets forth the Company’s income from operations and income from operations as a percentage of net sales by reportable segment for the three months ended March 31, (in thousands):

	2023		2022		Total Change	Impact of	
						Portfolio Management	Ongoing Operations
Income from operations:							
Renewables	$ 2,269	3.8 %	$ (6,984)	(8.9)%	$ 9,253	$ —	$ 9,253
Residential	29,509	16.4 %	33,435	18.6 %	(3,926)	—	(3,926)
Agtech	2,330	6.5 %	31	0.1 %	2,299	1,890	409
Infrastructure	2,714	14.5 %	1,181	6.9 %	1,533	—	1,533
Unallocated Corporate Expenses	(7,452)	(2.5)%	(6,468)	(2.0)%	(984)	—	(984)
Consolidated income from operations	$ 29,370	10.0 %	$ 21,195	6.7 %	$ 8,175	$ 1,890	$ 6,285

The Renewables segment generated an operating margin of 3.8% in the current year quarter compared to (8.9)% in the prior year quarter. The increase in operating margin was driven by field operations productivity and improved supply chain management that offset lower volumes, along with restructuring costs recorded in the prior year quarter.

The Residential segment generated an operating margin of 16.4% in the current year quarter compared to 18.6% in the prior year quarter. The decrease in operating margin was the result of expected compression in price to material cost alignment and the anticipated lower margins from the Company's recent acquisition of QAP. The Company expects margins to improve as seasonal volume accelerates, price / material cost are better aligned, and QAP integration benefits are realized.

The Agtech segment generated an operating margin of 6.5% in the current year quarter compared to 0.1% in the prior year quarter. Operating margin improved year over year, the result of business mix, improvement in its business operating system, along with supply chain productivity and efficiency improvement.

The Infrastructure segment generated an operating margin of 14.5% during the three months ended March 31, 2023 compared to 6.9% during the three months ended March 31, 2022. The margin improved year over year driven by strong operating execution, volume leverage, and supply chain productivity.

Unallocated corporate expenses increased $1.0 million from $6.5 million during the three months ended March 31, 2022 to $7.5 million during the three months ended March 31, 2023. The increase in expense was primarily the result of higher performance-based compensation expense for equity-based awards in the Company's deferred compensation plan that are valued based on its 200-day average stock price as compared to the prior year quarter.

Interest expense increased year over year with $1.5 million for the three months ended March 31, 2023 compared to $0.5 million for the three months ended March 31, 2022. The increase in expense was due to both higher interest rates compared to the prior year quarter along with higher outstanding balances on the Company's revolving credit facility during the quarter. The outstanding balances on the Company's revolving credit facility were $49.9 million and $42.4 million as of March 31, 2023, and 2022, respectively.

The Company recorded other income of $0.4 million for the three months ended March 31, 2023, compared to other expense of $0.2 million recorded for the three months ended March 31, 2022. The change year over year is primarily the result of foreign currency translation fluctuations.

The Company recognized a provision for income taxes of $7.2 million and $5.1 million, with effective tax rates of 25.4% and 24.8% for the three months ended March 31, 2023, and 2022, respectively. The effective tax rate for the three months ended March 31, 2023, and 2022, respectively, was greater than the U.S. federal statutory rate of 21% due to state taxes and nondeductible permanent differences partially offset by favorable discrete items.

Liquidity and Capital Resources

The following table sets forth the Company's liquidity position as of (in thousands):

	March 31, 2023	December 31, 2022
Cash and cash equivalents	$ 7,497	$ 17,608
Availability on revolving credit facility	343,655	304,505
	$ 351,152	$ 322,113

Sources of Liquidity

The Company's sources of liquidity are comprised of cash on hand and available borrowing capacity provided under the Company's Credit Agreement (the "Credit Agreement"), entered into on December 8, 2022. This Credit Agreement replaced and paid off all amounts owed under the Sixth Amended and Restated Credit Agreement dated as of January 24, 2019. The Credit Agreement maintains similar capacity as the prior agreement in which it provides for a revolving credit facility and letters of credit in an aggregate amount equal to $400 million. The Company can request additional financing to increase the revolving credit facility to $700 million or enter into a term loan of up to $300 million subject to conditions set forth in the Credit Agreement. The Company believes that these sources provide the Company with ample liquidity and capital resources to invest in operational excellence, growth initiatives and the development of the organization.

The Company has been able to weather the economic impacts of the broader market dynamics, including the inflationary cost environment, while continuing to make investments that support the Company's strategy. The Company continues to remain focused on managing its working capital, closely monitoring customer credit and collection activities, and working to extend payment terms with its vendors. The Company believes its liquidity, together with the cash expected to be generated from operations, should be sufficient to fund working capital needs and growth initiatives for the foreseeable future.

The Company uses the Credit Agreement to provide liquidity and capital resources primarily for the Company's U.S. operations. Generally, the Company's foreign operations have generated cash flow from operations sufficient to invest in working capital and fund their capital improvements. As of March 31, 2023 and December 31, 2022, the Company's foreign subsidiaries held $7.5 million and $15.2 million of cash, respectively.

Outstanding balances on the Company's revolving credit facility under the Company's Credit Agreement accrue interest at a rate, at the Company's option, equal to the applicable margin plus (a) a base rate, (b) a daily simple secured overnight financing rate ("SOFR"), (c) a term SOFR rate, or (d) for certain foreign currencies, a foreign currency rate. See Note 8 to the Company's consolidated financial statements in Part I, Item 1, Financial Statements, of this Quarterly Report on Form 10-Q for further information on the Company’s Credit Agreement.

Uses of Cash / Cash Requirements

The Company's material short-term cash requirements primarily include accounts payable, certain employee and retiree benefit-related obligations, operating lease obligations, interest payments on outstanding debt, repayments of borrowing on its revolving credit facility, capital expenditures, and other purchase obligations originating in the normal course of business for inventory purchase orders and contractual service agreements. The Company's principal capital requirements are to fund its operations' working capital and capital improvements, as well as provide capital for acquisitions and to strategically allocate capital through repurchases of Company stock. The Company will continue to invest in growth opportunities as appropriate while focusing on working capital efficiency and profit improvement opportunities to minimize the cash invested to operate its business. The Company intends to fund its cash requirements through cash generated from operations and, as necessary, from the availability on its revolving credit facility.

In May 2022, the Company's Board of Directors authorized a share repurchase program of up to $200 million of the Company's issued and outstanding common stock. The program has a duration of three years, ending May 2, 2025. Repurchases may be made, from time to time, in amounts and at prices the Company deems appropriate, subject to market conditions, applicable legal requirements, debt covenants and other considerations. Any such repurchases may be executed using open market purchases, privately negotiated agreements or other transactions. The repurchase program may be suspended or discontinued at any time at the Company's discretion. As of March 31, 2023, the Company has repurchased 2,150,903 shares for an aggregate price of $93.2 million under this repurchase program, including 153,537 shares repurchased for an aggregate price of $7.4 million during the three months ended March 31, 2023.

Over the long-term, the Company expects that future investments, including strategic business opportunities such as acquisitions, may be financed through a number of sources, including internally available cash, availability under the Credit Agreement, new debt financing, the issuance of equity securities, or any combination of the aforementioned. All potential acquisitions are evaluated based on the Company's acquisition strategy, which includes the enhancement of the Company's existing products, operations, and/or capabilities, as well as expanding the Company's access to new products, markets, and customers, with the goal of creating compounding and sustainable stockholder value.

These expectations are forward-looking statements based upon currently available information and may change if conditions in the credit and equity markets deteriorate or other circumstances change. To the extent that operating cash flows are lower than current levels, or sources of financing are not available or not available at acceptable terms, the Company's future liquidity may be adversely affected.

Except as disclosed above, there have been no material changes in the Company's cash requirements since December 31, 2022, the end of fiscal year 2022. See Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Cash Flows

The following table sets forth selected cash flow data for the three months ended March 31, (in thousands):

	2023	**2022**
Cash provided by (used in):		
Operating activities	$ 38,045	$ (7,754)
Investing activities	(1,636)	(4,402)
Financing activities	(46,509)	15,039
Effect of foreign exchange rate changes	(11)	(159)
Net (decrease) increase in cash and cash equivalents	$ (10,111)	$ 2,724

Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2023 of $38.0 million consisted of net income of $21.1 million, non-cash net charges totaling $9.3 million, which include depreciation, amortization, stock-based compensation, exit activity recoveries and other non-cash charges, and $7.6 million of cash generated from working capital and other net assets. The cash generated from working capital and other net assets was due to an increase in accounts payable as a result of the timing of purchases and vendor payments, offset by an increase in accounts receivable as revenues increased in the latter part of the quarter.

Net cash used in operating activities for the three months ended March 31, 2022 of $7.7 million consisted of income from continuing operations of $15.5 million and non-cash net charges totaling $10.3 million, which include depreciation, amortization, stock compensation, exit activity costs and other non-cash charges, offset by a $33.5 million investment in working capital and other net assets. The investment in working capital and other net assets was due to increases in inventory as a result of provisioning for potential supply chain disruptions and raw material and freight costs, along with an increase in accounts receivable as the result of seasonal increases in demand and a decrease in accounts payable as the result of timing of vendor payments. This was offset by an increase in accrued expenses and other non-current liabilities due to an increase in unbilled project revenues.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2023 of $1.6 million was primarily due to capital expenditures of $2.2 million, offset by receipt of the $0.6 million final working capital settlement resulting from the 2022 acquisition of QAP.

Net cash used in investing activities for the three months ended March 31, 2022 of $4.4 million was primarily due to capital expenditures of $4.4 million.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2022 of $46.5 million consisted of net long-term debt payments of $39.0 million and $7.5 million of common stock repurchases. Net long-term debt payments consisted of $50.0 million in long-term debt payments, offset by $11.0 million in proceeds from borrowing on the Company's long-term debt credit facility. The Company repurchased 153,537 shares under the Company's authorized share repurchase program which totaled $5.6 million paid during the three months ended March 31, 2023 with the balance repurchased common stock of $1.9 million related to the net settlement of tax obligations for participants in the Company's equity incentive plans.

Net cash provided by financing activities for the three months ended March 31, 2022 of $15.0 million was the result of $47.5 million in proceeds from borrowing on the Company's long-term credit facility, offset by $29.0 million in payments on long-term debt and $3.5 million of common stock repurchases related to the net settlement of tax obligations for participants in the Company's equity incentive plans.

Critical Accounting Estimates

There have been no material changes to the Company's critical accounting estimates during the three months ended March 31, 2023 from those disclosed in the consolidated financial statements and accompanying notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Recent Accounting Pronouncements

See Note 2 to the Company's consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information on recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of business, the Company is exposed to various market risk factors, including changes in general economic conditions, competition, interest rates, foreign exchange rates, and raw materials pricing and availability. In addition, the Company is exposed to other financial market risks, primarily related to its foreign operations. In the current year, there have been no material changes in the information provided under Item 7A in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Management of the Company, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered in this report. Based upon that evaluation and the definition of disclosure controls and procedures contained in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that as of the end of such period the Company’s disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting (as defined by Rule 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934, as amended) that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time the Company has been and may in the future become involved in litigation, as well as other legal proceedings in the ordinary course of the Company's business. The Company maintains liability insurance against risks arising out of the normal course of business. While the outcome of these legal proceedings cannot be predicted with certainty, the Company's management, based on currently available facts, does not believe that the ultimate outcome of any pending litigation will have a material effect on the Company's consolidated financial condition, results of operations, or liquidity.

There were no material legal proceedings terminated, settled, or otherwise resolved during the three months ended March 31, 2023.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risks discussed in “Part I, Item 1A. Risk Factors” in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022. These risks and uncertainties have the potential to materially affect the Company's business, financial condition, results of operation, cash flows, and future prospects. Additional risks and uncertainties not currently known to the Company or that the Company currently deems immaterial may materially adversely impact the Company's business, financial condition, or operating results. During the quarter ended March 31, 2023, there have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

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

In May 2022, the Company's Board of Directors authorized a share repurchase program of up to $200 million of the Company's issued and outstanding common stock. The program was publicly announced on May 4, 2022 and has a duration of three years, ending May 2, 2025. Repurchases may be made, from time to time, in amounts and at prices the Company deems appropriate, subject to market conditions, applicable legal requirements, debt covenants and other considerations. Any such repurchases may be executed using open market purchases, privately negotiated agreements or other transactions. The repurchase program may be suspended or discontinued at any time at the Company's discretion.

The following table sets forth purchases made by or on behalf of the Company during the quarter ended March 31, 2023.

	Issuer Purchases of Equity Securities			
Period	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Program**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program**
January 1 - 31, 2023	76,937	$ 47.98	76,937	$ 110,432,987
February 1 - 28, 2023	2,200	$ 48.56	2,200	$ 110,326,147
March 1 - 31, 2023	74,400	$ 47.98	74,400	$ 106,756,068
Total	153,537	$ 47.99	153,537	

The Company did not sell unregistered equity securities during the period covered by this report.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

3.1	Certificate of Incorporation of Gibraltar Industries, Inc., as amended by: (i) Certificate of Amendment of Certificate of Incorporation of Gibraltar Industries, Inc. filed on October 27, 2004, (ii) Certificate of Change of Registered Agent and Registered Office of Gibraltar Industries, Inc. filed on May 11, 2005, (iii) Certificate of Amendment of Certificate of Incorporation of Gibraltar Industries, Inc. filed on May 22, 2012, (iv) Certificate of Amendment of Certificate of Incorporation of Gibraltar Industries, Inc. filed on May 11, 2015, (v) Certificate of Change of Registered Agent and/or Registered Office filed on January 10, 2019, and (vi) Certificate of Amendment of Certificate of Incorporation of Gibraltar Industries, Inc. filed on May 6, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on August 3, 2021)
3.2	Second Amended and Restated By-Laws of Gibraltar Industries, Inc., effective as of December 7, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K/A filed on December 9, 2022)
31.1*	Certification of Chairman of the Board, President and Chief Executive Officer pursuant to Section 302 of the Sarbanes–Oxley Act of 2002.
31.2*	Certification of Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes–Oxley Act of 2002.
32.1**	Certification of the Chairman of the Board, President and Chief Executive Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
32.2**	Certification of the Senior Vice President and Chief Financial Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Submitted electronically with this Quarterly Report on Form 10-Q.

** Documents are furnished not filed herewith.

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.

GIBRALTAR INDUSTRIES, INC.
(Registrant)

/s/ William T. Bosway
William T. Bosway
Chairman of the Board, President and Chief Executive Officer

/s/ Timothy F. Murphy
Timothy F. Murphy
Senior Vice President and
Chief Financial Officer

Date: May 3, 2023

EXHIBIT 31.1

CERTIFICATIONS

I, William T. Bosway, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Gibraltar Industries, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 3, 2023

/s/ William T. Bosway

William T. Bosway

Chairman of the Board, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Timothy F. Murphy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Gibraltar Industries, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 3, 2023

/s/ Timothy F. Murphy
Timothy F. Murphy
Senior Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER
PURSUANT TO TITLE 18, UNITED STATES CODE, SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, William T. Bosway, President and Chief Executive Officer, of Gibraltar Industries, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

/s/ William T. Bosway
William T. Bosway
Chairman of the Board, President and Chief Executive Officer

May 3, 2023

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
PURSUANT TO TITLE 18, UNITED STATES CODE, SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy F. Murphy, Senior Vice President and Chief Financial Officer, of Gibraltar Industries, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

/s/ Timothy F. Murphy
Timothy F. Murphy
Senior Vice President and
Chief Financial Officer

May 3, 2023

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.