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 SEPTEMBER 30, 2023

OR

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

For the transition period from _________ to _________ .

Commission File Number 1-38494

ARCOSA

Arcosa, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**82-5339416**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
500 N. Akard Street, Suite 400 **Dallas, Texas**	**75201**
(Address of principal executive offices)	(Zip Code)

(972) 942-6500
(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

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

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

At October 13, 2023, the number of shares of common stock outstanding was 48,759,966.

ARCOSA, INC.

FORM 10-Q

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PART I

Item 1. ***Financial Statements***
Arcosa, Inc. and Subsidiaries
Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
	(in millions)			
Revenues	**$ 591.7**	$ 603.9	**$ 1,725.7**	$ 1,742.5
Operating costs:				
Cost of revenues	**484.6**	488.8	**1,388.9**	1,411.4
Selling, general, and administrative expenses	**61.3**	67.8	**194.5**	196.7
Gain on disposition of property, plant, equipment, and other assets	**(2.6)**	(1.7)	**(25.8)**	(6.5)
Gain on sale of storage tanks business	**—**	—	**(6.4)**	—
	543.3	554.9	**1,551.2**	1,601.6
Total operating profit	**48.4**	49.0	**174.5**	140.9
Interest expense	**6.7**	8.6	**20.9**	23.5
Other, net (income) expense	**(1.3)**	(0.2)	**(5.8)**	1.1
Income before income taxes	**43.0**	40.6	**159.4**	116.3
Provision for income taxes	**7.5**	8.6	**27.3**	25.1
Net income	**$ 35.5**	$ 32.0	**$ 132.1**	$ 91.2
Net income per common share:				
Basic	**$ 0.73**	$ 0.66	**$ 2.71**	$ 1.88
Diluted	**$ 0.72**	$ 0.66	**$ 2.70**	$ 1.87
Weighted average number of shares outstanding:				
Basic	**48.7**	48.3	**48.5**	48.2
Diluted	**48.8**	48.5	**48.7**	48.5
Dividends declared per common share	**$ 0.05**	$ 0.05	**$ 0.15**	$ 0.15

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
	(in millions)			
Net income	**$ 35.5**	$ 32.0	**$ 132.1**	$ 91.2
Other comprehensive income (loss):				
Derivative financial instruments:				
Unrealized gains (losses) arising during the period, net of tax expense (benefit) of $0.0, $0.3, $0.1, and $0.9	**—**	0.9	**0.2**	3.2
Reclassification adjustments for (gains) losses included in net income, net of tax expense (benefit) of $0.2, ($0.1), $0.4, and ($0.3)	**(0.6)**	0.1	**(1.4)**	0.9
Currency translation adjustment:				
Unrealized gains (losses) arising during the period, net of tax expense (benefit) of $0.0, ($0.2), $0.0, and ($0.2)	**(0.1)**	(0.5)	**0.1**	(0.6)
	(0.7)	0.5	**(1.1)**	3.5
Comprehensive income	**$ 34.8**	$ 32.5	**$ 131.0**	$ 94.7

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Balance Sheets

	September 30, 2023 (unaudited)	December 31, 2022
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 155.3**	$ 160.4
Receivables, net of allowance	**389.6**	334.2
Inventories:		
Raw materials and supplies	**173.3**	126.3
Work in process	**54.1**	59.2
Finished goods	**133.8**	130.3
	361.2	315.8
Other	**45.4**	46.4
Total current assets	**951.5**	856.8
Property, plant, and equipment, net	**1,254.6**	1,199.6
Goodwill	**966.6**	958.5
Intangibles, net	**247.0**	256.1
Deferred income taxes	**9.8**	9.6
Other assets	**60.1**	60.0
	$ 3,489.6	$ 3,340.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 244.8**	$ 190.7
Accrued liabilities	**121.7**	121.8
Advance billings	**31.8**	40.5
Current portion of long-term debt	**6.8**	14.7
Total current liabilities	**405.1**	367.7
Debt	**503.4**	535.9
Deferred income taxes	**193.3**	175.6
Other liabilities	**72.5**	77.0
	1,174.3	1,156.2
Stockholders' equity:		
Common stock – 200.0 shares authorized	**0.5**	0.5
Capital in excess of par value	**1,691.5**	1,684.1
Retained earnings	**640.3**	515.5
Accumulated other comprehensive loss	**(16.8)**	(15.7)
Treasury stock	**(0.2)**	—
	2,315.3	2,184.4
	$ 3,489.6	$ 3,340.6

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30,	
	2023	**2022**
	(in millions)	
Operating activities:		
Net income	**$ 132.1**	$ 91.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	**118.8**	116.9
Stock-based compensation expense	**18.3**	15.5
Provision for deferred income taxes	**14.0**	19.7
Gains on disposition of property, plant, equipment, and other assets	**(25.8)**	(6.5)
Gain on sale of storage tanks business	**(6.4)**	—
(Increase) decrease in other assets	**(3.5)**	2.3
Increase (decrease) in other liabilities	**(6.2)**	(18.7)
Other	**1.3**	(3.6)
Changes in current assets and liabilities:		
(Increase) decrease in receivables	**(34.6)**	(52.0)
(Increase) decrease in inventories	**(40.4)**	(39.1)
(Increase) decrease in other current assets	**1.0**	(3.0)
Increase (decrease) in accounts payable	**49.5**	57.9
Increase (decrease) in advance billings	**(4.1)**	(2.6)
Increase (decrease) in accrued liabilities	**(15.2)**	4.6
Net cash provided by operating activities	**198.8**	182.6
Investing activities:		
Proceeds from disposition of property, plant, equipment, and other assets	**30.1**	31.5
Proceeds from sale of storage tanks business	**2.0**	—
Capital expenditures	**(144.8)**	(85.9)
Acquisitions, net of cash acquired	**(18.8)**	(75.1)
Net cash required by investing activities	**(131.5)**	(129.5)
Financing activities:		
Payments to retire debt	**(142.0)**	(59.8)
Proceeds from issuance of debt	**100.0**	80.0
Shares repurchased	**—**	(15.0)
Dividends paid to common stockholders	**(7.3)**	(7.4)
Purchase of shares to satisfy employee tax on vested stock	**(11.1)**	(9.8)
Holdback payment from acquisition	**(10.0)**	—
Debt issuance costs	**(2.0)**	—
Net cash required by financing activities	**(72.4)**	(12.0)
Net increase (decrease) in cash and cash equivalents	**(5.1)**	41.1
Cash and cash equivalents at beginning of period	**160.4**	72.9
Cash and cash equivalents at end of period	**$ 155.3**	$ 114.0

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Stock					Treasury Stock		
	Shares	**$0.01 Par Value**	**Capital in Excess of Par Value**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Shares**	**Amount**	**Total Stockholders' Equity**
				(in millions, except par value)				
Balances at June 30, 2022	**48.9**	**$ 0.5**	**$ 1,703.1**	**$ 333.7**	**$ (16.3)**	**(0.5)**	**$ (25.0)**	**$ 1,996.0**
Net income	—	—	—	32.0	—	—	—	32.0
Other comprehensive income	—	—	—	—	0.5	—	—	0.5
Cash dividends on common stock	—	—	—	(2.4)	—	—	—	(2.4)
Restricted shares, net	—	—	5.5	—	—	—	(0.3)	5.2
Balances at September 30, 2022	**48.9**	**$ 0.5**	**$ 1,708.6**	**$ 363.3**	**$ (15.8)**	**(0.5)**	**$ (25.3)**	**$ 2,031.3**
Balances at June 30, 2023	**48.8**	**$ 0.5**	**$ 1,685.6**	**$ 607.3**	**$ (16.1)**	**—**	**$ —**	**$ 2,277.3**
Net income	—	—	—	35.5	—	—	—	35.5
Other comprehensive income	—	—	—	—	(0.7)	—	—	(0.7)
Cash dividends on common stock	—	—	—	(2.5)	—	—	—	(2.5)
Restricted shares, net	—	—	5.9	—	—	—	(0.2)	5.7
Balances at September 30, 2023	**48.8**	**$ 0.5**	**$ 1,691.5**	**$ 640.3**	**$ (16.8)**	**—**	**$ (0.2)**	**$ 2,315.3**
Balances at December 31, 2021	**48.3**	**$ 0.5**	**$ 1,692.6**	**$ 279.5**	**$ (19.3)**	**—**	**$ —**	**$ 1,953.3**
Net income	—	—	—	91.2	—	—	—	91.2
Other comprehensive income	—	—	—	—	3.5	—	—	3.5
Cash dividends on common stock	—	—	—	(7.4)	—	—	—	(7.4)
Restricted shares, net	0.6	—	16.0	—	—	(0.2)	(10.3)	5.7
Shares repurchased	—	—	—	—	—	(0.3)	(15.0)	(15.0)
Balances at September 30, 2022	**48.9**	**$ 0.5**	**$ 1,708.6**	**$ 363.3**	**$ (15.8)**	**(0.5)**	**$ (25.3)**	**$ 2,031.3**
Balances at December 31, 2022	**48.4**	**$ 0.5**	**$ 1,684.1**	**$ 515.5**	**$ (15.7)**	**—**	**$ —**	**$ 2,184.4**
Net income	—	—	—	132.1	—	—	—	132.1
Other comprehensive income	—	—	—	—	(1.1)	—	—	(1.1)
Cash dividends on common stock	—	—	—	(7.3)	—	—	—	(7.3)
Restricted shares, net	0.5	—	19.0	—	—	(0.1)	(11.8)	7.2
Retirement of treasury stock	(0.1)	—	(11.6)	—	—	0.1	11.6	—
Balances at September 30, 2023	**48.8**	**$ 0.5**	**$ 1,691.5**	**$ 640.3**	**$ (16.8)**	**—**	**$ (0.2)**	**$ 2,315.3**

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(unaudited)

Note 1. Overview and Summary of Significant Accounting Policies

Basis of Presentation

Arcosa, Inc. and its consolidated subsidiaries ("Arcosa," the "Company," "we," or "our"), headquartered in Dallas, Texas, is a provider of infrastructure-related products and solutions with leading brands serving construction, engineered structures, and transportation markets in North America. Arcosa is a Delaware corporation and was incorporated in 2018 as an independent, publicly-traded company, listed on the New York Stock Exchange.

The accompanying Consolidated Financial Statements are unaudited and have been prepared from the books and records of Arcosa, Inc. and its consolidated subsidiaries. All normal and recurring adjustments necessary for a fair presentation of the financial position of the Company and the results of operations, comprehensive income/loss, and cash flows have been made in conformity with accounting principles generally accepted in the U.S. ("GAAP"). All significant intercompany accounts and transactions have been eliminated. Because of seasonal and other factors, the financial condition and results of operations for the three and nine months ended September 30, 2023 may not be indicative of Arcosa's expected business, financial condition, and results of operations for the year ending December 31, 2023.

These interim financial statements and notes are condensed as permitted by the instructions to Form 10-Q and should be read in conjunction with the audited Consolidated Financial Statements of the Company included in its Annual Report on Form 10-K for the year ended December 31, 2022.

Stockholders' Equity

In December 2022, the Company's Board of Directors (the "Board of Directors") authorized a new $50.0 million share repurchase program effective January 1, 2023 through December 31, 2024 to replace a program of the same amount that expired on December 31, 2022. For the three and nine months ended September 30, 2023, the Company did not repurchase any shares, leaving the full amount of the $50.0 million authorization available as of September 30, 2023.

Revenue Recognition

Revenue is measured based on the allocation of the transaction price in a contract to satisfied performance obligations. The transaction price does not include any amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of principal activities from which the Company generates its revenue, separated by reportable segments. Payments for our products and services are generally due within normal commercial terms. For a further discussion regarding the Company's reportable segments, see Note 4 Segment Information.

Construction Products

The Construction Products segment recognizes substantially all revenue when the customer has accepted the product and legal title of the product has passed to the customer.

Engineered Structures

Within the Engineered Structures segment, revenue is recognized for our wind tower and certain utility structure businesses over time as the products are manufactured using an input approach based on the costs incurred relative to the total estimated costs of production. We recognize revenue over time for these products as they are highly customized to the needs of an individual customer resulting in no alternative use to the Company if not purchased by the customer after the contract is executed. In addition, we have the right to bill the customer for our work performed to date plus at least a reasonable profit margin for work performed. As of September 30, 2023, we had a contract asset of $58.9 million related to these contracts, compared to $77.5 million as of December 31, 2022, which is included in receivables, net of allowance, within the Consolidated Balance Sheets. The decrease in the contract asset is attributed to timing of deliveries of finished structures to customers during the period. For all other products, revenue is recognized when the customer has accepted the product and legal title of the product has passed to the customer.

Transportation Products

The Transportation Products segment recognizes revenue when the customer has accepted the product and legal title of the product has passed to the customer.

Unsatisfied Performance Obligations

The following table includes estimated revenue expected to be recognized in future periods related to performance obligations that are unsatisfied or partially satisfied as of September 30, 2023 and the percentage of the outstanding performance obligations as of September 30, 2023 expected to be delivered during the remainder of 2023:

	Unsatisfied performance obligations as of September 30, 2023	
	Total Amount (in millions)	**Percent expected to be delivered in 2023**
Engineered Structures:		
Utility, wind, and related structures	$ 1,450.8	15 %
Transportation Products:		
Inland barges	$ 240.4	26 %

Of the remaining unsatisfied performance obligations for utility, wind, and related structures, 33% are expected to be delivered during 2024 with the remainder expected to be delivered through 2028. All of the remaining unsatisfied performance obligations for inland barges are expected to be delivered during 2024.

Income Taxes

The liability method is used to account for income taxes. Deferred income taxes represent the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances reduce deferred tax assets to an amount that will more likely than not be realized.

The Company regularly evaluates the likelihood of realization of tax benefits derived from positions it has taken in various federal and state filings after consideration of all relevant facts, circumstances, and available information. For those tax positions that are deemed more likely than not to be sustained, the Company recognizes the benefit it believes is cumulatively greater than 50% likely to be realized. To the extent the Company were to prevail in matters for which accruals have been established or be required to pay amounts in excess of recorded reserves, the effective tax rate in a given financial statement period could be materially impacted.

Financial Instruments

The Company considers all highly liquid debt instruments to be cash and cash equivalents if purchased with a maturity of three months or less. Financial instruments that potentially subject the Company to a concentration of credit risk are primarily cash investments and receivables. The Company places its cash investments in bank deposits and highly-rated money market funds, and its investment policy limits the amount of credit exposure to any one commercial issuer. We seek to limit concentrations of credit risk with respect to receivables with control procedures that monitor the credit worthiness of customers, together with the large number of customers in the Company's customer base and their dispersion across different industries and geographic areas. As receivables are generally unsecured, the Company maintains an allowance for doubtful accounts based upon the expected credit losses. Receivable balances determined to be uncollectible are charged against the allowance. To accelerate the conversion to cash, the Company may sell a portion of its trade receivables to third parties. The Company has no recourse to these receivables once they are sold but may have continuing involvement related to servicing and collection activities. The impact of these transactions in the Company's Consolidated Statements of Operations for the three and nine months ended September 30, 2023 was not significant. The carrying values of cash, receivables, and accounts payable are considered to be representative of their respective fair values.

Derivative Instruments

The Company may, from time to time, use derivative instruments to mitigate the impact of changes in interest rates, commodity prices, or changes in foreign currency exchange rates. For derivative instruments designated as hedges, the Company formally documents the relationship between the derivative instrument and the hedged item, as well as the risk management objective and strategy for the use of the derivative instrument. This documentation includes linking the derivative to specific assets or liabilities on the balance sheet, commitments, or forecasted transactions. At the time a derivative instrument is entered into, and at least quarterly thereafter, the Company assesses whether the derivative instrument is effective in offsetting the changes in fair value or cash flows of the hedged item. Any change in the fair value of the hedged instrument is recorded in accumulated other comprehensive loss as a separate component of stockholders' equity and reclassified into earnings in the period during which the hedged transaction affects earnings. The Company monitors its derivative positions and the credit ratings of its counterparties and does not anticipate losses due to counterparties' non-performance.

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

Effective as of January 1, 2023, the Company adopted Accounting Standards Update No. 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers”, (“ASU 2021-08”), which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. The adoption of this guidance did not have a material effect on the Company's Consolidated Financial Statements.

Effective as of May 8, 2023, the Company adopted Accounting Standards Update No. 2020-04, “Reference Rate Reform”, (“ASU 2020-04”), which provides optional guidance for contract modifications, hedging accounting, and other transactions associated with the transition from reference rates that expired on June 30, 2023. ASU 2020-04 is effective for all entities upon issuance through December 31, 2024 as amended by ASU 2022-06. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

Reclassifications

Certain prior year balances have been reclassified in the Consolidated Financial Statements to conform with the 2023 presentation.

Note 2. Acquisitions and Divestitures

2023 Acquisitions

In October 2023, we completed the acquisition of certain assets and liabilities of a Florida based recycled aggregates business and a Phoenix, Arizona based recycled aggregates business, both of which will be included in our Construction Products segment. The purchase prices of these acquisitions were not significant.

In September 2023, we completed the acquisition of certain assets and liabilities of a Houston, Texas based stabilized sand producer in our Construction Products segment. The purchase price of the acquisition was not significant.

In February 2023, we completed the acquisition of certain assets and liabilities of a Phoenix, Arizona based recycled aggregates business in our Construction Products segment. In March 2023, we completed the stock acquisition of a Houston, Texas based shoring, trench, and excavation products business in our Construction Products segment. The purchase prices of these acquisitions were not significant.

2022 Acquisitions

In May 2022, we completed the stock acquisition of Recycled Aggregate Materials Company, Inc. ("RAMCO"), a leading producer of recycled aggregates in the Los Angeles metropolitan area, which is included in our Construction Products segment, for a total purchase price of \$77.4 million. The acquisition was funded with \$80.0 million of borrowings under our revolving credit facility. The acquisition was recorded as a business combination based on a valuation of the assets acquired and liabilities assumed at their acquisition-date fair value using unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities ("Level 3" inputs). The final valuation resulted in the recognition of, among others, \$54.2 million of permits with an initial weighted average useful life of 20 years, \$6.4 million of property, plant, and equipment, and \$13.4 million of goodwill in our Construction Products segment. The remaining assets and liabilities were not significant in relation to assets and liabilities at the consolidated or segment level.

Divestitures

There were no divestitures closed during the three and nine months ended September 30, 2023 and 2022.

In October 2022, the Company completed the sale of its storage tank business for $275 million. Net cash proceeds received at closing were approximately $271.6 million, after transaction closing costs. The sale resulted in a pre-tax gain of $189.0 million recognized during the year ended December 31, 2022. An additional gain of $6.4 million was recognized during the nine months ended September 30, 2023, primarily due to the resolution of certain contingencies from the sale. The storage tanks business, historically reported within the Engineered Structures segment as continuing operations until the date of sale, is a leading manufacturer of steel pressure tanks for the storage and transportation of propane, ammonia, and other gases serving the residential, commercial, energy, and agricultural markets with operations in the U.S. and Mexico. Revenues for the storage tanks business were $65.8 million and $187.6 million, respectively, for the three and nine months ended September 30, 2022. Operating profit for the storage tanks business was $16.6 million and $40.8 million, respectively, for the three and nine months ended September 30, 2022.

Other

In June 2023, the Company settled a $15.0 million holdback obligation from the 2021 acquisition of Southwest Rock Products, LLC upon the extension of a certain mineral reserve lease. Based on final negotiations with the seller, the holdback was settled for $10.0 million and paid in June 2023. The $5.0 million difference between the settlement amount and the amount accrued at the time of acquisition was recorded as a reduction in cost of revenues in the Consolidated Statement of Operations.

Note 3. Fair Value Accounting

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Cash equivalents	$ 40.0	$ —	$ —	$ 40.0
Interest rate hedge[(1)]	—	0.5	—	0.5
Total assets	$ 40.0	$ 0.5	$ —	$ 40.5
Liabilities:				
Contingent consideration[(2)]	$ —	$ —	$ 2.5	$ 2.5
Total liabilities	$ —	$ —	$ 2.5	$ 2.5

	Fair Value Measurement as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Cash equivalents	$ 134.0	$ —	$ —	$ 134.0
Interest rate hedge[(1)]	—	1.8	—	1.8
Total assets	$ 134.0	$ 1.8	$ —	$ 135.8
Liabilities:				
Contingent consideration[(2)]	$ —	$ —	$ 2.4	$ 2.4
Total liabilities	$ —	$ —	$ 2.4	$ 2.4

(1) Included in other assets on the Consolidated Balance Sheets.
(2) Current portion included in accrued liabilities and non-current portion included in other liabilities on the Consolidated Balance Sheets.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for that asset or liability in an orderly transaction between market participants on the measurement date. An entity is required to establish a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair values are listed below:

Level 1 – This level is defined as quoted prices in active markets for identical assets or liabilities. The Company's cash equivalents are instruments of the U.S. Treasury or highly-rated money market mutual funds.

Level 2 – This level is defined as observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Interest rate hedges are valued at exit prices obtained from each counterparty. See Note 7 Debt.

Level 3 – This level is defined as unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Contingent consideration relates to estimated future payments owed to the sellers of businesses previously acquired. We estimate the fair value of the contingent consideration using a discounted cash flow model. The fair value is sensitive to changes in the forecast of sales and changes in discount rates and is reassessed quarterly based on assumptions used in our latest projections.

Note 4. Segment Information

The Company reports operating results in three principal business segments:

Construction Products. The Construction Products segment primarily produces and sells natural and recycled aggregates, specialty materials, and construction site support equipment, including trench shields and shoring products.

Engineered Structures. The Engineered Structures segment primarily manufactures and sells steel structures for infrastructure businesses, including utility structures for electricity transmission and distribution, structural wind towers, traffic structures, and telecommunication structures. These products share similar manufacturing competencies and steel sourcing requirements and can be manufactured across our North American footprint. The segment also manufactures concrete utility structures. Historically, the segment manufactured storage and distribution tanks. In October 2022, the Company completed the divestiture of its storage tanks business. See Note 2 Acquisitions and Divestitures.

Transportation Products. The Transportation Products segment primarily manufactures and sells inland barges, fiberglass barge covers, winches, marine hardware, and steel components for railcars and other transportation and industrial equipment.

The financial information for these segments is shown in the tables below. We operate principally in North America.

	Three Months Ended September 30,			
	Revenues		Operating Profit (Loss)	
	2023	2022	2023	2022
	(in millions)			
Aggregates and specialty materials	**$ 227.8**	$ 216.8		
Construction site support	**34.3**	27.4		
Construction Products	**262.1**	244.2	**$ 30.3**	$ 27.6
Utility, wind, and related structures	**222.5**	211.2		
Storage tanks	**—**	65.8		
Engineered Structures	**222.5**	277.0	**18.7**	37.1
Inland barges	**67.3**	50.9		
Steel components	**39.8**	31.8		
Transportation Products	**107.1**	82.7	**14.1**	1.0
Segment Totals	**591.7**	603.9	**63.1**	65.7
Corporate	**—**	—	**(14.7)**	(16.7)
Consolidated Total	**$ 591.7**	$ 603.9	**$ 48.4**	$ 49.0

	Nine Months Ended September 30,			
	Revenues		Operating Profit (Loss)	
	2023	2022	2023	2022
	(in millions)			
Aggregates and specialty materials	**$ 665.9**	$ 620.9		
Construction site support	**97.1**	80.7		
Construction Products	**763.0**	701.6	**$ 114.2**	$ 72.4
Utility, wind, and related structures	**637.2**	608.5		
Storage tanks	**—**	187.6		
Engineered Structures	**637.2**	796.1	**70.3**	106.9
Inland barges	**207.9**	151.7		
Steel components	**117.6**	93.1		
Transportation Products	**325.5**	244.8	**35.8**	7.2
Segment Totals	**1,725.7**	1,742.5	**220.3**	186.5
Corporate	**—**	—	**(45.8)**	(45.6)
Consolidated Total	**$ 1,725.7**	$ 1,742.5	**$ 174.5**	$ 140.9

Note 5. Property, Plant, and Equipment

The following table summarizes the components of property, plant, and equipment as of September 30, 2023 and December 31, 2022.

	September 30, 2023	December 31, 2022
	(in millions)	
Land	**$ 140.1**	$ 138.7
Mineral reserves	**517.3**	506.3
Buildings and improvements	**327.4**	308.3
Machinery and other	**1,052.1**	973.9
Construction in progress	**118.9**	83.7
	2,155.8	2,010.9
Less accumulated depreciation and depletion	**(901.2)**	(811.3)
	$ 1,254.6	$ 1,199.6

Note 6. Goodwill and Other Intangible Assets

Goodwill

Goodwill by segment is as follows:

	September 30, 2023	December 31, 2022
	(in millions)	
Construction Products	**$ 492.0**	$ 483.9
Engineered Structures	**437.6**	437.6
Transportation Products	**37.0**	37.0
	$ 966.6	$ 958.5

The increase in Construction Products goodwill during the nine months ended September 30, 2023 was primarily due to acquisitions completed during the period and final measurement period adjustments from the acquisition of RAMCO. See Note 2 Acquisitions and Divestitures.

Intangible Assets

Intangibles, net consisted of the following:

	September 30, 2023	December 31, 2022
	(in millions)	
Intangibles with indefinite lives - Trademarks	**$ 34.9**	$ 34.1
Intangibles with definite lives:		
Customer relationships	**138.7**	136.9
Permits	**141.8**	141.7
Other	**2.7**	2.7
	283.2	281.3
Less accumulated amortization	**(71.1)**	(59.3)
	212.1	222.0
Intangible assets, net	**$ 247.0**	$ 256.1

Note 7. Debt

The following table summarizes the components of debt as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
	(in millions)	
Revolving credit facility	**$ 100.0**	$ —
Term loan	**—**	136.8
Senior notes	**400.0**	400.0
Finance leases (see Note 8 Leases)	**14.8**	19.1
	514.8	555.9
Less: unamortized debt issuance costs	**(4.6)**	(5.3)
Total debt	**$ 510.2**	$ 550.6

Revolving Credit Facility and Term Loan

On November 1, 2018, the Company entered into a $400.0 million unsecured revolving credit facility that was scheduled to mature in November 2023. On January 2, 2020, the Company entered into an Amended and Restated Credit Agreement to increase the revolving credit facility to $500.0 million and add a term loan facility of $150.0 million, in each case with a maturity date of January 2, 2025. The entire term loan was advanced on January 2, 2020.

On August 23, 2023, the Company entered into a Second Amended and Restated Credit Agreement to increase the revolving credit facility from $500.0 million to $600.0 million, extend the maturity date from January 2, 2025 to August 23, 2028, and refinance and repay in full the remaining balance of the term loan then outstanding under the Amended and Restated Credit Agreement.

As of September 30, 2023, we had $100.0 million of outstanding loans borrowed under the revolving credit facility that were advanced to repay the term loan during the quarter, and there were approximately $22.0 million of letters of credit issued, leaving $478.0 million available. Of the outstanding letters of credit as of September 30, 2023, all are expected to expire in 2024. The majority of our letters of credit obligations support the Company's various insurance programs and generally renew by their terms each year.

The interest rates under the revolving credit facility are variable based on the daily simple or term Secured Overnight Financing Rate ("SOFR"), plus a 10-basis point credit spread adjustment, or an alternate base rate, in each case plus a margin for borrowing. A commitment fee accrues on the average daily unused portion of the revolving facility. The margin for borrowing and commitment fee rate are determined based on the Company's leverage as measured by a consolidated total indebtedness to consolidated EBITDA ratio. The margin for borrowing based on SOFR ranges from 1.25% to 2.00% and was set at 1.50% as of September 30, 2023. The commitment fee rate ranges from 0.20% to 0.35% and was set at 0.25% at September 30, 2023.

The Company's revolving credit facility requires the maintenance of certain ratios related to leverage and interest coverage. As of September 30, 2023, we were in compliance with all such financial covenants. Borrowings under the credit agreement are guaranteed by certain wholly-owned subsidiaries of the Company.

The carrying value of borrowings under our revolving credit approximates fair value because the interest rate adjusts to the market interest rate (Level 3 input). See Note 3 Fair Value Accounting.

During the three months ended September 30, 2023, the Company capitalized $2.0 million of debt issuance costs associated with the amendment and extension of the revolving credit facility. As of September 30, 2023, the Company had $2.5 million of unamortized debt issuance costs related to the revolving credit facility, which are included in other assets on the Consolidated Balance Sheet.

Senior Notes

On April 6, 2021, the Company issued $400.0 million aggregate principal amount of 4.375% senior notes (the "Notes") that mature in April 2029. Interest on the Notes is payable semiannually in April and October. The Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by each of the Company's domestic subsidiaries that is a guarantor under our revolving credit facility. The terms of the indenture governing the Notes, among other things, limit the ability of the Company and each of its subsidiaries to create liens on assets, enter into sale and leaseback transactions, and consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries. The terms of the indenture also limit the ability of the Company's non-guarantor subsidiaries to incur certain types of debt.

At any time prior to April 15, 2024, the Company may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus an applicable make-whole premium and accrued and unpaid interest to the redemption date. On and after April 15, 2024, the Company may redeem all or a portion of the Notes at redemption prices set forth in the indenture, plus accrued and unpaid interest to the redemption date. If a Change of Control Triggering Event (as defined in the indenture) occurs, the Company must offer to repurchase the Notes at a price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of repurchase.

The estimated fair value of the Notes as of September 30, 2023 was $350.5 million based on a quoted market price in a market with little activity (Level 2 input).

In connection with the issuance of the Notes, the Company paid $6.6 million of debt issuance costs.

The remaining principal payments under existing debt agreements as of September 30, 2023 are as follows:

	2023	2024	2025	2026	2027	Thereafter
			(in millions)			
Revolving credit facility	$ —	$ —	$ —	$ —	$ —	$ 100.0
Senior notes	—	—	—	—	—	400.0

Interest rate hedges

In December 2018, the Company entered into a $100.0 million interest rate swap instrument, effective as of January 2, 2019, to reduce the effect of changes in the variable interest rates associated with the first $100.0 million of borrowings under the Company's committed credit facility. In conjunction with the replacement of LIBOR with SOFR as a benchmark for borrowings under the Amended and Restated Credit Agreement, on July 1, 2023 the swap instrument transitioned from LIBOR to SOFR. The instrument effectively fixed the SOFR component of borrowings under the revolving credit facility at a monthly rate of 2.71% until such instrument's termination. As of September 30, 2023, the Company has recorded an asset of $0.5 million for the fair value of the instrument, all of which is recorded in accumulated other comprehensive loss. The interest rate swap instrument expired in October 2023. See Note 3 Fair Value Accounting.

Note 8. Leases

We have various leases primarily for office space and certain equipment. At inception, we determine if an arrangement contains a lease and whether that lease meets the classification criteria of a finance or operating lease. For leases that contain options to purchase, terminate, or extend, such options are included in the lease term when it is reasonably certain that the option will be exercised. Some of our lease arrangements contain lease components and non-lease components which are accounted for as a single lease component as we have elected the practical expedient to group lease and non-lease components for all leases.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on information available at commencement date in determining the present value of lease payments.

Future minimum lease payments for operating and finance lease obligations as of September 30, 2023 consisted of the following:

	Operating Leases	Finance Leases
	(in millions)	
2023 (remaining)	$ 2.4	$ 1.8
2024	9.0	7.1
2025	8.0	5.0
2026	6.1	1.3
2027	4.0	0.2
Thereafter	11.6	—
Total undiscounted future minimum lease obligations	41.1	15.4
Less imputed interest	(3.1)	(0.6)
Present value of net minimum lease obligations	$ 38.0	$ 14.8

The following table summarizes our operating and finance leases and their classification within the Consolidated Balance Sheet.

	September 30, 2023	December 31, 2022
	(in millions)	
Assets		
Operating - Other assets	$ 35.9	$ 33.9
Finance - Property, plant, and equipment, net	17.7	22.4
Total lease assets	53.6	56.3
Liabilities		
Current		
Operating - Accrued liabilities	8.2	6.7
Finance - Current portion of long-term debt	6.8	6.3
Non-current		
Operating - Other liabilities	29.8	29.9
Finance - Debt	8.0	12.8
Total lease liabilities	$ 52.8	$ 55.7

Note 9. Other, Net

Other, net (income) expense consists of the following items:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)			
Interest income	$ (1.7)	$ —	$ (4.3)	$ (0.1)
Foreign currency exchange transactions	0.4	—	(1.3)	1.5
Other	—	(0.2)	(0.2)	(0.3)
Other, net (income) expense	$ (1.3)	$ (0.2)	$ (5.8)	$ 1.1

Note 10. Income Taxes

For interim income tax reporting, we estimate our annual effective tax rate and apply it to our year to date ordinary income (loss). Tax jurisdictions with a projected or year to date loss for which a tax benefit cannot be realized are excluded. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur. We have open tax years from 2015 to 2023 with various significant tax jurisdictions.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was enacted to reduce inflation and promote clean energy in the United States. Among other things, the IRA introduces a 15% alternative minimum tax for corporations with a three-year taxable year average annual adjusted financial statement income in excess of $1 billion and imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. The Company has evaluated these new provisions and has concluded there is no impact for the three and nine months ended September 30, 2023.

The IRA also provides for certain manufacturing, production, and investment tax credit incentives, including new Advanced Manufacturing Production ("AMP") tax credits for companies that domestically manufacture and sell clean energy equipment, including wind towers. For the three and nine months ended September 30, 2023, the Company has recognized $7.6 million and $19.7 million, respectively, in AMP tax credits for wind towers produced and sold in 2023 which are included as a reduction to cost of revenues on the Consolidated Statement of Operations due to the refundable nature of the credits. The credits are included in Receivables, net of allowance, on the Consolidated Balance Sheet.

Certain provisions of the IRA, including the AMP tax credits for wind towers, remain subject to the issuance of additional guidance and clarification. We have considered the applicable current laws and regulations in our tax provision for the three and nine months ended September 30, 2023, and continue to evaluate the impact of these tax law changes on future periods.

Our effective tax rates of 17.4% and 17.1% for the three and nine months ended September 30, 2023, respectively, differed from the U.S. federal statutory rate of 21.0% due to AMP tax credits, tax effects of foreign currency translations, compensation-related items, state income taxes, and statutory depletion deductions. For the three and nine months ended September 30, 2022, the effective tax rates of 21.2% and 21.6%, respectively, differed from the U.S. federal statutory rate of 21.0% due to state income taxes, compensation-related items, and foreign disallowed deductions, offset by benefits from statutory depletion deductions.

Note 11. Employee Retirement Plans

Total employee retirement plan expense, which includes related administrative expenses, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
	(in millions)			
Defined contribution plans	**$ 3.9**	$ 3.4	**$ 11.6**	$ 10.2
Multiemployer plan	**0.4**	0.4	**1.2**	1.2
	$ 4.3	$ 3.8	**$ 12.8**	$ 11.4

The Company contributes to a multiemployer defined benefit plan under the terms of a collective-bargaining agreement that covers certain union-represented employees at one of the facilities of Meyer Utility Structures, a subsidiary of Arcosa. The Company contributed $0.4 million and $1.1 million to the multiemployer plan for the three and nine months ended September 30, 2023, respectively. The Company contributed $0.4 million and $1.2 million to the multiemployer plan for the three and nine months ended September 30, 2022, respectively. Total contributions to the multiemployer plan for 2023 are expected to be approximately $1.5 million.

Note 12. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss for the nine months ended September 30, 2023 and 2022 are as follows:

	Currency translation adjustments	Unrealized gain (loss) on derivative financial instruments	Accumulated other comprehensive loss
		(in millions)	
Balances at December 31, 2021	$ (16.3)	$ (3.0)	$ (19.3)
Other comprehensive income (loss), net of tax, before reclassifications	(0.6)	3.2	2.6
Amounts reclassified from accumulated other comprehensive loss, net of tax expense (benefit) of $0.0, ($0.3), and ($0.3)	—	0.9	0.9
Other comprehensive income (loss)	(0.6)	4.1	3.5
Balances at September 30, 2022	$ (16.9)	$ 1.1	$ (15.8)
Balances at December 31, 2022	**$ (17.0)**	**$ 1.3**	**$ (15.7)**
Other comprehensive income (loss), net of tax, before reclassifications	**0.1**	**0.2**	**0.3**
Amounts reclassified from accumulated other comprehensive loss, net of tax expense (benefit) of $0.0, $0.4, and $0.4	**—**	**(1.4)**	**(1.4)**
Other comprehensive income (loss)	**0.1**	**(1.2)**	**(1.1)**
Balances at September 30, 2023	**$ (16.9)**	**$ 0.1**	**$ (16.8)**

Note 13. Stock-Based Compensation

Stock-based compensation totaled approximately $5.7 million and $18.3 million for the three and nine months ended September 30, 2023, respectively. Stock-based compensation totaled approximately $5.4 million and $15.5 million for the three and nine months ended September 30, 2022, respectively.

Note 14. Earnings Per Common Share

Basic earnings per common share is computed by dividing net income remaining after allocation to participating unvested restricted shares, which includes unvested restricted shares of Arcosa stock held by employees of our former parent, Trinity Industries, Inc., by the weighted average number of basic common shares outstanding for the period. Except when the effect would be antidilutive, the calculation of diluted earnings per common share includes the weighted average net impact of nonparticipating unvested restricted shares. Total weighted average restricted shares were 1.1 million and 1.3 million for the three and nine months ended September 30, 2023, respectively. Total weighted average restricted shares were 1.4 million and 1.5 million for the three and nine months ended September 30, 2022, respectively.

The computation of basic and diluted earnings per share follows.

	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Income (Loss)	Average Shares	EPS	Income (Loss)	Average Shares	EPS
	(in millions, except per share amounts)					
Net income	$ 35.5			$ 32.0		
Unvested restricted share participation	(0.1)			(0.1)		
Net income per common share – basic	35.4	48.7	$ 0.73	31.9	48.3	$ 0.66
Effect of dilutive securities:						
Nonparticipating unvested restricted shares	—	0.1		—	0.2	
Net income per common share – diluted	$ 35.4	48.8	$ 0.72	$ 31.9	48.5	$ 0.66

	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Income (Loss)	Average Shares	EPS	Income (Loss)	Average Shares	EPS
	(in millions, except per share amounts)					
Net income	$ 132.1			$ 91.2		
Unvested restricted share participation	(0.5)			(0.4)		
Net income per common share – basic	131.6	48.5	$ 2.71	90.8	48.2	$ 1.88
Effect of dilutive securities:						
Nonparticipating unvested restricted shares	—	0.2		—	0.3	
Net income per common share – diluted	$ 131.6	48.7	$ 2.70	$ 90.8	48.5	$ 1.87

Note 15. Contingencies

The Company is involved in claims and lawsuits incidental to our business arising from various matters including commercial disputes, alleged product defect and/or warranty claims, intellectual property matters, personal injury claims, environmental issues, employment and/or workplace-related matters, and various governmental regulations. At September 30, 2023, the reasonably possible loss for such matters, taking into consideration our rights in indemnity and recourse to third parties is approximately $1.1 million.

The Company evaluates its exposure to such claims and suits periodically and establishes accruals for these contingencies when probable losses can be reasonably estimated. At September 30, 2023, the Company accrued $1.5 million in liabilities for these contingencies, which are recorded in accrued liabilities in the accompanying Consolidated Balance Sheet. The Company believes any additional liability from such claims and suits would not be material to its financial position or results of operations.

Arcosa is subject to remedial orders and federal, state, local, and foreign laws and regulations relating to the environment. Included in the balance above, the Company has reserved $0.4 million of liabilities, as of September 30, 2023, related to which it has also recorded a $0.4 million indemnification asset from third parties, to cover our probable and estimable liabilities with respect to the investigations, assessments, and remedial responses to such matters.

Estimates of liability arising from future proceedings, assessments, or remediation are inherently imprecise. Accordingly, there can be no assurance that we will not become involved in future litigation or other proceedings, including those related to the environment or, if we are found to be responsible or liable in any such litigation or proceeding, that such costs would not be material to the Company.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Company Overview
- Potential Impact of COVID-19 on our Business
- Market Outlook
- Executive Overview
- Results of Operations
- Liquidity and Capital Resources
- Recent Accounting Pronouncements
- Forward-Looking Statements

Our MD&A should be read in conjunction with the Consolidated Financial Statements of Arcosa, Inc. and its consolidated subsidiaries ("Arcosa," "Company," "we," or "our") and related Notes in Part I, Item 1 of this Quarterly Report on Form 10-Q and the Consolidated and Combined Financial Statements and related Notes in Item 8, "Financial Statements and Supplementary Data", of our Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 Annual Report on Form 10-K").

Company Overview

Arcosa, headquartered in Dallas, Texas, is a provider of infrastructure-related products and solutions with leading positions in construction, engineered structures, and transportation markets in North America. Arcosa is a Delaware corporation and was incorporated in 2018 as an independent, publicly-traded company, listed on the New York Stock Exchange.

Potential Impact of COVID-19 on our Business

Our highest priority is the health and safety of our employees and communities. We are committed to safety across our operations. Our businesses support critical infrastructure sectors and our plants have continued to operate throughout the COVID-19 pandemic. If one or more of Arcosa's facilities become subject to governmental ordered closure, voluntary temporary closure, closure from a COVID-19 outbreak within the facility, or other COVID-19 related reason the business, liquidity and financial condition, and results of operations for Arcosa could be adversely affected. The extent to which the COVID-19 pandemic impacts our business, liquidity and financial condition, and results of operations will depend on numerous evolving factors that we may not be able to accurately predict, including the impact of new COVID-19 variants and the response to any potential reoccurrence. We strive to continuously improve our procedures, processes, and management systems regarding employee health and safety, and we do not anticipate that any enhanced health and safety protocols will have a material impact on the productivity of our plants.

The preparation of the Company's Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. At this time, we have not observed any material impairments of our assets or a significant change in the fair value of assets due to the COVID-19 pandemic. However, due to the factors discussed above, we are unable to determine or predict the overall impact the COVID-19 pandemic may have on our business, results of operations, liquidity, or capital resources.

Market Outlook

- Within our Construction Products segment, market demand remains healthy overall when seasonal weather conditions have been normal, supported by increased infrastructure spending and private non-residential activity. The outlook for single-family residential housing continues to be impacted by higher interest rates and home affordability, which has negatively impacted volumes. We have been successful in managing inflationary cost pressures through proactive price increases and are monitoring potential impacts on overall demand as leading economic indicators indicate the potential for an economic slowdown over the next twelve months.

- Within our Engineered Structures segment, our backlog as of September 30, 2023 provides good production visibility for the remainder of 2023. Our customers remain committed to taking delivery of these orders. In utility structures, order and inquiry activity continues to be healthy, as customers remain focused on grid hardening and reliability initiatives. The passage of the Inflation Reduction Act ("IRA") on August 16, 2022, which included a long-term extension of the Production Tax Credit (“PTC”) for new wind farm projects and introduced new Advanced Manufacturing Production ("AMP") tax credits for companies that domestically manufacture and sell clean energy equipment in the U.S., is a significant catalyst for our wind towers business. As demonstrated by more than $1.1 billion of new orders for delivery through 2028, which we have received since the passage of the IRA, our wind tower business is at the beginning stages of a market recovery. A large portion of these orders will support wind energy expansion projects in the Southwest. As a result, we plan to open a new plant in New Mexico, with production at this facility expected to begin in mid-2024. We anticipate 2023 will be a transition year as new wind projects ramp up and expect a multi-year rebound in volumes beginning in 2024.
- Within our Transportation Products segment, our backlog for inland barges as of September 30, 2023 was $240.4 million, up 87.0% compared to September 30, 2022. Our customers remain committed to taking delivery of these orders. Barge order levels fell sharply at the onset of the pandemic and ensuing high steel prices further negatively impacted demand. In 2022, we reduced capacity in our two active barge operating plants and completed the idling of our Louisiana facility in the fourth quarter of 2021 to further reduce our cost structure. While high steel prices have impacted order levels, the underlying fundamentals for a dry barge replacement cycle remain in place. The fleet continues to age, new builds have not kept pace with scrapping, and utilization rates are high. As a result, order inquiries have been strong, and our backlog extends into mid-2024. Demand for steel components, which was softening pre-COVID-19 due to a weakening North American rail transportation market, is increasing relative to 2020 and 2021 cyclical lows as the near-term outlook for the new railcar market indicates a stable level of replacement demand.

Executive Overview

Financial Operations and Highlights

- Revenues for the three and nine months ended September 30, 2023 decreased by 2.0% and 1.0% to $591.7 million and $1,725.7 million, respectively, from the same periods in 2022, as higher revenues in Construction Products and Transportation Products were offset by lower revenues in Engineered Structures resulting from the divestiture of the storage tanks business on October 3, 2022.
- Operating profit for the three months ended September 30, 2023 was relatively flat at $48.4 million as higher operating profit in Construction Products and Transportation Products was offset by lower operating profit in Engineered Structures primarily due to the storage tanks divestiture. For the nine months ended September 30, 2023, operating profit increased by $33.6 million to $174.5 million driven by increases in Construction Products and Transportation Products, partially supported by $22.6 million of asset sale gains recognized in Construction Products in the first quarter of 2023, which more than offset a $36.6 million decrease in operating profit in Engineered Structures largely due to the storage tanks divestiture.
- As a percentage of revenues, selling, general, and administrative expenses were 10.4% and 11.3% for the three and nine months ended September 30, 2023, respectively, compared to 11.2% and 11.3% for the same periods in 2022, respectively. Selling, general, and administrative expenses decreased by 9.6% and 1.1% for the three and nine months ended September 30, 2023, compared to the same periods in the prior year, largely due to the elimination of costs from the storage tanks business.
- The effective tax rate for the three and nine months ended September 30, 2023 was 17.4% and 17.1%, respectively, compared to 21.2% and 21.6%, respectively, for the same periods in 2022. See Note 10 of the Notes to Consolidated Financial Statements.
- Net income for the three and nine months ended September 30, 2023 was $35.5 million and $132.1 million, respectively, compared to $32.0 million and $91.2 million, respectively, for the same periods in 2022.

Our Engineered Structures and Transportation Products segments operate in cyclical industries. Additionally, results in our Construction Products segment are affected by weather and seasonal fluctuations with the second and third quarters historically being the quarters with the highest revenues.

Unsatisfied Performance Obligations (Backlog)

As of September 30, 2023, December 31, 2022, and September 30, 2022, our unsatisfied performance obligations, or backlog, were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
		(in millions)	
Engineered Structures:			
Utility, wind, and related structures	**$ 1,450.8**	$ 671.3	$ 370.4
Transportation Products:			
Inland barges	**$ 240.4**	$ 225.1	$ 128.9

Approximately 15% of the unsatisfied performance obligations for utility, wind, and related structures in our Engineered Structures segment are expected to be delivered during the fourth quarter of 2023, 33% are expected to be delivered during 2024 and the remainder are expected to be delivered through 2028. Approximately 26% of the unsatisfied performance obligations for inland barges in our Transportation Products segment are expected to be delivered during the fourth quarter of 2023 and the remainder are expected to be delivered during 2024.

Results of Operations

Overall Summary

Revenues

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Percent Change	2023	2022	Percent Change
	(in millions)			(in millions)		
Construction Products	**$ 262.1**	$ 244.2	**7.3 %**	**$ 763.0**	$ 701.6	**8.8 %**
Engineered Structures	**222.5**	277.0	**(19.7)**	**637.2**	796.1	**(20.0)**
Transportation Products	**107.1**	82.7	**29.5**	**325.5**	244.8	**33.0**
Consolidated Total	**$ 591.7**	$ 603.9	**(2.0)**	**$ 1,725.7**	$ 1,742.5	**(1.0)**

2023 versus 2022

- Revenues decreased by 2.0% and 1.0% during the three and nine months ended September 30, 2023, respectively, primarily due to the divestiture of the storage tanks business.
- Revenues from Construction Products increased primarily due to higher pricing across most of our aggregates and specialty material businesses and additional revenues from our recent trench shoring acquisition.
- Revenues from Engineered Structures decreased due to the sale of our storage tanks business.
- Revenues from Transportation Products increased due to higher volumes in both inland barge and steel components.

Operating Costs

	Three Months Ended September 30, 2023	2022	Percent Change	Nine Months Ended September 30, 2023	2022	Percent Change
	(in millions)			(in millions)		
Construction Products	**$ 231.8**	$ 216.6	**7.0 %**	**$ 648.8**	$ 629.2	**3.1 %**
Engineered Structures	**203.8**	239.9	**(15.0)**	**566.9**	689.2	**(17.7)**
Transportation Products	**93.0**	81.7	**13.8**	**289.7**	237.6	**21.9**
Segment Totals before Corporate Expenses	**528.6**	538.2	**(1.8)**	**1,505.4**	1,556.0	**(3.3)**
Corporate	**14.7**	16.7	**(12.0)**	**45.8**	45.6	**0.4**
Consolidated Total	**$ 543.3**	$ 554.9	**(2.1)**	**$ 1,551.2**	$ 1,601.6	**(3.1)**
Depreciation, depletion, and amortization[1]	**$ 40.5**	$ 39.6	**2.3**	**$ 118.8**	$ 116.9	**1.6**

[1] Depreciation, depletion, and amortization are components of operating costs.

2023 versus 2022

- Operating costs decreased by 2.1% and 3.1% during the three and nine months ended September 30, 2023, respectively.
- Operating costs for Construction Products increased primarily due to additional costs from recently acquired businesses. Asset gains of $22.6 million recognized in the first quarter of 2023 from the sale of depleted land largely offset increased operating costs for the nine months ended September 30, 2023.
- Operating costs for Engineered Structures decreased primarily due to the impact of the storage tanks divestiture.
- Operating costs for Transportation Products increased primarily due to higher volumes in inland barge and steel components.
- Depreciation, depletion, and amortization expense was relatively flat as increases from recent acquisitions and organic growth investments were largely offset by the impact of the storage tanks divestiture.
- Selling, general, and administrative expenses decreased 9.6% and 1.1% for the three and nine months ended September 30, 2023, compared to the same periods in the prior year, largely due to the elimination of costs from the storage tanks business. As a percentage of revenues, selling, general, and administrative expenses were 10.4% and 11.3% for the three and nine months ended September 30, 2023, respectively, compared to 11.2% and 11.3% for the same periods in 2022, respectively.

Operating Profit (Loss)

	Three Months Ended September 30, 2023	2022	Percent Change	Nine Months Ended September 30, 2023	2022	Percent Change
	(in millions)			(in millions)		
Construction Products	**$ 30.3**	$ 27.6	**9.8 %**	**$ 114.2**	$ 72.4	**57.7 %**
Engineered Structures	**18.7**	37.1	**(49.6)**	**70.3**	106.9	**(34.2)**
Transportation Products	**14.1**	1.0	**1,310.0**	**35.8**	7.2	**397.2**
Segment Totals before Corporate Expenses	**63.1**	65.7	**(4.0)**	**220.3**	186.5	**18.1**
Corporate	**(14.7)**	(16.7)	**(12.0)**	**(45.8)**	(45.6)	**0.4**
Consolidated Total	**$ 48.4**	$ 49.0	**(1.2)**	**$ 174.5**	$ 140.9	**23.8**

2023 versus 2022

- Operating profit was relatively flat for the three months ended September 30, 2023 and increased by 23.8% for the nine month period.
- Operating profit in Construction Products increased primarily due to higher pricing across the segment and increased volumes in shoring products. For the nine months ended September 30, 2023, the increase in operating profit was also due to the land sale gain and the reduction in a holdback obligation owed on a previous acquisition.

- Excluding the impact of the storage tanks divestiture, operating profit in Engineered Structures decreased for the three and nine months ended September 30, 2023 due to lower margins in our utility structures business and a decline in volumes in our wind towers business, partially offset by the recognition of the AMP tax credits.
- Operating profit in Transportation Products increased for the three and nine months ended September 30, 2023 driven by higher volumes and improved margins in both inland barge and steel components.

For further discussion of revenues, costs, and the operating results of individual segments, see *Segment Discussion* below.

Other Income and Expense

Other, net (income) expense consists of the following items:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
		(in millions)		
Interest income	**$ (1.7)**	$ —	**$ (4.3)**	$ (0.1)
Foreign currency exchange transactions	**0.4**	—	**(1.3)**	1.5
Other	**—**	(0.2)	**(0.2)**	(0.3)
Other, net (income) expense	**$ (1.3)**	$ (0.2)	**$ (5.8)**	$ 1.1

Income Taxes

The provision for income taxes results in effective tax rates that differ from the statutory rates. The Company's effective tax rate for the three and nine months ended September 30, 2023 was 17.4% and 17.1%, respectively, compared to 21.2% and 21.6%, respectively, for the same periods in 2022. The decrease in the tax rate for the three and nine months ended September 30, 2023 is primarily due to AMP tax credits, excess tax benefits related to equity compensation, and reduced foreign taxes, partially offset by increased state income taxes.

Our effective tax rate reflects the Company's estimate for its state income tax expense, excess tax benefits related to equity compensation, and the impact of foreign tax benefits. See Note 10 of the Notes to Consolidated Financial Statements for further discussion of income taxes.

On August 16, 2022, the IRA was enacted to reduce inflation and promote clean energy in the United States. Among other things, the IRA introduces a 15% alternative minimum tax for corporations with a three-year taxable year average annual adjusted financial statement income in excess of $1 billion and imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. The IRA also provides for certain manufacturing, production, and investment tax credit incentives, including new AMP tax credits for companies that domestically manufacture and sell clean energy equipment, including wind towers. Certain provisions of the IRA, including the AMP tax credits for wind towers, remain subject to the issuance of additional guidance and clarification. We have considered the applicable current IRA tax law changes in our tax provision for the three and nine months ended September 30, 2023, and continue to evaluate the impact of these tax law changes on future periods.

Segment Discussion

Construction Products

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	**2022**	**Percent Change**	**2023**	**2022**	**Percent Change**
	($ in millions)			($ in millions)		
Revenues:						
Aggregates and specialty materials	**$ 227.8**	$ 216.8	**5.1 %**	**$ 665.9**	$ 620.9	**7.2 %**
Construction site support	**34.3**	27.4	**25.2**	**97.1**	80.7	**20.3**
Total revenues	**262.1**	244.2	**7.3**	**763.0**	701.6	**8.8**
Operating costs:						
Cost of revenues	**209.2**	193.1	**8.3**	**593.6**	557.1	**6.6**
Selling, general, and administrative expenses	**25.2**	25.4	**(0.8)**	**81.0**	76.6	**5.7**
Gain on disposition of property, plant, equipment, and other assets	**(2.6)**	(1.9)		**(25.8)**	(4.5)	
Operating profit	**$ 30.3**	$ 27.6	**9.8**	**$ 114.2**	$ 72.4	**57.7**
Depreciation, depletion, and amortization[1]	**$ 28.4**	$ 26.3	**8.0**	**$ 83.1**	$ 77.2	**7.6**

[1] Depreciation, depletion, and amortization are components of operating profit.

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

- Revenues increased 7.3% primarily driven by increased pricing across our product lines in our aggregates and specialty materials businesses and higher volumes of natural aggregates, partially offset by lower recycled aggregate and specialty materials volumes. Revenues from our trench shoring business increased 25.2%, driven primarily by revenue from the acquisition completed in the first quarter of 2023 and higher organic volumes.
- Cost of revenues increased 8.3% primarily due to increased costs from the recently acquired shoring business, higher volumes in natural aggregates, and operating inefficiencies in our specialty materials business. As a percent of revenues, cost of revenues increased to 79.8% in the current period, compared to 79.1% in the prior period.
- Selling, general, and administrative expenses were relatively flat as additional costs from recently acquired businesses were offset by lower costs across our legacy businesses. Selling, general, and administrative expenses decreased as a percentage of revenues to 9.6%, compared to 10.4% in the prior period.
- Operating profit increased 9.8%, outpacing the increase in revenue, driven by increased pricing across the segment, higher volumes in our natural aggregates and shoring businesses, partially offset by operating inefficiencies in our specialty materials business.
- Depreciation, depletion, and amortization expense increased primarily due to recent acquisitions and organic growth investments.

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

- Revenues increased 8.8% primarily driven by increased pricing across our product lines in our aggregates and specialty materials businesses and higher volumes of recycled aggregates, partially offset by lower natural aggregate and specialty materials volumes. Revenues from our trench shoring business increased 20.3% driven primarily by revenue from the acquisition completed in the first quarter of 2023 and higher organic volumes.
- Cost of revenues increased 6.6% due to higher recycled aggregates volumes, operating inefficiencies in our specialty materials business, and increased costs from the acquired shoring business. These costs were partially offset by lower natural aggregate and specialty materials volumes and a $5.0 million reduction in a holdback obligation owed on a previous acquisition. As a percent of revenues, cost of revenues decreased to 77.8% in the current period, compared to 79.4% in the prior period.
- Selling, general, and administrative expenses increased 5.7% primarily due to additional costs from acquired businesses. Selling, general, and administrative expenses decreased as a percentage of revenues to 10.6%, compared to 10.9% in the prior period.

- Operating profit increased 57.7%, partially due to gains recognized on sales of depleted land. Excluding the gain, operating profit increased 30.2% driven by increased pricing across the segment, higher volumes in our recycled aggregates and shoring businesses, and the benefit recognized on a holdback obligation, partially offset by operating inefficiencies in our specialty materials business.
- Depreciation, depletion, and amortization expense increased primarily due to recent acquisitions and organic growth investments.

Engineered Structures

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	**2022**	**Percent Change**	**2023**	**2022**	**Percent Change**
	($ in millions)			($ in millions)		
Revenues:						
Utility, wind, and related structures	**$ 222.5**	$ 211.2	**5.4 %**	**$ 637.2**	$ 608.5	**4.7 %**
Storage tanks	**—**	65.8	**(100.0)**	**—**	187.6	**(100.0)**
Total revenues	**222.5**	277.0	**(19.7)**	**637.2**	796.1	**(20.0)**
Operating costs:						
Cost of revenues	**188.2**	219.3	**(14.2)**	**524.9**	633.2	**(17.1)**
Selling, general, and administrative expenses	**15.6**	20.4	**(23.5)**	**48.4**	58.0	**(16.6)**
Gain on sale of storage tanks business	**—**	—		**(6.4)**	—	
Gain on disposition of property, plant, equipment, and other assets	**—**	0.2		**—**	(2.0)	
Operating profit	**$ 18.7**	$ 37.1	**(49.6)**	**$ 70.3**	$ 106.9	**(34.2)**
Depreciation and amortization[(1)]	**$ 6.7**	$ 8.1	**(17.3)**	**$ 19.7**	$ 24.1	**(18.3)**

[(1)] Depreciation and amortization are components of operating profit.

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

- Revenues decreased 19.7% resulting from the sale of our storage tanks business, which was completed in October 2022. Revenue from utility, wind, and related structures increased 5.4% primarily due to increased volumes in our utility structures business, partially offset by lower pricing due to product mix, and lower volumes in our wind towers business.
- Cost of revenues decreased 14.2% largely due to the elimination of costs from our storage tanks business. Cost of revenues from utility, wind, and related structures increased due to higher volumes in our utility structures business, partially offset by lower volumes as well as AMP tax credits recognized in our wind towers business.
- Selling, general, and administrative expenses decreased 23.5% largely due to the elimination of costs from our storage tanks business. Selling, general, and administrative expenses from utility, wind, and related structures decreased primarily due to lower compensation-related costs.
- The storage tanks business contributed $16.6 million to operating profit in the prior period. Excluding the impact of the divestiture, operating profit declined due to lower margins in our utility structures business driven by project mix, negative foreign currency impacts, and reduced wind tower volumes, partially offset by $5.6 million of net benefit recognized from AMP tax credits in our wind towers business.

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

- Revenues decreased 20.0% primarily due to the decline in revenue from our divested storage tanks business. Revenue from utility, wind, and related structures increased 4.7% driven by higher volumes in our utility structures business, partially offset by lower utility structures pricing driven by product mix, and lower volumes in our wind towers business.
- Cost of revenues decreased 17.1% largely due to the elimination of costs from our storage tanks business. Cost of revenues from utility, wind, and related structures increased due to higher volumes in our utility structures business, partially offset by lower volumes and AMP tax credits recognized in our wind towers business.

- Selling, general, and administrative expenses decreased 16.6% largely due to the elimination of costs from our storage tanks business. Selling, general, and administrative expenses from utility, wind, and related structures increased primarily due to higher compensation-related costs.
- The storage tanks business contributed $6.4 million in operating profit in the nine months ended September 30, 2023, related to an additional gain on sale recorded in the first quarter of 2023, compared to $40.8 million of operating profit in the prior year period, resulting in a net decrease of $34.4 million year-over-year. Excluding the impact of the divestiture in both periods, operating profit declined due to lower margins in our utility structures business, driven by project mix, and decreased wind tower volumes, partially offset by $14.7 million of net benefit recognized from AMP tax credits in our wind towers business.

Unsatisfied Performance Obligations (Backlog)

As of September 30, 2023, the backlog for utility, wind, and related structures was $1,450.8 million, compared to $671.3 million and $370.4 million as of December 31, 2022 and September 30, 2022, respectively. Approximately 15% of these unsatisfied performance obligations are expected to be delivered during the year ending December 31, 2023, approximately 33% during the year ending December 31, 2024, with the remainder expected to be delivered through 2028.

Transportation Products

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Percent Change	2023	2022	Percent Change
	($ in millions)			($ in millions)		
Revenues:						
Inland barges	**$ 67.3**	$ 50.9	**32.2 %**	**$ 207.9**	$ 151.7	**37.0 %**
Steel components	**39.8**	31.8	**25.2**	**117.6**	93.1	**26.3**
Total revenues	**107.1**	82.7	**29.5**	**325.5**	244.8	**33.0**
Operating costs:						
Cost of revenues	**87.2**	76.4	**14.1**	**270.4**	221.1	**22.3**
Selling, general, and administrative expenses	**5.8**	5.3	**9.4**	**19.3**	16.5	**17.0**
Operating profit	**$ 14.1**	$ 1.0	**1,310.0**	**$ 35.8**	$ 7.2	**397.2**
Depreciation and amortization [(1)]	**$ 4.1**	$ 3.9	**5.1**	**$ 12.1**	$ 11.8	**2.5**

[(1)] Depreciation and amortization are components of operating profit.

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

- Revenues increased 29.5% due to higher volumes and improved pricing of inland barges and steel components.
- Cost of revenues increased 14.1% reflecting the higher volumes during the current period. As a percent of revenues, cost of revenues decreased to 81.4% in the current period, compared to 92.4% in the prior period.
- Selling, general, and administrative expenses increased 9.4%, primarily due to increased compensation-related costs, but decreased as a percentage of revenues to 5.4%, compared to 6.4% in the prior period.
- Operating profit increased significantly, outpacing the percentage increase in revenues, driven by enhanced operating leverage associated with the higher volumes and improved margins across both businesses.

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

- Revenues increased 33.0% due to higher volumes and improved pricing of inland barges and steel components.
- Cost of revenues increased 22.3% reflecting the increased volumes during the current period. As a percent of revenues, cost of revenues decreased to 83.1% in the current period, compared to 90.3% in the prior period.
- Selling, general, and administrative expenses increased 17.0%, primarily due to increased expenses from participation in trade remedy proceedings involving certain imports of freight rail couplers from China and Mexico, as well as higher compensation-related costs, but decreased as a percentage of revenues to 5.9%, compared to 6.7% in the prior period.

- Operating profit increased significantly, outpacing the percentage increase in revenues, driven by enhanced operating leverage associated with the higher volumes and improved margins across both businesses.

Unsatisfied Performance Obligations (Backlog)

As of September 30, 2023, the backlog for inland barges was $240.4 million, compared to $225.1 million and $128.9 million as of December 31, 2022 and September 30, 2022, respectively. Approximately 26% of unsatisfied performance obligations for inland barges are expected to be delivered during the year ending December 31, 2023 and the remainder are expected to be delivered in 2024.

Corporate

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Percent Change	2023	2022	Percent Change
	(in millions)			(in millions)		
Corporate overhead costs	**$ 14.7**	$ 16.7	**(12.0)%**	**$ 45.8**	$ 45.6	**0.4 %**

2023 versus 2022

- Corporate overhead costs decreased 12.0% for the three months ended September 30, 2023 primarily due to lower insurance-related costs and lower acquisition and divestiture-related expenses of $0.5 million for the three months ended September 30, 2023, compared to $1.6 million for the same period in 2022.
- Corporate overhead costs were relatively flat for the nine months ended September 30, 2023 as higher compensation-related expenses were largely offset by lower acquisition and divestiture-related expenses of $1.4 million in the current period, compared to $5.0 million for the same period in 2022.

Liquidity and Capital Resources

Arcosa's primary liquidity requirement consists of funding our business operations, including capital expenditures, working capital investment, and disciplined acquisitions. Our primary sources of liquidity include cash flow from operations, our existing cash balance, availability under the revolving credit facility, and, as necessary, the issuance of additional long-term debt or equity. To the extent we have available liquidity, we may also consider undertaking new capital investment projects, executing additional strategic acquisitions, returning capital to stockholders, or funding other general corporate purposes.

Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities for the nine months ended September 30, 2023 and 2022:

	Nine Months Ended September 30,	
	2023	2022
	(in millions)	
Total cash provided by (required by):		
Operating activities	**$ 198.8**	$ 182.6
Investing activities	**(131.5)**	(129.5)
Financing activities	**(72.4)**	(12.0)
Net increase (decrease) in cash and cash equivalents	**$ (5.1)**	$ 41.1

***Operating Activities*.** Net cash provided by operating activities for the nine months ended September 30, 2023 was $198.8 million, compared to $182.6 million for the nine months ended September 30, 2022.

- The changes in current assets and liabilities resulted in a net use of cash of $43.8 million for the nine months ended September 30, 2023, compared to a net use of cash of $34.2 million for the nine months ended September 30, 2022. The current year activity was primarily driven by increased receivables and inventories due to higher volumes and AMP tax credits, partially offset by increased accounts payable.

Investing Activities. Net cash required by investing activities for the nine months ended September 30, 2023 was $131.5 million, compared to $129.5 million for the nine months ended September 30, 2022.

- Capital expenditures for the nine months ended September 30, 2023 were $144.8 million, compared to $85.9 million for the same period last year with the increase primarily driven by investments in two new facilities supporting expansion in our wind tower and utility structures businesses as well as various growth projects within the Construction Products segment. Full-year capital expenditures are expected to be approximately $200 to $210 million in 2023.
- Proceeds from the sale of property, plant, and equipment and other assets totaled $30.1 million for the nine months ended September 30, 2023, compared to $31.5 million for the same period in 2022.
- Cash paid for acquisitions, net of cash acquired, was $18.8 million for the nine months ended September 30, 2023, compared to $75.1 million for the same period in 2022. Proceeds from the sale of the storage tanks business were $2.0 million during the nine months ended September 30, 2023 and related to the resolution in 2023 of certain contingencies from the sale that closed in October 2022. There was no divestiture activity during the nine months ended September 30, 2022.

Financing Activities. Net cash required by financing activities during the nine months ended September 30, 2023 was $72.4 million, compared to net cash required by financing activities of $12.0 million for the same period in 2022.

- Current year activity was primarily driven by the full repayment of the Company's term loan partially offset by borrowings under the revolving credit facility, for a net repayment of $42.0 million, as well as a $10.0 million holdback payment related to a previous acquisition.
- Prior year activity primarily related to net borrowings under the revolving credit facility offset by $15.0 million of share repurchases and the purchase of shares to satisfy employee taxes on vested stock.

<u>Other Investing and Financing Activities</u>

Revolving Credit Facility and Senior Notes

On August 23, 2023, the Company entered into a Second Amended and Restated Credit Agreement to increase the revolving credit facility from $500.0 million to $600.0 million, extend the maturity date from January 2, 2025 to August 23, 2028, and refinance and repay in full the remaining balance of the term loan then outstanding under the Amended and Restated Credit Agreement.

As of September 30, 2023, we had $100.0 million of outstanding loans borrowed under the revolving credit facility that were advanced to repay the term loan during the quarter, and there were approximately $22.0 million of letters of credit issued, leaving $478.0 million available for borrowing. Of the outstanding letters of credit as of September 30, 2023, all are expected to expire in 2024. The majority of our letters of credit obligations support the Company’s various insurance programs and generally renew by their terms each year.

The interest rates under the revolving credit facility are variable based on the daily simple or term Secured Overnight Financing Rate ("SOFR"), plus a 10-basis point credit spread adjustment, or an alternate base rate, in each case plus a margin for borrowing. A commitment fee accrues on the average daily unused portion of the revolving facility. The margin for borrowing and commitment fee rate are determined based on Arcosa’s leverage as measured by a consolidated total indebtedness to consolidated EBITDA ratio. The margin for borrowing based on SOFR ranges from 1.25% to 2.00% and was set at 1.50% as of September 30, 2023. The commitment fee rate ranges from 0.20% to 0.35% and was set at 0.25% as of September 30, 2023.

The Company's revolving credit facility requires the maintenance of certain ratios related to leverage and interest coverage. As of September 30, 2023, we were in compliance with all such financial covenants. Borrowings under the credit agreement are guaranteed by certain wholly-owned subsidiaries of the Company.

On April 6, 2021, the Company issued $400.0 million aggregate principal amount of 4.375% senior notes (the “Notes”) that mature in April 2029. Interest on the Notes is payable semiannually in April and October of each year. The Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by each of the Company’s domestic subsidiaries that is a guarantor under our revolving credit facility.

We believe, based on our current business plans, that our existing cash, available liquidity, and cash flow from operations will be sufficient to fund necessary capital expenditures and operating cash requirements for the foreseeable future.

Dividends and Repurchase Program

In September 2023, the Company declared a quarterly cash dividend of $0.05 per share that was paid on October 31, 2023.

In December 2022, the Company's Board of Directors authorized a new $50.0 million share repurchase program effective January 1, 2023 through December 31, 2024 to replace a program of the same amount that expired on December 31, 2022. For the three and nine months ended September 30, 2023, the Company did not repurchase any shares, leaving the full amount of the $50.0 million authorization available as of September 30, 2023. See Note 1 of the Notes to Consolidated Financial Statements.

Derivative Instruments

In December 2018, the Company entered into a $100.0 million interest rate swap instrument, effective as of January 2, 2019, to reduce the effect of changes in the variable interest rates associated with the first $100.0 million of borrowings under the Company's committed credit facility. In conjunction with the replacement of LIBOR with SOFR as a benchmark for borrowings under the Amended and Restated Credit Agreement, on July 1, 2023 the swap instrument transitioned from LIBOR to SOFR. The instrument effectively fixed the SOFR component of borrowings under the revolving credit facility at a monthly rate of 2.71% until such instrument's termination. As of September 30, 2023, the Company has recorded an asset of $0.5 million for the fair value of the instrument, all of which is recorded in accumulated other comprehensive income. The interest rate swap instrument expired in October 2023. See Note 3 and Note 7 of the Notes to Consolidated Financial Statements.

Recent Accounting Pronouncements

See Note 1 of the Notes to Consolidated Financial Statements for information about recent accounting pronouncements.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not historical facts are forward-looking statements and involve risks and uncertainties. These forward-looking statements include expectations, beliefs, plans, objectives, future financial performances, estimates, projections, goals, and forecasts. Arcosa uses the words “anticipates,” “assumes,” “believes,” “estimates,” “expects,” “intends,” “forecasts,” “may,” “will,” “should,” “plans,” and similar expressions to identify these forward-looking statements. Potential factors, which could cause our actual results of operations to differ materially from those in the forward-looking statements include, among others:

- the impact of the COVID-19 pandemic on our sales, operations, supply chain, employees, and financial condition;
- market conditions and customer demand for our business products and services;
- the cyclical and seasonal nature of the industries in which we compete;
- variations in weather in areas where our construction products are sold, used, or installed;
- naturally occurring events and other events and disasters causing disruption to our manufacturing, product deliveries, and production capacity, thereby giving rise to an increase in expenses, loss of revenue, and property losses;
- competition and other competitive factors;
- our ability to identify, consummate, or integrate acquisitions of new businesses or products, or divest any business;
- the timing of introduction of new products;
- the timing and delivery of customer orders or a breach of customer contracts;
- the credit worthiness of customers and their access to capital;
- product price changes;
- changes in mix of products sold;
- the costs incurred to align manufacturing capacity with demand and the extent of its utilization;
- the operating leverage and efficiencies that can be achieved by our manufacturing businesses;
- availability and costs of steel, component parts, supplies, and other raw materials;
- changing technologies;
- surcharges and other fees added to fixed pricing agreements for steel, component parts, supplies and other raw materials;
- increased costs due to increased inflation;
- interest rates and capital costs;
- counter-party risks for financial instruments;
- long-term funding of our operations;
- taxes;
- material nonpayment or nonperformance by any of our key customers;
- the stability of the governments and political and business conditions in certain foreign countries, particularly Mexico;
- public infrastructure expenditures;
- changes in import and export quotas and regulations;
- business conditions in emerging economies;
- costs and results of litigation;
- changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies;
- legal, regulatory, and environmental issues, including compliance of our products with mandated specifications, standards, or testing criteria and obligations to remove and replace our products following installation or to recall our products and install different products manufactured by us or our competitors;
- actions by the executive and legislative branches of the U.S. government relative to federal government budgeting, taxation policies, government expenditures, U.S. borrowing/debt ceiling limits, and trade policies, including tariffs, and border closures;
- the inability to sufficiently protect our intellectual property rights;
- our ability to mitigate against cybersecurity incidents, including ransomware, malware, phishing emails, and other electronic security threats;
- the improper use of social and other digital media to disseminate false, misleading, and/or unreliable or inaccurate information about the Company or demonstrate actions that negatively reflect on the Company;
- if the Company's ESG efforts are not favorably received by stockholders;

- if the Company does not realize some or all of the benefits expected from certain provisions of the IRA, including the AMP tax credits for wind towers, which remain subject to the issuance of additional guidance and clarification;
- if the distribution of shares of Arcosa resulting from the separation of Arcosa from Trinity Industries, Inc. in November 2018 (the “Separation”), together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, the Company's stockholders at the time of the distribution and the Company could be subject to significant tax liability; and
- if the Separation does not comply with state fraudulent conveyance laws and legal dividend requirements.

Any forward-looking statement speaks only as of the date on which such statement is made. Arcosa undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. For a discussion of risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see Item 1A, “Risk Factors” in our 2022 Annual Report on Form 10-K and future Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

There has been no material change in our market risks since December 31, 2022 as set forth in our 2022 Annual Report on Form 10-K. See Note 9 of the Notes to Consolidated Financial Statements for the impact of foreign exchange rate fluctuations for the three and nine months ended September 30, 2023.

Item 4. ***Controls and Procedures***

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that it is able to collect and record the information it is required to disclose in the reports it files or submits under the Securities Exchange Act of 1934 (the “Exchange Act”) with the Securities and Exchange Commission (“SEC”), to process, summarize, and disclose this information within the time periods specified in the rules of the SEC, and that such information is accumulated and communicated to management, including our Chief Executive and Chief Financial Officers, in a timely fashion. The Company’s Chief Executive and Chief Financial Officers are responsible for establishing and maintaining these disclosure controls and procedures and evaluating their effectiveness (as defined in Rule 13(a)-15l under the Exchange Act). Based on their evaluation of the Company’s disclosure controls and procedures that took place as of the end of the period covered by this report, the Chief Executive and Chief Financial Officers believe that these disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there have been no changes in the Company’s internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

PART II

Item 1. *Legal Proceedings*

See Note 15 of the Notes to Consolidated Financial Statements regarding legal proceedings.

Item 1A. *Risk Factors*

There have been no material changes in the Company's risk factors from those set forth in our 2022 Annual Report on Form 10-K.

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

This table provides information with respect to purchases by the Company of shares of its common stock during the quarter ended September 30, 2023:

Period	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 Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (2)
July 1, 2023 through July 31, 2023	—	$ —	—	$ 50,000,000
August 1, 2023 through August 31, 2023	40	$ 77.73	—	$ 50,000,000
September 1, 2023 through September 30, 2023	314	$ 75.35	—	$ 50,000,000
Total	354	$ 75.62	—	$ 50,000,000

(1) These columns include the following transactions during the three months ended September 30, 2023: (i) the surrender to the Company of 354 shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees and (ii) the purchase of no shares of common stock on the open market as part of the stock repurchase program.

(2) In December 2022, the Company's Board of Directors authorized a new $50.0 million share repurchase program effective January 1, 2023 through December 31, 2024 to replace a program of the same amount that expired on December 31, 2022.

Among other things, the IRA imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. We have evaluated these new provisions, concluded there is no impact for the three and nine months ended September 30, 2023, and continue to evaluate the impact of these tax law changes on future periods.

Item 3. *Defaults Upon Senior Securities*

Not applicable.

Item 4. *Mine Safety Disclosures*

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Form 10-Q.

Item 5. *Other Information*

During the three months ended September 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. ***Exhibits***

NO.	DESCRIPTION
3.1	Restated Certificate of Incorporation of Arcosa, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-8 filed on October 31, 2018, File No. 333-228098).
3.2	Amended and Restated Bylaws of Arcosa, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed December 12, 2022, File No. 001-38494).
4.1	Fifth Supplemental Indenture dated as of August 24, 2023 among Arcosa Crushed Concrete, LLC, Arcosa Aggregates Gulf Coast, LLC, Arcosa, Inc., and Computershare Trust Company N.A. (filed herewith).
10.1	Second Amended and Restated Credit Agreement dated as of August 23, 2023 among Arcosa, Inc., as borrower, the lenders thereto, JPMorgan Chase Bank, National Association, as administrative agent, Bank of America, N.A., as syndication agent, and PNC Bank, National Association, and Wells Fargo Bank, National Association, as co-documentation agents (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed August 25, 2023, File No. 1-38494).
31.1	Rule 13a-15(e) and 15d-15(e) Certification of the Chief Executive Officer (filed herewith).
31.2	Rule 13a-15(e) and 15d-15(e) Certification of the Chief Financial Officer (filed herewith).
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
95	Mine Safety Disclosure Exhibit (filed herewith).
101.INS	Inline XBRL Instance Document (filed electronically herewith).
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed electronically herewith).
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed electronically herewith).
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed electronically herewith).
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed electronically herewith).
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed electronically herewith).
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.

Arcosa, Inc.
(Registrant)

November 2, 2023

By: /s/ Gail M. Peck
Gail M. Peck
Chief Financial Officer

Exhibit 4.1

Execution Version

FIFTH SUPPLEMENTAL INDENTURE

This Fifth Supplemental Indenture (this "*Supplemental Indenture*"), dated as of August 24, 2023, among (a) Arcosa Crushed Concrete, LLC, a Delaware limited liability company (the "*New Guarantor*"), (b) Arcosa Aggregates Gulf Coast, LLC (f/k/a Southern Aggregates, LLC), a Delaware limited liability company (the "*Released Entity*"), (c) Arcosa, Inc., a Delaware corporation (the "*Issuer*") and (d) Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "*Trustee*").

W I T N E S S E T H

WHEREAS, each of the Issuer and the existing Guarantors (as defined in the Indenture referred to below) has heretofore executed and delivered to the Trustee an indenture (as amended by the First Supplemental Indenture, dated as of September 30, 2021, the Second Supplemental Indenture, dated May 17, 2022, the Third Supplemental Indenture, dated as of October 3, 2022, and the Fourth Supplemental Indenture, dated as of January 4, 2023, the "*Indenture*"), dated as of April 6, 2021, providing for the issuance of an unlimited aggregate principal amount of 4.375% Senior Notes due 2029 (the "*Notes*");

WHEREAS, the Indenture provides that under certain circumstances the New Guarantor shall execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantor shall unconditionally Guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture;

WHEREAS, the Released Entity is a party to and a Guarantor under the Indenture;

WHEREAS, the Released Entity has been released and discharged from all of its obligations under all of its Guarantees of payment by the Issuer of any Indebtedness of the Issuer under the Credit Agreement;

WHEREAS, Section 10.5 of the Indenture provides that in connection with any Guarantor being released and discharged from all of its obligations under all of its Guarantees of payment by the Issuer of any Indebtedness of the Issuer under the Credit Agreement,(i) the Note Guarantee of such Guarantor shall be automatically and unconditionally released and discharged, and (ii) the Trustee shall execute a supplemental indenture in order to evidence the release of such Guarantor from its obligations under its Note Guarantee; and

WHEREAS, pursuant to Section 9.1(i) of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture without notice to or the consent of any Holder of the Notes.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Guarantor. The New Guarantor hereby agrees to be a Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to Guarantors, including Article X thereof.

3. Release. On the date hereof and effective upon the time that the Released Entity was released and discharged from its obligations under all of its Guarantees of payment by the Issuer of any Indebtedness of the Issuer under the Credit Agreement, the parties hereto agree that the Released Entity is (and has been automatically) released as a party to and as a Guarantor under the Indenture and that the Released Entity has no further obligations or liabilities under its Note Guarantee or the provisions of the Indenture.

4. Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

5. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF UNDER OR IN CONNECTION WITH, THE INDENTURE, THE NOTES, THE NOTE GUARANTEES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

6. Counterparts. This Supplemental Indenture may be executed in two or more counterparts, which when so executed shall constitute one and the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile, PDF or other electronic transmission, or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transaction Act or other applicable law, *e.g.*, www.docusign.com, shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes.

7. Headings. The headings of the Sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

8. The Trustee. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

[*Signatures on the following pages*.]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

NEW GUARANTOR:

ARCOSA CRUSHED CONCRETE, LLC

/s/ Mark J. Elmore

Name: Mark J. Elmore
Title: Secretary

RELEASED ENTITY:

ARCOSA AGGREGATES GULF COAST, LLC
(f/k/a SOUTHERN AGGREGATES, LLC)

/s/ Mark J. Elmore
Name: Mark J. Elmore
Title: Secretary

ISSUER:

ARCOSA, INC.

By: /s/ Mark J. Elmore
Name: Mark J. Elmore
Title: Corporate Secretary

TRUSTEE:

COMPUTERSHARE TRUST COMPANY, N.A., as Trustee

By: /s/ Xis Toni Vwj
Name: Xis Toni Vwj
Title: Assistant Vice President

Exhibit 31.1

CERTIFICATION

I, Antonio Carrillo, certify that:

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

Date: November 2, 2023

/s/ Antonio Carrillo

Antonio Carrillo
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Gail M. Peck, certify that:

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

Date: November 2, 2023

/s/ Gail M. Peck

Gail M. Peck
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Arcosa, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Antonio Carrillo, President and Chief Executive Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company, as of, and for, the periods presented in the Report.

/s/ Antonio Carrillo

Antonio Carrillo
President and Chief Executive Officer
November 2, 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 PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Arcosa, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gail M. Peck, Chief Financial Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company, as of, and for, the periods presented in the Report.

/s/ Gail M. Peck

Gail M. Peck
Chief Financial Officer
November 2, 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 95

Mine Safety Disclosures

The Company owned or operated mines during the three months ended September 30, 2023. The Financial Reform Act ("Dodd-Frank") requires us to disclose in our periodic reports filed with the SEC, specific information about each of our mines comprised of notices, violations, and orders[1] made by the Federal Mine Safety and Health Administration pursuant to the Federal Mine Safety and Health Act of 1977.

The following table is a summary of the reportable information required for our mines that operated during the three months ended September 30, 2023:

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Asa (4104399)	—	—	—	—	—	$ —	—	No	No	—	—	—
Cottonwood (4104553)	1	—	—	—	—	$ — [4]	—	No	No	—	—	—
Kimball Bend (4105462)	—	—	—	—	—	$ — [3]	—	No	No	—	—	—
Academy (4105537)	—	—	—	—	—	$ — [3]	—	No	No	—	—	—
Paradise (4103253)	—	—	—	—	—	$ —	—	No	No	—	—	—
Indian Village (1600348)	—	—	—	—	—	$ —	—	No	No	—	—	—
Rye (4102547)	—	—	—	—	—	$ 143	—	No	No	—	—	—
Pearl River 1725 (1601334)	—	—	—	—	—	$ —	—	No	No	—	—	—
Eaves Loop (1601589)	—	—	—	—	—	$ — [3]	—	No	No	—	—	—
Moody (4105304)	—	—	—	—	—	$ —	—	No	No	—	—	—
Cameron 1336 (1) (4104482)	1	—	—	—	—	$ — [2]	—	No	No	—	—	—
Bouse Junction (3401828)	—	—	—	—	—	$ — [3]	—	No	No	—	—	—
Diamond 1885 (3401660)	—	—	—	—	—	$ —	—	No	No	—	—	—
Shamrock (4104758)	—	—	—	—	—	$ — [3]	—	No	No	—	—	—
Adams Claim (2600668)	—	—	—	—	—	$ —	—	No	No	—	—	—
Cyril HG #2 (3401364)	2	—	—	—	—	$ — [2]	—	No	No	—	—	—
Cyril 1883 HG #5 (3401964)	—	—	—	—	—	$ — [3]	—	No	No	—	—	—
Ludwig (2602775)	—	—	—	—	—	$ —	—	No	No	—	—	—
Ft Stockton (4104943)	—	—	—	—	—	$ —	—	No	No	—	—	—
Orla (4104958)	—	—	—	—	—	$ 143	—	No	No	—	—	—
Stanton (4105067)	—	—	—	—	—	$ —	—	No	No	—	—	—
Midkiff (4104913)	—	—	—	—	—	$ —	—	No	No	—	—	—
McCamey Pit (4105507)	—	—	—	—	—	$ —	—	No	No	—	—	—

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Seven Points (4104495)	—	—	—	—	—	$ —	—	No	No	—	—	—
Seattle 1890 (4503239)	—	—	—	—	—	$ — [3]	—	No	No	—	—	—
Marianna Quarry (0801267)	—	—	—	—	—	$ —	—	No	No	—	—	—
Wills Point Lester (4104071)	—	—	—	—	—	$ —	—	No	No	—	—	—
Boulder (0504415)	6	—	—	—	—	$ 34,680	—	No	No	—	—	—
Brooklyn (1200254)	—	—	—	—	—	$ — [3]	—	No	No	1 [7]	—	—
Brooks (1500187)	—	—	—	—	—	$ —	—	No	No	—	—	—
Erwinville (1600033)	—	—	—	—	—	$ —	—	No	No	—	—	—
Frazier Park (0400555)	—	—	—	—	—	$ —	—	No	No	—	—	—
Livingston (0100034)	—	—	—	—	—	$ —	—	No	No	—	—	—
Streetman (4101628)	—	—	—	—	—	$ —	—	No	No	—	—	—
Ferris Malloy Bridge (4102946)	—	—	—	—	—	$ —	—	No	No	—	—	—
Smithville (4105621)	—	—	—	—	—	$ —	—	No	No	—	—	—
Kitsap (4503363)	—	—	—	—	—	$ —	—	No	No	—	—	—
Laurel Aggregates (3608891)	1	—	—	—	—	$ — [2]	—	No	No	1 [7]	1 [7]	—
Winn - Clarksville (4003094)	—	—	—	—	—	$ —	—	No	No	—	—	—
Winn - GRQ (1519561)	1	—	—	—	—	$ — [4]	—	No	No	—	—	—
Easterly Plant 10 (1601571)	—	—	—	—	—	$ —	—	No	No	—	—	—
Amite Plant 14 (1601578)	4	—	—	—	—	$ — [2]	—	No	No	—	—	—
Duvall Plant 19 (1601602)	1	—	—	—	—	$ — [2]	—	No	No	—	—	—
Deridder Plant 20 (1601580)	—	—	—	—	—	$ —	—	No	No	—	—	—
JJJ Plant 24 (1601590)	—	—	—	—	—	$ — [3]	—	No	No	—	—	—
Hattiesburg Plant 28 (2200823)	—	—	—	—	—	$ —	—	No	No	—	—	—
Goss Plant 29 (2200812)	—	—	—	—	—	$ —	—	No	No	—	—	—
Pearl River Plant 30 (1601506)	—	—	—	—	—	$ —	—	No	No	—	—	—
River Agg Hwy 242 Plant (4105046)	—	—	—	—	—	$ — [3]	—	No	No	—	—	—

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
River Agg Rye Plant 33 (4105364)	—	—	—	—	—	$ —	—	No	No	—	—	—
Northern Pit (0203296)	—	—	—	—	—	$ —	—	No	No	—	—	—
Queen Creek Plant 1 (0202821)	—	—	—	—	—	$ —	—	No	No	—	—	—
Queen Creek Plant 3 (0202663)	—	—	—	—	—	$ —	—	No	No	—	—	—
Eagle Mountain Quarry (0203146)	—	—	—	—	—	$ —	—	No	No	—	—	—
New Coolidge (0203338)	—	—	—	—	—	$ —	—	No	No	—	—	—
Old Coolidge (0203192)	—	—	—	—	—	$ —	—	No	No	—	—	—
Peoria Pit (0203359)	1	—	—	—	—	$ 461	—	No	No	—	—	—
Shady Grove (0103547)	—	—	—	—	—	$ —	—	No	No	—	—	—

1 Significant and Substantial (S&S) citations are reported on this form. Non-S&S citations are not reported on this form but any assessments resulting from non-S&S citations are reported.

2 Proposed penalty amounts are pending regarding S&S and non-S&S citation(s) issued during the reporting period.

3 Proposed penalty amounts are pending regarding non-S&S citation(s) issued during the reporting period.

4 Proposed penalty amounts are pending regarding S&S citation(s) issued during the reporting period.

5 Proposed penalty amounts are pending regarding 107(a) order(s) issued during the reporting period.

6 Contests of proposed penalties referenced in Subpart C of 29 CFR Part 2700.

7 Complaint of discharge, discrimination, or interference referenced in Subpart E of 29 CFR part 2700.

8 Contests of citations and orders referenced in Subpart B of 29 CFR Part 2700.