UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2023

OR

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

For the Transition Period From _________ To ________

Commission File Number: 001-36307

Installed Building Products, Inc.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**45-3707650** **(I.R.S. Employer Identification No.)**
495 South High Street, Suite 50 **Columbus, Ohio** **(Address of principal executive offices)**	**43215** **(Zip Code)**

(614) 221-3399

(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 per share	**IBP**	**The 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 (Section 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 a 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 ☒

On April 27, 2023, the registrant had 28,404,505 shares of common stock, par value $0.01 per share, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except share and per share amounts)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 218,690	$ 229,627
Accounts receivable (less allowance for credit losses of $10,059 and $9,549 at March 31, 2023 and December 31, 2022, respectively)	397,573	397,222
Inventories	170,115	176,629
Prepaid expenses and other current assets	76,217	80,933
Total current assets	862,595	884,411
Property and equipment, net	126,384	118,774
Operating lease right-of-use assets	74,602	76,174
Goodwill	392,625	373,555
Customer relationships, net	194,850	192,328
Other intangibles, net	94,751	91,145
Other non-current assets	33,756	42,545
Total assets	$ 1,779,563	$ 1,778,932
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	$ 31,165	$ 30,983
Current maturities of operating lease obligations	26,000	26,145
Current maturities of finance lease obligations	2,588	2,508
Accounts payable	134,836	149,186
Accrued compensation	45,613	51,608
Other current liabilities	76,136	67,631
Total current liabilities	316,338	328,061
Long-term debt	830,225	830,171
Operating lease obligations	48,339	49,789
Finance lease obligations	6,559	6,397
Deferred income taxes	25,993	28,458
Other long-term liabilities	46,887	42,557
Total liabilities	1,274,341	1,285,433
Commitments and contingencies (Note 16)		
Stockholders' equity		
Preferred Stock; $0.01 par value: 5,000,000 authorized and 0 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	—	—
Common stock; $0.01 par value: 100,000,000 authorized, 33,498,693 and 33,429,557 issued and 28,375,037 and 28,306,482 shares outstanding at March 31, 2023 and December 31, 2022, respectively	335	334
Additional paid in capital	232,503	228,827
Retained earnings	527,468	513,095
Treasury stock; at cost: 5,123,656 and 5,123,075 shares at March 31, 2023 and December 31, 2022, respectively	(289,335)	(289,317)
Accumulated other comprehensive income	34,251	40,560
Total stockholders' equity	505,222	493,499
Total liabilities and stockholders' equity	$ 1,779,563	$ 1,778,932

See accompanying notes to consolidated financial statements

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (UNAUDITED)
(in thousands, except share and per share amounts)

	Three months ended March 31,	
	2023	2022
Net revenue	$ 659,309	$ 587,492
Cost of sales	448,887	415,089
Gross profit	210,422	172,403
Operating expenses		
Selling	32,607	25,192
Administrative	89,504	79,144
Amortization	11,435	11,097
Operating income	76,876	56,970
Other expense, net		
Interest expense, net	9,670	10,600
Other (income) expense	(153)	145
Income before income taxes	67,359	46,225
Income tax provision	18,085	12,403
Net income	$ 49,274	$ 33,822
Other comprehensive (loss) income, net of tax:		
Net change on cash flow hedges, net of tax benefit (provision) of $2,252 and $(6,430) for the three months ended March 31, 2023 and 2022, respectively.	(6,309)	18,111
Comprehensive income	$ 42,965	$ 51,933
Earnings Per Share:		
Basic	$ 1.76	$ 1.15
Diluted	$ 1.74	$ 1.14
Weighted average shares outstanding:		
Basic	28,075,678	29,302,396
Diluted	28,278,220	29,580,731
Cash dividends declared per share	$ 1.23	$ 1.22

See accompanying notes to consolidated financial statements

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND MARCH 31, 2023
(in thousands, except share and per share amounts)

	Common Stock		Additional Paid In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Stockholders' Equity
	Shares	Amount			Shares	Amount		
BALANCE - January 1, 2022	33,271,659	$ 333	$ 211,430	$ 352,543	(3,565,258)	$ (147,239)	$ (227)	$ 416,840
Net income				33,822				33,822
Issuance of common stock awards to employees	40,980	1	(1)					—
Surrender of common stock awards					(50)	—		—
Share-based compensation expense			3,089					3,089
Share-based compensation issued to directors			124					124
Issuance of awards previously classified as liability awards	39,204		4,000					4,000
Dividends declared ($1.22 per share)				(35,890)				(35,890)
Common Stock repurchase					(510,943)	(49,865)		(49,865)
Other comprehensive income, net of tax							18,111	18,111
BALANCE - March 31, 2022	33,351,843	$ 334	$ 218,642	$ 350,475	(4,076,251)	$ (197,104)	$ 17,884	$ 390,231

	Common Stock		Additional Paid In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income	Stockholders' Equity
	Shares	Amount			Shares	Amount		
BALANCE - January 1, 2023	33,429,557	$ 334	$ 228,827	$ 513,095	(5,123,075)	$ (289,317)	$ 40,560	$ 493,499
Net income				49,274				49,274
Issuance of common stock awards to employees	69,136	1	(1)					—
Surrender of common stock awards					(581)	(18)		(18)
Share-based compensation expense			3,529					3,529
Share-based compensation issued to directors			148					148
Dividends declared ($1.23 per share)				(34,901)				(34,901)
Other comprehensive (loss), net of tax							(6,309)	(6,309)
BALANCE - March 31, 2023	33,498,693	$ 335	$ 232,503	$ 527,468	(5,123,656)	$ (289,335)	$ 34,251	$ 505,222

See accompanying notes to consolidated financial statements

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash flows from operating activities		
Net income	$ 49,274	$ 33,822
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property and equipment	12,525	11,329
Amortization of operating lease right-of-use assets	7,316	6,371
Amortization of intangibles	11,435	11,097
Amortization of deferred financing costs and debt discount	475	484
Provision for credit losses	1,678	653
Gain on sale of property and equipment	(639)	(92)
Noncash stock compensation	3,436	3,418
Other, net	(2,523)	790
Changes in assets and liabilities, excluding effects of acquisitions		
Accounts receivable	1,716	(32,700)
Inventories	7,699	(16,300)
Other assets	4,434	169
Accounts payable	(16,906)	16,486
Income taxes receivable/payable	16,450	11,433
Other liabilities	(22,537)	1,265
Net cash provided by operating activities	73,833	48,225
Cash flows from investing activities		
Purchases of investments	—	(49,957)
Purchases of property and equipment	(14,949)	(10,362)
Acquisitions of businesses, net of cash acquired of $10 and $0 in 2023 and 2022, respectively	(38,008)	(8,050)
Proceeds from sale of property and equipment	741	265
Other	4,602	(614)
Net cash used in investing activities	$ (47,614)	$ (68,718)

See accompanying notes to consolidated financial statements

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED, CONTINUED)
(in thousands)

	Three months ended March 31,	
	2023	2022
Cash flows from financing activities		
Payments on Term Loan	$ (1,250)	$ (1,250)
Proceeds from vehicle and equipment notes payable	8,119	4,752
Debt issuance costs	—	(627)
Principal payments on long-term debt	(7,024)	(6,618)
Principal payments on finance lease obligations	(727)	(521)
Dividends paid	(34,536)	(35,426)
Acquisition-related obligations	(1,720)	(6,003)
Repurchase of common stock	—	(49,865)
Surrender of common stock awards by employees	(18)	—
Net cash used in financing activities	(37,156)	(95,558)
Net change in cash and cash equivalents	(10,937)	(116,051)
Cash and cash equivalents at beginning of period	229,627	333,485
Cash and cash equivalents at end of period	$ 218,690	$ 217,434
Supplemental disclosures of cash flow information		
Net cash paid during the period for:		
Interest	$ 14,658	$ 14,293
Income taxes, net of refunds	1,524	1,088
Supplemental disclosure of noncash activities		
Right-of-use assets obtained in exchange for operating lease obligations	$ 5,650	$ 5,514
Property and equipment obtained in exchange for finance lease obligations	957	544
Seller obligations in connection with acquisition of businesses	6,035	1,878
Unpaid purchases of property and equipment included in accounts payable	2,316	1,884

See accompanying notes to consolidated financial statements

INSTALLED BUILDING PRODUCTS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - ORGANIZATION

Installed Building Products ("IBP"), a Delaware corporation formed on October 28, 2011, and its wholly-owned subsidiaries (collectively referred to as the "Company," and "we," "us" and "our") primarily install insulation, waterproofing, fire-stopping, fireproofing, garage doors, rain gutters, window blinds, shower doors, closet shelving and mirrors and other products for residential and commercial builders located in the continental United States. The Company operates in more than 240 locations and its corporate office is located in Columbus, Ohio.

The vast majority of our sales originate from our one reportable segment, Installation. Substantially all of our Installation segment sales are derived from the service-based installation of various products in the residential new construction, repair and remodel and commercial construction end markets from our national network of branch locations. Each of our Installation branches has the capacity to serve all of our end markets. See Note 3, Revenue Recognition, for information on our revenues by product and end market, and see Note 10, Information on Segments, for information on how we segment the business.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include all of our wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

The information furnished in the Condensed Consolidated Financial Statements includes normal recurring adjustments and reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations and statements of financial position for the interim periods presented. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission (the "SEC") have been omitted pursuant to such rules and regulations. We believe that the disclosures are adequate to prevent the information presented from being misleading when read in conjunction with our audited consolidated financial statements and the notes thereto included in Part II, Item 8, Financial Statements and Supplementary Data, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 ("2022 Form 10-K"), as filed with the SEC on February 22, 2023. The December 31, 2022 Condensed Consolidated Balance Sheet data herein was derived from the audited consolidated financial statements but the related footnotes do not include all disclosures required by U.S. GAAP.

Our interim operating results for the three months ended March 31, 2023 are not necessarily indicative of the results to be expected in future operating quarters.

Note 2 to the audited consolidated financial statements in our 2022 Form 10-K describes the significant accounting policies and estimates used in preparation of the audited consolidated financial statements. Other than the recently implemented accounting policy described below, there have been no changes to our significant accounting policies during the three months ended March 31, 2023.

Recently Adopted Accounting Pronouncements

Standard	Effective Date	Adoption
ASU 2021-08, Business Combinations (Topic 805): Accounting for contract assets and contract liabilities from contracts with customers	December 15, 2022	This pronouncement amended Topic 805 to require an acquirer to account for revenue contracts in a business combination in accordance with Topic 606 as if the acquirer had originated the contracts. This did not have a material impact on our consolidated financial statements

Recently Issued Accounting Pronouncements Not Yet Adopted

We are currently evaluating the impact of the following Accounting Standards Update ("ASU") on our Condensed Consolidated Financial Statements or Notes to Condensed Consolidated Financial Statements:

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2023-01 Leases (Topic 842): Common Control Arrangements	This pronouncement amends Topic 842 to require all entities to amortize leasehold improvements associated with common control leases over the useful life to the common control group.	Annual periods beginning after December 15, 2023, including interim periods therein. Early adoption is permitted.	We are currently assessing the impact of adoption on our consolidated financial statements.

NOTE 3 - REVENUE RECOGNITION

We disaggregate our revenue from contracts with customers for our Installation segment by end market and product, as we believe it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Revenues for the Other category are presented net of intercompany sales in the tables below. The following tables present our net revenues disaggregated by end market and product (in thousands):

	Three months ended March 31,			
	2023		2022	
Installation:				
Residential new construction	$ 475,095	72 %	$ 442,404	75 %
Repair and remodel	37,675	6 %	32,641	6 %
Commercial	109,972	16 %	86,586	15 %
Net revenue, Installation	$ 622,742	94 %	$ 561,631	96 %
Other	36,567	6 %	25,861	4 %
Net revenue, as reported	$ 659,309	100 %	$ 587,492	100 %

	Three months ended March 31,			
	2023		2022	
Installation:				
Insulation	$ 394,043	60 %	$ 364,943	63 %
Shower doors, shelving and mirrors	45,513	7 %	36,340	6 %
Garage doors	43,312	7 %	35,979	6 %
Waterproofing	29,939	4 %	29,022	5 %
Rain gutters	27,800	4 %	23,546	4 %
Window Blinds	15,881	2 %	13,058	2 %
Fireproofing/firestopping	15,175	2 %	15,922	3 %
Other building products	51,079	8 %	42,821	7 %
Net revenue, Installation	$ 622,742	94 %	$ 561,631	96 %
Other	36,567	6 %	25,861	4 %
Net revenue, as reported	$ 659,309	100 %	$ 587,492	100 %

Contract Assets and Liabilities

Our contract assets consist of unbilled amounts typically resulting from sales under contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized, based on costs incurred, exceeds the amount billed to the customer. Our contract assets are recorded in other current assets in our Condensed Consolidated Balance Sheets. Our contract liabilities consist of customer deposits and billings in excess of revenue recognized, based on costs incurred and are included in other current liabilities in our Condensed Consolidated Balance Sheets.

Contract assets and liabilities related to our uncompleted contracts and customer deposits were as follows (in thousands):

	March 31, 2023	December 31, 2022
Contract assets	$ 36,048	$ 29,431
Contract liabilities	(17,331)	(18,884)

Uncompleted contracts were as follows (in thousands):

	March 31, 2023	December 31, 2022
Costs incurred on uncompleted contracts	$ 279,994	$ 273,788
Estimated earnings	116,621	114,781
Total	396,615	388,569
Less: Billings to date	369,686	368,009
Net under billings	$ 26,929	$ 20,560

Net under billings were as follows (in thousands):

	March 31, 2023	December 31, 2022
Costs and estimated earnings in excess of billings on uncompleted contracts (contract assets)	$ 36,048	$ 29,431
Billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities)	(9,119)	(8,871)
Net under billings	$ 26,929	$ 20,560

The difference between contract assets and contract liabilities as of March 31, 2023 compared to December 31, 2022 is primarily the result of timing differences between our performance of obligations under contracts and customer payments and billings. During three months ended March 31, 2023, we recognized $15.8 million of revenue that was included in the contract liability balance at December 31, 2022. We did not recognize any impairment losses on our receivables and contract assets during the three months ended March 31, 2023 or 2022.

Remaining performance obligations represent the transaction price of contracts for which work has not been performed and excludes unexercised contract options and potential modifications. As of March 31, 2023, the aggregate amount of the transaction price allocated to remaining uncompleted contracts was $154.3 million. We expect to satisfy remaining performance obligations and recognize revenue on substantially all of these uncompleted contracts over the next 18 months.

NOTE 4 - CREDIT LOSSES

Our expected loss allowance methodology for accounts receivable is developed using historical experience, present economic conditions and other relevant factors management considers relevant to estimate expected credit losses. We also perform ongoing evaluations of creditworthiness of our existing and potential customers.

Changes in our allowance for credit losses were as follows (in thousands):

Balance as of January 1, 2023	$ 9,549
Current period provision	1,678
Recoveries collected and additions	61
Amounts written off	(1,229)
Balance as of March 31, 2023	$ 10,059

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid instruments with insignificant interest rate risk and original or remaining maturities of three months or less at the time of purchase. These instruments amounted to approximately $197.9 million and $191.9 million as of March 31, 2023 and December 31, 2022, respectively. See Note 9, Fair Value Measurements, for additional information.

NOTE 6 - GOODWILL AND INTANGIBLES

Goodwill

The change in carrying amount of goodwill was as follows (in thousands):

	Installation	Other	Consolidated
Goodwill (gross) - January 1, 2023	$ 355,226	$ 88,333	$ 443,559
Business combinations	13,540	—	13,540
Other	257	5,273	5,530
Goodwill (gross) - March 31, 2023	369,023	93,606	462,629
Accumulated impairment losses	(70,004)	—	(70,004)
Goodwill (net) - March 31, 2023	$ 299,019	$ 93,606	$ 392,625

Other changes presented in the above table primarily include adjustments for the allocation of certain acquisitions still under measurement made during the three months ended March 31, 2023, including a change in tax election that resulted in a $4.9 million change in purchase price for a 2022 acquisition. For additional information regarding changes to goodwill resulting from acquisitions, see Note 17, Business Combinations.

We test goodwill for impairment annually during the fourth quarter of our fiscal year or earlier if there is an impairment indicator. Accumulated impairment losses included within the above table were incurred over multiple periods and were all associated with the Installation segment, with the latest impairment charge being recorded during the year ended December 31, 2010.

Intangibles, net

The following table provides the gross carrying amount, accumulated amortization and net book value for each major class of intangibles (in thousands):

	As of March 31, 2023			As of December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Amortized intangibles:						
Customer relationships	$ 349,019	$ 154,169	$ 194,850	$ 338,050	$ 145,722	$ 192,328
Covenants not-to-compete	31,207	21,028	10,179	30,899	20,086	10,813
Trademarks and tradenames	125,078	41,518	83,560	119,612	39,638	79,974
Backlog	21,635	20,623	1,012	20,815	20,457	358
	$ 526,939	$ 237,338	$ 289,601	$ 509,376	$ 225,903	$ 283,473

The gross carrying amount of intangibles increased approximately $17.6 million during the three months ended March 31, 2023 primarily due to business combinations. For more information, see Note 17, Business Combinations.

Remaining estimated aggregate annual amortization expense is as follows (amounts, in thousands, are for the fiscal year ended):

Remainder of 2023	$	32,834
2024		39,843
2025		34,301
2026		30,350
2027		26,064
Thereafter		126,209

NOTE 7 - LONG-TERM DEBT

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

	As of March 31, 2023		As of December 31, 2022	
Senior Notes due 2028, net of unamortized debt issuance costs of $2,887 and $3,036, respectively	$	297,113	$	296,964
Term loan, net of unamortized debt issuance costs of $5,524 and $5,767, respectively		488,226		489,233
Vehicle and equipment notes, maturing through March 2028; payable in various monthly installments, including interest rates ranging from 1.9% to 6.2%		74,078		72,984
Various notes payable, maturing through April 2025; payable in various monthly installments, including interest rates ranging from 2.0% to 5.0%		1,973		1,973
		861,390		861,154
Less: current maturities		(31,165)		(30,983)
Long-term debt, less current maturities	$	830,225	$	830,171

Remaining required repayments of debt principal, gross of unamortized debt issuance costs, as of March 31, 2023 are as follows (in thousands):

Remainder of 2023	$	23,976
2024		27,027
2025		21,201
2026		16,250
2027		11,002
Thereafter		770,345

NOTE 8 - LEASES

We lease various assets in the ordinary course of business as follows: warehouses to store our materials and perform staging activities for certain products we install, various office spaces for selling and administrative activities to support our business, and certain vehicles and equipment to facilitate our operations, including, but not limited to, trucks, forklifts and office equipment.

The table below presents the lease-related assets and liabilities recorded on the Condensed Consolidated Balance Sheets:

(in thousands)	Classification	As of March 31, 2023	As of December 31, 2022
Assets			
Non-Current			
Operating	Operating lease right-of-use assets	$ 74,602	$ 76,174
Finance	Property and equipment, net	9,159	8,928
Total lease assets		$ 83,761	$ 85,102
Liabilities			
Current			
Operating	Current maturities of operating lease obligations	$ 26,000	$ 26,145
Financing	Current maturities of finance lease obligations	2,588	2,508
Non-Current			
Operating	Operating lease obligations	48,339	49,789
Financing	Finance lease obligations	6,559	6,397
Total lease liabilities		$ 83,486	$ 84,839
Weighted-average remaining lease term:			
Operating leases		3.9 years	4.0 years
Finance leases		3.8 years	3.6 years
Weighted-average discount rate:			
Operating leases		4.60 %	4.41 %
Finance leases		6.08 %	5.76 %

Lease Costs

The table below presents certain information related to the lease costs for finance and operating leases:

(in thousands)	Classification	Three months ended March 31, 2023	Three months ended March 31, 2022
Operating lease cost(1)	Administrative	$ 9,203	$ 7,759
Finance lease cost:			
Amortization of leased assets(2)	Cost of sales	977	716
Interest on finance lease obligations	Interest expense, net	131	61
Total lease costs		$ 10,311	$ 8,536

(1) Includes variable lease costs of $1.2 million and $0.9 million for the three months ended March 31, 2023 and 2022, respectively, and short-term lease costs of $0.3 million for each of the three months ended March 31, 2023 and 2022.

(2) Includes variable lease costs of $0.2 million for each of the three months ended March 31, 2023 and 2022.

Other Information

The table below presents supplemental cash flow information related to leases (in thousands):

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 7,691	$ 6,463
Operating cash flows for finance leases	131	61
Financing cash flows for finance leases	727	521

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years for the finance lease obligations and operating lease obligations recorded on the Condensed Consolidated Balance Sheet as of March 31, 2023 (in thousands):

	Finance Leases	Operating Leases		
		Related Party	Other	Total Operating
Remainder of 2023	$ 2,354	$ 1,068	$ 21,268	$ 22,336
2024	2,668	1,175	21,565	22,740
2025	2,299	1,017	14,742	15,759
2026	1,968	—	9,616	9,616
2027	997	—	5,252	5,252
Thereafter	17	—	5,559	5,559
Total minimum lease payments	10,303	$ 3,260	$ 78,002	81,262
Less: Amounts representing executory costs	(2)			—
Less: Amounts representing interest	(1,154)			(6,923)
Present value of future minimum lease payments	9,147			74,339
Less: Current obligation under leases	(2,588)			(26,000)
Long-term lease obligations	$ 6,559			$ 48,339

NOTE 9 - FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. During the periods presented, there were no transfers between fair value hierarchical levels.

Assets Measured at Fair Value on a Nonrecurring Basis

Certain assets, specifically other intangible and long-lived assets, are measured at fair value on a nonrecurring basis in periods subsequent to initial recognition. Assets measured at fair value on a nonrecurring basis as of March 31, 2023 and December 31, 2022 are categorized based on the lowest level of significant input to the valuation. The assets are measured at fair value when our impairment assessment indicates a carrying value for each of the assets in excess of the asset's estimated fair value. Undiscounted cash flows, a Level 3 input, are utilized in determining estimated fair values. During each of the three months ended March 31, 2023 and 2022, we did not record any impairments on these assets required to be measured at fair value on a nonrecurring basis.

Estimated Fair Value of Financial Instruments

Accounts receivable, accounts payable and accrued liabilities as of March 31, 2023 and December 31, 2022 approximate fair value due to the short-term maturities of these financial instruments. The carrying amounts of certain long-term debt, including the Term Loan and ABL Revolver as of March 31, 2023 and December 31, 2022, approximate fair value due to the variable rate nature of the agreements. The carrying amounts of our operating lease right-of-use assets and the obligations associated with our operating and finance leases as well as our vehicle and equipment notes approximate fair value as of March 31, 2023 and December 31, 2022. All debt classifications represent Level 2 fair value measurements. Derivative financial instruments are measured at fair value based on observable market information and appropriate valuation methods.

Contingent consideration liabilities arise from future earnout payments to the sellers associated with certain acquisitions and are based on predetermined calculations of certain future results. These future payments are estimated by considering various factors, including business risk and projections. The contingent consideration liabilities are measured at fair value by discounting estimated future payments, calculated based on a weighted average of various future forecast scenarios, to their net present value.

Fair value in the Condensed Consolidated Balance Sheets and not described above were as follows (in thousands):

	As of March 31, 2023				As of December 31, 2022			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets:								
Cash equivalents	$ 197,910	$ 197,910	$ —	$ —	$ 191,881	$ 191,881	$ —	$ —
Derivative financial instruments	30,020	—	30,020	—	38,671	—	38,671	—
Total financial assets	$ 227,930	$ 197,910	$ 30,020	$ —	$ 230,552	$ 191,881	$ 38,671	$ —
Financial liabilities:								
Contingent consideration	$ 968	$ —	$ —	$ 968	$ 1,858	$ —	$ —	$ 1,858
Derivative financial instruments	1,014	—	1,014	—	—	—	—	—
Total financial liabilities	$ 1,982	$ —	$ 1,014	$ 968	$ 1,858	$ —	$ —	$ 1,858

See Note 5, Cash and Cash Equivalents, for more information on cash equivalents included in the table above. Also see Note 11, Derivatives and Hedging Activities, for more information on derivative financial instruments.

The change in fair value of the contingent consideration (a Level 3 input) was as follows (in thousands):

Contingent consideration liability - January 1, 2023	$ 1,858
Accretion in value	110
Amounts paid to sellers	(1,000)
Contingent consideration liability - March 31, 2023	$ 968

The accretion in value of contingent consideration liabilities is included within administrative expenses on the Condensed Consolidated Statements of Operations and Comprehensive Income.

The carrying value and associated fair value of financial assets and liabilities that are not recorded at fair value in the Condensed Consolidated Balance Sheets and not described above include our Senior Notes. To estimate the fair value of our Senior Notes, we utilized third-party quotes which are derived all or in part from model prices, external sources or market prices. The Senior Notes represent a Level 2 fair value measurement and are as follows (in thousands):

	As of March 31, 2023		As of December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Notes[(1)]	$ 300,000	$ 278,709	$ 300,000	$ 270,993

(1) Excludes the impact of unamortized debt issuance costs.

See Note 5, Cash and Cash Equivalents, for more information on investments included in the table above. Also see Note 7, Long-Term Debt, for more information on our Senior Notes.

NOTE 10 - INFORMATION ON SEGMENTS

Our segment structure includes three operating segments consisting of Installation, Distribution and Manufacturing. Our Installation operating segment represents the majority of our net revenue and gross profit and forms our one reportable segment. This operating segment represents the service-based installation of insulation and complementary building products in the residential new construction, repair and remodel and commercial construction end markets from our national network of branch locations. These branch locations have similar economic and operating characteristics including the nature of products and services offered, operating procedures and risks, customer bases, employee incentives, material procurement and shared corporate resources and therefore combine to form one operating segment.

The Other category reported below reflects the operations of our two remaining operating segments, Distribution and Manufacturing, which do not meet the quantitative thresholds for separate reporting. Our Distribution operating segment includes our businesses that sell insulation, gutters and accessories primarily to installers of these products who operate in multiple end markets. Our Manufacturing operating segment consists of our cellulose insulation manufacturing operation. In addition to sales of cellulose insulation, revenues from this operating segment consist of sales of asphalt and industrial fibers to distributors and installers of these products.

The Installation reportable segment includes substantially all of our net revenue from services while net revenue included in the Other category includes substantially all of our net revenue from sales of products. The intercompany sales from the Other category to the Installation reportable segment include a profit margin while our Installation segment records these transactions at cost.

The key metrics used to assess the performance of our operating segments are revenue and segment gross profit as these are the metrics used by our Chief Executive Officer, who is also our Chief Operating Decision Maker ("CODM"), to review results, assess performance and allocate resources. We define segment gross profit as revenue less cost of sales, excluding depreciation and amortization. We do not report total assets, depreciation and amortization expenses included in reported cost of sales, operating expenses or other expense, net by segment because our CODM does not use this information to assess segment performance or allocate resources. The following tables represent our segment information for the three months ended March 31, 2023 and 2022 (in thousands):

	Three months ended March 31, 2023			
	Installation	Other	Eliminations	Consolidated
Revenue	$ 622,742	$ 38,722	$ (2,155)	$ 659,309
Cost of sales (1)	410,384	28,459	(1,766)	437,077
Segment gross profit	$ 212,358	$ 10,263	$ (389)	$ 222,232
Segment gross profit percentage	34.1 %	26.5 %	18.1 %	33.7 %

	Three months ended March 31, 2022			
	Installation	Other	Eliminations	Consolidated
Revenue	$ 561,631	$ 26,650	$ (789)	$ 587,492
Cost of sales (1)	385,692	19,373	(609)	404,456
Segment gross profit	$ 175,939	$ 7,277	$ (180)	$ 183,036
Segment gross profit percentage	31.3 %	27.3 %	22.8 %	31.2 %

(1) Cost of sales included in segment gross profit is exclusive of depreciation and amortization for the three months ended March 31, 2023 and 2022.

The reconciliation between consolidated segment gross profit for each period as shown in the tables above to consolidated income before income taxes is as follows:

	Three months ended March 31,	
	2023	2022
Segment gross profit - consolidated	$ 222,232	$ 183,036
Depreciation and amortization (1)	11,810	10,633
Gross profit, as reported	210,422	172,403
Operating expenses	133,546	115,433
Operating income	76,876	56,970
Other expense, net	9,517	10,745
Income before income taxes	$ 67,359	$ 46,225

(1) Depreciation and amortization is excluded from segment gross profit for the three months ended March 31, 2023 and 2022.

NOTE 11 - DERIVATIVES AND HEDGING ACTIVITIES

Cash Flow Hedges of Interest Rate Risk

Our purpose for using interest rate derivatives is to add stability to interest expense and to manage our exposure to interest rate movements. During the three months ended March 31, 2023, we used interest rate swaps to hedge the variable cash flows associated with existing variable-rate debt. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. We do not use derivatives for trading or speculative purposes and we currently do not have any derivatives that are not designated as hedges. As of March 31, 2023, we have not posted any collateral related to these agreements.

As of March 31, 2023 and December 31, 2022, we had the following interest rate swap derivatives outstanding:

Effective Date	Notional Amount	Fixed Rate	Maturity Date
	(in millions)		
July 30, 2021	$ 200.0	0.51 %	December 31, 2025
December 31, 2021	100.0	1.37 %	December 31, 2025
December 31, 2021	100.0	1.37 %	December 31, 2025
December 31, 2025	300.0	3.09 %	December 14, 2028
December 31, 2025	100.0	2.98 %	December 14, 2028

As of March 31, 2023, our two forward interest rate swaps, combined with our three active swaps, serve to hedge $400.0 million of the variable cash flows on our variable rate Term Loan through maturity. The assets and liabilities associated with these interest rate swaps are included in other current assets, other non-current assets and other long-term liabilities on the Consolidated Balance Sheets at their fair value amounts as described in Note 9, Fair Value Measurements.

In July 2022, we amended the maturity date of each of our three active interest rate swaps to December 31, 2025 with the other terms remaining unchanged. The remaining unrealized gains will be amortized as a decrease to interest expense, net through the original maturity dates of April 15, 2030 and December 15, 2028. For the three months ended March 31, 2023, we amortized $1.7 million of the remaining unrealized gains as a decrease to interest expense, net.

The amended swaps included off-market terms at inception. This other-than-insignificant financing element will be amortized as an increase to interest expense, net through the December 31, 2025 maturity date of the amended swaps. For the three months ended March 31, 2023, we amortized $1.8 million of the financing element as an increase to interest expense, net. Future net cash settlements are recognized through cash flows from investing activities in the Condensed Consolidated Statements of Cash Flows due to the other-than-insignificant financing element.

In August 2020, we terminated two then-existing interest rate swaps and one then-existing forward interest rate swap. During the three months ended March 31, 2023 and 2022 we amortized $1.0 million and $0.8 million, respectively, of the remaining unrealized loss as an increase to interest expense, net.

The changes in the fair value of derivatives designated, and that qualify, as cash flow hedges are recorded in other comprehensive income, net of tax on the Condensed Consolidated Statements of Operations and Comprehensive Income and in accumulated other comprehensive income on the Condensed Consolidated Balance Sheets and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. We had no such changes during the three months ended March 31, 2023 and 2022.

Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense, net as interest payments are made on our variable-rate debt, and as our terminated and amended swaps are amortized. Over the next twelve months, we estimate that an additional $10.4 million will be reclassified as a decrease to interest expense, net.

The following table summarizes amounts recorded to interest expense, net included in the Condensed Consolidated Statements of Operations and Comprehensive Income related to our interest rate swaps (in thousands):

	Three months ended March 31,	
	2023	2022
(Benefit) expense associated with swap net settlements	$ (3,593)	$ 795
Expense associated with amortization of amended/terminated swaps	1,104	790

LIBOR was used as a reference rate for our interest rate swap agreements we use to hedge our interest rate exposure. The Intercontinental Exchange Benchmark Administration, the administrator of LIBOR, announced in March 2021 its intention to extend the publication of certain LIBOR settings, including the setting we use as a reference rate, to June 2023. In January 2020, the Financial Accounting Standards Board (the "FASB") issued ASU 2020-04, Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848) and in January 2021, the FASB subsequently issued ASU 2021-01, Reference Rate Reform - Scope, which clarified the scope and application of the original guidance. The purpose of this guidance is to provide relief for impacted areas as it relates to impending reference rate reform. We elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. See Note 19, Subsequent Events, for information on a change regarding the reference rate for our interest rate swaps.

NOTE 12 - STOCKHOLDERS' EQUITY

Accumulated other comprehensive income

The change in accumulated other comprehensive income related to our interest rate derivatives, net of taxes, was as follows (in thousands):

	Three months ended March 31,	
	2023	2022
Accumulated gain (loss) at beginning of period	$ 40,560	$ (227)
Unrealized (losses) gains in fair value	(7,126)	17,527
Reclassifications of realized net losses to earnings	817	584
Accumulated gain at end of period	$ 34,251	$ 17,884

The reclassifications of realized net losses to earnings in the above table are recorded within interest expense, net.

Share repurchases

During the three months ended March 31, 2023 we did not repurchase any common stock. During the three months ended March 31, 2022 we repurchased approximately 511 thousand shares of our common stock with an aggregate price of approximately $49.9 million, or $97.57 average price per share. The effect of these treasury shares in reducing the number of common shares outstanding is reflected in our earnings per share calculation.

On February 22, 2023, we announced that our board of directors authorized a new stock repurchase program that allows for the repurchase of up to $200.0 million of our outstanding common stock. The new program replaces the previous program and is in effect through March 1, 2024.

Dividends

During the three months ended March 31, 2023, we declared and paid the following cash dividends (amount declared and amount paid in thousands):

Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount Declared	Amount Paid
2/22/2023	3/15/2023	3/31/2023	$ 0.90	$ 25,537	$ 25,270
2/22/2023	3/15/2023	3/31/2023	0.33	9,364	9,266

During the three months ended March 31, 2022, we declared and paid the following cash dividends (amount declared and amount paid in thousands):

Declaration Date	Record Date	Payment Date	Dividend Per Share	Amount Declared	Amount Paid
2/24/2022	3/15/2022	3/31/2022	$ 0.90	$ 26,585	$ 26,242
2/24/2022	3/15/2022	3/31/2022	0.315	9,305	9,184

The amount of dividends declared may vary from the amount of dividends paid in a period due to the vesting of restricted stock awards and performance share awards, which accrue dividend equivalent rights that are paid when the award vests. The payment of future dividends will be at the discretion of our board of directors and will depend on our future earnings, capital requirements, financial condition, future prospects, results of operations, contractual restrictions, legal requirements, and other factors deemed relevant by our board of directors.

NOTE 13 - EMPLOYEE BENEFITS

Healthcare

We participate in multiple healthcare plans, the largest of which is partially self-funded with an insurance company paying benefits in excess of stop loss limits per individual/family. Our healthcare benefit expense (net of employee contributions) was $7.4 million and $8.9 million for the three months ended March 31, 2023 and 2022, respectively. An accrual for estimated healthcare claims incurred but not reported ("IBNR") is included within accrued compensation on the Condensed Consolidated Balance Sheets and was $4.3 million and $3.8 million as of March 31, 2023 and December 31, 2022, respectively.

Workers' Compensation

Workers' compensation expense totaled $5.8 million and $5.7 million for the three months ended March 31, 2023 and 2022, respectively. Workers' compensation known claims and IBNR reserves included on the Condensed Consolidated Balance Sheets were as follows (in thousands):

	March 31, 2023	December 31, 2022
Included in other current liabilities	$ 8,782	$ 9,946
Included in other long-term liabilities	16,550	13,730
	$ 25,332	$ 23,676

We also had an insurance receivable for claims that exceeded the stop loss limit under our self-insured policies as well as claims under our fully insured policies included on the Condensed Consolidated Balance Sheets. This receivable offsets an equal liability included within the reserve amounts noted above and was as follows (in thousands):

	March 31, 2023	December 31, 2022
Included in other non-current assets	$ 2,743	$ 2,318

Retirement Plans

We participate in multiple 401(k) plans, whereby we provide a matching contribution of wages deferred by employees and can also make discretionary contributions to each plan. Certain plans allow for discretionary employer contributions only. These plans cover substantially all our eligible employees. We recognized 401(k) plan expenses of $0.9 million and $0.8 million during the three months ended March 31, 2023 and 2022, respectively. These expenses are included in administrative expenses on the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

Multiemployer Pension Plans

We participate in various multiemployer pension plans under collective bargaining agreements in Washington, Oregon, California and Illinois with other companies in the construction industry. These plans cover our union-represented employees and contributions to these plans are expensed as incurred. These plans generally provide for retirement, death and/or termination benefits for eligible employees within the applicable collective bargaining units, based on specific eligibility/participation requirements, vesting periods and benefit formulas. We do not participate in any multiemployer pension plans that are considered to be individually significant.

Share-Based Compensation

Common Stock Awards

We periodically grant shares of our common stock to non-employee members of our board of directors and our employees. During the three months ended March 31, 2023 and 2022, we did not grant any such shares under our 2014 Omnibus Incentive Plan to non-employee members of our board of directors or employees.

Employees – Performance-Based Stock Awards

During the three months ended March 31, 2023, we issued approximately 61 thousand shares of our common stock to certain officers, which vest in two equal installments on each of April 20, 2024 and April 20, 2025. In addition, during the three months ended March 31, 2023, we established, and our board of directors approved, performance-based targets in connection with common stock awards to be issued to certain officers in 2024 contingent upon achievement of these targets.

In addition, there are long-term performance-based restricted stock awards to be issued to certain employees annually through 2024 contingent upon achievement of certain performance targets. These awards are accounted for as liability-based awards since they represent a predominantly-fixed monetary amount that will be settled with a variable number of common shares in the first quarter of 2025 and as such are included in other long-term liabilities on the Condensed Consolidated Balance Sheets. During the three months ended March 31, 2023 and 2022, we granted approximately 8 thousand and 39 thousand shares of our common stock, respectively. The shares granted in 2023 will vest in 2025, and the shares granted in 2022 vested in the second quarter of 2022.

Employees – Performance-Based Restricted Stock Units

During 2022, we established, and our board of directors approved, performance-based restricted stock units in connection with common stock awards to be issued to certain employees in 2023 based upon achievement of a performance target. These units will be accounted for as equity-based awards that will be settled with a fixed number of common shares.

Share-Based Compensation Summary

Amounts and changes for each category of equity-based award were as follows:

	Common Stock Awards		Performance-Based Stock Awards		Performance-Based Restricted Stock Units	
	Awards	Weighted Average Grant Date Fair Value Per Share	Awards	Weighted Average Grant Date Fair Value Per Share	Units	Weighted Average Grant Date Fair Value Per Share
Nonvested awards/units at December 31, 2022	157,117	$ 77.31	126,053	$ 103.37	15,711	$ 80.55
Granted	7,690	109.76	69,281	109.09	—	—
Vested	(569)	82.14	—	—	—	—
Forfeited/Cancelled	(398)	86.72	—	—	(289)	80.55
Nonvested awards/units at March 31, 2023	163,840	$ 78.79	195,334	$ 105.40	15,422	$ 80.55

The following table summarizes the share-based compensation expense recognized under our 2014 Omnibus Incentive Plan (in thousands):

	Three months ended March 31,	
	2023	2022
Common Stock Awards	$ 1,393	$ 1,531
Non-Employee Common Stock Awards	148	124
Performance-Based Stock Awards	1,563	1,315
Liability Performance-Based Stock Awards	26	206
Performance-Based Restricted Stock Units	306	242
	$ 3,436	$ 3,418

We recorded the following stock compensation expense by income statement category (in thousands):

	Three months ended March 31,	
	2023	2022
Cost of sales	$ 165	$ 149
Selling	136	62
Administrative	3,135	3,207
	$ 3,436	$ 3,418

Administrative stock compensation expense includes all stock compensation earned by our administrative personnel, while cost of sales and selling stock compensation represents all stock compensation earned by our installation and sales employees, respectively.

Unrecognized share-based compensation expense related to unvested awards was as follows (in thousands):

	As of March 31, 2023	
	Unrecognized Compensation Expense on Unvested Awards	Weighted Average Remaining Vesting Period
Common Stock Awards	$ 5,561	1.7
Performance-Based Stock Awards	11,112	2.1
Performance-Based Restricted Stock Units	41	0.1
Total unrecognized compensation expense related to unvested awards	$ 16,714	

Total unrecognized compensation expense is subject to future adjustments for forfeitures. This expense is expected to be recognized over the remaining weighted-average period shown above on a straight-line basis except for the Performance-Based Stock Awards which uses the graded-vesting method. Shares forfeited are returned as treasury shares and available for future issuances.

During the three months ended March 31, 2023, our employees surrendered approximately 200 shares of our common stock to satisfy tax withholding obligations arising in connection with the vesting of common stock awards issued under our 2014 Omnibus Incentive Plan.

As of March 31, 2023, approximately 1.6 million of the 3.0 million shares of common stock authorized for issuance were available for issuance under the 2014 Omnibus Incentive Plan.

NOTE 14 - INCOME TAXES

Our provision for income taxes as a percentage of pretax earnings is based on a current estimate of the annual effective income tax rate adjusted to reflect the impact of discrete items.

During both the three months ended March 31, 2023 and 2022, our effective tax rate was 26.8%. The rates for each of the three months ended March 31, 2023 and 2022 were unfavorably impacted by certain expenses not being deductible for income tax reporting purposes.

NOTE 15 - RELATED PARTY TRANSACTIONS

We sell installation services to other companies related to us through common or affiliated ownership and/or board of directors and/or management relationships. We also purchase services and materials and pay rent to companies with common or affiliated ownership.

We lease our headquarters and certain other facilities from related parties. See Note 8, Leases, for future minimum lease payments to be paid to these related parties.

The amount of sales to common or related parties as well as the purchases from and rent expense paid to common or related parties were as follows (in thousands):

	Three months ended March 31,	
	2023	2022
Sales	$ 4,015	$ 560
Purchases	666	407
Rent	352	314

We had a related party balance of approximately $2.3 million and $3.3 million included in accounts receivable on our Condensed Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022, respectively. These balances primarily represent trade accounts receivable arising during the normal course of business with various related parties. M/I Homes, Inc., a customer whose Chairman, Chief Executive Officer and President rejoined our board of directors in July of 2022, accounted for $1.5 million and $2.5 million of the related party accounts receivable balance as of March 31, 2023 and December 31, 2022, respectively. Additionally, M/I Homes, Inc. accounted for a significant portion of our related party sales during the three months ended March 31, 2023.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Accrued General Liability and Auto Insurance

Accrued general liability and auto insurance reserves included on the Condensed Consolidated Balance Sheets were as follows (in thousands):

	March 31, 2023	December 31, 2022
Included in other current liabilities	$ 7,162	$ 7,479
Included in other long-term liabilities	16,621	17,528
	$ 23,783	$ 25,007

We also had insurance receivables and indemnification assets included on the Condensed Consolidated Balance Sheets that, in aggregate, offset equal liabilities included within the reserve amounts noted above. The amounts were as follows (in thousands):

	March 31, 2023	December 31, 2022
Insurance receivables and indemnification assets for claims under fully insured policies	$ 2,643	$ 4,933
Insurance receivables for claims that exceeded the stop loss limit	75	380
Total insurance receivables and indemnification assets included in other non-current assets	$ 2,718	$ 5,313

Leases

See Note 8, Leases, for further information regarding our lease commitments.

Other Commitments and Contingencies

From time to time, various claims and litigation are asserted or commenced against us principally arising from contractual matters and personnel and employment disputes. In determining loss contingencies, management considers the likelihood of loss as well as the ability to reasonably estimate the amount of such loss or liability. An estimated loss is recorded when it is considered probable that such a liability has been incurred and when the amount of loss can be reasonably estimated. As litigation is subject to inherent uncertainties, we cannot be certain that we will prevail in these matters. However, we do not believe that the ultimate outcome of any pending matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

During the three months ended March 31, 2023, we entered into an supply agreement with variable pricing with one of our suppliers to purchase a portion of the material we utilize in our business. This agreement is effective March 31, 2023 through March 31, 2026 with a purchase obligation of 12.0 million pounds for 2023, 14.4 million pounds for 2024 and 17.3 million pounds for 2025.

NOTE 17 - BUSINESS COMBINATIONS

As part of our ongoing strategy to expand geographically and increase market share in certain markets, as well as diversify our products and end markets, we completed two business combinations during the three months ended March 31, 2023 and one business combination during the three months ended March 31, 2022.

The largest of our 2023 acquisitions was Anchor Insulation Co., Inc. (Anchor) in March 2023. Below is a summary of each significant acquisition by year, including revenue and net income since date of acquisition shown for the year of acquisition. Net income includes amortization and taxes when appropriate.

For the three months ended March 31, 2023 (in thousands):

2023 Acquisitions	Date	Acquisition Type	Cash Paid	Seller Obligations	Total Purchase Price	Three months ended March 31, 2023 Revenue	Three months ended March 31, 2023 Net Income
Anchor	3/12/2023	Share	$ 35,928	$ 1,000	$ 36,928	$ 2,193	$ 51
Other	2/13/2023	Asset	2,090	131	2,221	444	15
			$ 38,018	$ 1,131	$ 39,149	$ 2,637	$ 66

For the three months ended March 31, 2022 (in thousands):

2022 Acquisitions	Date	Acquisition Type	Cash Paid	Seller Obligations	Total Purchase Price	Three months ended March 31, 2022 Revenue	Three months ended March 31, 2022 Net Income
Other	03/01/2022	Share	$ 8,050	$ 1,878	$ 9,928	$ 915	$ 97

Acquisition-related costs recorded within administrative expenses on the Condensed Consolidated Statements of Operations and Comprehensive Income amounted to $0.6 million and $0.7 million for the three months ended March 31, 2023 and 2022, respectively. The goodwill recognized in conjunction with these business combinations represents the excess cost of the acquired entity over the net amount assigned to assets acquired and liabilities assumed. We expect to deduct approximately $13.0 million of goodwill for tax purposes as a result of 2023 acquisitions.

Purchase Price Allocations

The estimated fair values of the assets acquired and liabilities assumed for the acquisitions, as well as total purchase prices and cash paid, approximated the following (in thousands):

	Three months ended March 31, 2023			Three months ended March 31, 2022
	Anchor	Other	Total	Other
Estimated fair values:				
Cash	$ 10	$ —	$ 10	$ 87
Accounts receivable	3,661	—	3,661	772
Inventories	1,527	64	1,591	684
Other current assets	1,732	—	1,732	21
Property and equipment	2,428	381	2,809	1,049
Operating lease right-of-use asset	—	28	28	—
Intangibles	16,420	1,120	17,540	4,634
Goodwill	12,870	670	13,540	2,743
Other non-current assets	184	13	197	7
Accounts payable and other current liabilities	(1,904)	(46)	(1,950)	(69)
Other long-term liabilities	—	(9)	(9)	—
Fair value of assets acquired and purchase price	36,928	2,221	39,149	9,928
Less seller obligations	1,000	131	1,131	1,878
Cash paid	$ 35,928	$ 2,090	$ 38,018	$ 8,050

Contingent consideration, non-compete agreements and/or amounts based on working capital calculations are included as "seller obligations" in the above table or within "fair value of assets acquired" if subsequently paid during the period presented. Contingent consideration payments consist primarily of earnouts based on performance that are recorded at fair value at the time of acquisition. When these payments are expected to be made over one year from the acquisition date, the contingent consideration is discounted to net present value of future payments based on a weighted average of various future forecast scenarios.

Further adjustments to the allocation for each acquisition still under its measurement period are expected as third-party or internal valuations are finalized, certain tax aspects of the transaction are completed and customary post-closing reviews are concluded during the measurement period attributable to each individual business combination. As a result, adjustments to the fair value of assets acquired, and in some cases total purchase price, have been made to certain business combinations since the date of acquisition and future adjustments may be made through the end of each measurement period. Any acquisition acquired after March 31, 2022 is deemed to be within the measurement period and its purchase price considered preliminary. Goodwill and intangibles per the above table may not agree to the total gross increases of these assets as shown in Note 6, Goodwill and Intangibles, during each of the three months ended March 31, 2023 and 2022 due to adjustments to goodwill for the allocation of certain acquisitions still under measurement as well as other immaterial intangible assets added during the ordinary course of business. All acquisitions during the three months ended March 31, 2023 and 2022 had their respective goodwill assigned to our Installation operating segment.

Estimates of acquired intangible assets related to the acquisitions are as follows (in thousands):

	For the three months ended March 31,			
	2023		2022	
Acquired intangibles assets	Estimated Fair Value	Weighted Average Estimated Useful Life (yrs.)	Estimated Fair Value	Weighted Average Estimated Useful Life (yrs.)
Customer relationships	$ 10,969	12	$ 3,125	12
Trademarks and tradenames	5,466	15	1,136	15
Non-competition agreements	285	5	374	5
Backlog	820	1	—	0

Pro Forma Information

The unaudited pro forma information for the combined results of the Company has been prepared as if the 2023 acquisitions had taken place on January 1, 2022 and the 2022 acquisitions had taken place on January 1, 2021. The unaudited pro forma information is not necessarily indicative of the results that we would have achieved had the transactions actually taken place on January 1, 2022 and 2021, respectively, and the unaudited pro forma information does not purport to be indicative of future financial operating results (in thousands, except per share data):

	Unaudited pro forma for the three months ended March 31,	
	2023	2022
Net revenue	$ 667,915	$ 623,603
Net income	49,590	34,974
Basic net income per share	1.77	1.19
Diluted net income per share	1.75	1.18

Unaudited pro forma net income reflects additional intangible asset amortization expense of approximately $0.4 million and $1.9 million for the three months ended March 31, 2023 and 2022, respectively, as well as additional income tax expense of approximately $0.1 million and $0.4 million for the three months ended March 31, 2023 and 2022, respectively, that would have been recorded had the 2023 acquisitions taken place on January 1, 2022 and the 2022 acquisitions taken place on January 1, 2021.

NOTE 18 - INCOME PER COMMON SHARE

Basic net income per common share is calculated by dividing net income by the weighted average shares outstanding during the period, without consideration for common stock equivalents.

Diluted net income per common share is calculated by adjusting weighted average shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury stock method. Potential common stock is included in the diluted income per common share calculation when dilutive. The dilutive effect of outstanding restricted stock awards after application of the treasury stock method was approximately 203 thousand and 278 thousand shares for the three months ended March 31, 2023 and 2022, respectively. Approximately 4 thousand shares of potential common stock were not included in the calculation of diluted net income per common share for the three months ended March 31, 2023 because the effect would have been anti-dilutive. There were no shares that would have been considered anti-dilutive for the three months ended three months ended March 31, 2022.

NOTE 19 - SUBSEQUENT EVENTS

We announced on May 4th, 2023 that our board of directors declared a quarterly dividend, payable on June 30, 2023 to stockholders of record on June 15, 2023, at a rate of 33.0 cents per share.

In April 2023, we notified the lenders on our $500.0 million, seven-year term loan facility due December 2028 (the "Term Loan") under our credit agreement (the "Term Loan Agreement") that we have elected to trigger a benchmark replacement from LIBOR to the Secured Overnight Financing Rate ("Term SOFR"). This trigger includes a credit spread adjustment of 0.11%, 0.26% and 0.43% for interest periods of one month, three months and six months, respectively, and it is subject to the same floor as currently set forth in the Term Loan Agreement. The new Term SOFR rate was effective on April 28, 2023. Also in April 2023, we transitioned our interest rate swap derivatives to Term SOFR to avoid a mismatch of rates.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and related notes in "Item 1. Financial Statements" of this Form 10-Q, as well as our 2022 Form 10-K.

OVERVIEW

We are one of the nation's largest insulation installers for the residential new construction market and are also a diversified installer of complementary building products throughout the United States, including waterproofing, fire-stopping and fireproofing, garage doors, rain gutters, window blinds, shower doors, closet shelving, mirrors and other products. We offer our portfolio of services for new and existing single-family and multi-family residential and commercial building projects in all 48 continental states and the District of Columbia from our national network of over 240 branch locations. 94% of our net revenue comes from the service-based installation of these products across all of our end markets and forms our Installation operating segment and single reportable segment. In addition, two regional distribution operations serve the Midwest, Mountain West, Northeast and Mid-Atlantic regions of the United States, and we operate a cellulose manufacturing facility. We believe our business is well positioned to continue to profitably grow over the long-term due to our strong balance sheet, liquidity and our continuing acquisition strategy.

A large portion of our net revenue comes from the U.S. residential new construction market, which depends upon a number of economic factors, including demographic trends, interest rates, inflation, consumer confidence, employment rates, housing inventory levels, foreclosure rates, the health of the economy and availability of mortgage financing. The strategic acquisitions of multiple companies over the last several years contributed meaningfully to our 12.2% increase in net revenue during the three months ended March 31, 2023 compared to 2022.

2023 First Quarter Highlights

Net revenue increased 12.2%, or $71.8 million to $659.3 million, while gross profit increased 22.1% to $210.4 million during the three months ended March 31, 2023 compared to 2022. The increase in net revenue and gross profit was primarily driven by selling price and product mix improvements and the contribution of our recent acquisitions. We continue to make pricing adjustments to offset the current macroeconomic inflationary trends as evidenced by the 16.5% increase in our price/mix metric for our Installation segment. Gross profit margin grew faster than revenue as we continued to prioritize profitability over sales volume. Specifically, gross profit outpaced sales growth due to higher selling prices and resulting leverage gained on labor and other costs of sales, including lower material costs as recent supply chain constraints began showing signs of easing. Certain net revenue and industry metrics we use to monitor our operations are discussed in the "Key Measures of Performance" section below, and further details regarding results of our various end markets are discussed further in the "Net Revenue, Cost of Sales and Gross Profit" section below.

As of March 31, 2023, we had $218.7 million of cash and cash equivalents, and we have not drawn on our revolving line of credit. This strong liquidity position allowed us to return capital to shareholders by paying a variable annual dividend of $0.90 per share, or $25.3 million in the aggregate, as well as increasing our regular quarterly dividend 5% to $0.33 per share, or $9.0 million in the aggregate, during the three months ended March 31, 2023. During the quarter, our board of directors also authorized a new stock repurchase program which replaces our previous stock repurchase program that allows for the repurchase of up to $200.0 million of our outstanding common stock.

Key Measures of Performance

We utilize certain net revenue and industry metrics to monitor our operations. Key metrics include total sales growth and same branch growth metrics for our consolidated results, our Installation reportable segment and our Other category consisting of our Distribution and Manufacturing operating segments. We also monitor sales growth for our Installation segment by end market and track volume growth and price/mix growth.

We believe the revenue growth measures are important indicators of how our business is performing, however, we may rely on different metrics in the future. We also utilize gross profit percentage as shown in the following section to monitor our most significant variable costs and to evaluate labor efficiency and success at passing increasing costs of materials to customers.

The following table shows key measures of performance we utilize to evaluate our results:

	Three months ended March 31, 2023	2022
Period-over-period Growth		
Consolidated Sales Growth	12.2 %	34.4 %
Consolidated Same Branch Sales Growth (1)	7.1 %	22.5 %
Installation		
Sales Growth (2)	10.9 %	30.0 %
Same Branch Sales Growth (1)(2)	7.0 %	22.2 %
Single-Family Sales Growth (3)	1.6 %	37.4 %
Single-Family Same Branch Sales Growth (1)(3)	(2.6)%	29.4 %
Multi-Family Sales Growth (4)	38.1 %	24.6 %
Multi-Family Same Branch Sales Growth (1)(4)	37.9 %	23.1 %
Residential Sales Growth (5)	7.4 %	35.2 %
Residential Same Branch Sales Growth (1)(5)	3.8 %	28.3 %
Commercial Sales Growth (6)	27.0 %	13.0 %
Commercial Same Branch Sales Growth (1)(6)	22.4 %	5.9 %
Other		
Sales Growth (7)	45.3 %	407.3 %
Same Branch Sales Growth (1)(7)	12.9 %	50.8 %
Same Branch Sales Growth - Installation (8)		
Volume Growth (1)(9)	(9.3)%	9.7 %
Price/Mix Growth (1)(10)	16.5 %	14.6 %
U.S. Housing Market (11)		
Total Completions Growth	11.7 %	(3.4)%
Single-Family Completions Growth	1.4 %	1.5 %
Multi-Family Completions Growth	50.8 %	(18.7)%

(1) Same-branch basis represents period-over-period growth for branch locations owned greater than 12 months as of each financial statement date.

(2) Calculated based on period-over-period growth of all end markets for our Installation segment.

(3) Calculated based on period-over-period growth in the single-family subset of the residential new construction end market for our Installation segment.

(4) Calculated based on period-over-period growth in the multi-family subset of the residential new construction end market for our Installation segment.

(5) Calculated based on period-over-period growth in the residential new construction end market for our Installation segment.

(6) Calculated based on period-over-period growth in the total commercial end market for our Installation segment. Our commercial end market consists of heavy and light commercial projects.

(7) Calculated based on period-over-period growth in our Other category which consists of our Manufacturing and Distribution operating segments. Our distribution businesses were acquired in December, 2021 and April, 2022.

(8) The heavy commercial end market, a subset of our total commercial end market, comprises projects that are much larger than our average installation job. This end market is excluded from the volume growth and price/mix growth calculations as to not skew the growth rates given its much larger per-job revenue compared to the average jobs in our remaining end markets.

(9) Calculated as period-over-period change in the number of completed same-branch jobs within our Installation segment for all markets we serve except the heavy commercial end market.

(10) Defined as change in the mix of products sold and related pricing changes and calculated as the change in period-over-period average selling price per same-branch jobs within our Installation segment for all markets we serve except the heavy commercial market, multiplied by total current year jobs. The mix of end customer and product would have an impact on the year-over-year price per job.

(11) U.S. Census Bureau data, as revised.

Net Revenue, Cost of Sales and Gross Profit

The components of gross profit were as follows (in thousands):

	Three months ended March 31,		
	2023	Change	2022
Net revenue	$ 659,309	12.2 %	$ 587,492
Cost of sales	448,887	8.1 %	415,089
Gross profit	$ 210,422	22.1 %	$ 172,403
Gross profit percentage	31.9 %		29.3 %

Net revenue increased during the three months ended March 31, 2023 primarily due to increased selling prices and product mix improvements, acquisitions and organic growth from our existing branches as shown in the Key Measures of Performance section above. Installation revenue increased 10.9% for the three months ended March 31, 2023, respectively, driven by continued strong growth in the new residential multifamily market which grew 38.1% as well as growth in the commercial market which increased 27.0% over the prior year period. Our largest end market, the single-family subset of the residential new construction market, grew revenue 1.6% over the same period ended March 31, 2022. The remaining overall growth in net revenue for the three months ended March 31, 2023 is attributable to the acquisition of Central Aluminum which, combined with AMD Distribution, form our Distribution operating segment. This operating segment, combined with our Manufacturing operating segment, experienced 12.9% organic growth, or 45.3% including the Central Aluminum acquisition, for the three months ended March 31, 2023.

As a percentage of net revenue, gross profit improved during the three months ended March 31, 2023 compared to the corresponding prior year period primarily on the strength of price/mix growth and resulting leverage gained on labor and other costs of sales. We continued to focus on profitability over volume gains, and this had a noticeable impact on gross profit this quarter. While inflation and material supply chain issues that affected our business and industry in recent years are likely to persist through 2023, we have seen inflation moderate since the end of 2022 and signs that the supply chain is improving. We will continue to work with our suppliers to lessen the impact on our margins and with our customers to offset further cost increases through selling price adjustments.

Operating Expenses

Operating expenses were as follows (in thousands):

	Three months ended March 31,		
	2023	Change	2022
Selling	$ 32,607	29.4 %	$ 25,192
Percentage of total net revenue	4.9 %		4.3 %
Administrative	$ 89,504	13.1 %	$ 79,144
Percentage of total net revenue	13.6 %		13.5 %
Amortization	$ 11,435	3.0 %	$ 11,097
Percentage of total net revenue	1.7 %		1.9 %

<u>Selling</u>

The dollar increase in selling expenses for the three months ended March 31, 2023 was primarily driven by an increase in selling wages and commissions to support our increased net revenue of 12.2% and higher credit loss provisions due to increased sales. Selling expense as a percentage of sales increased for the three months ended March 31, 2023 compared to 2022 primarily due to increased commissions from changes in product mix and more profitable completed jobs.

<u>Administrative</u>

The dollar increase in administrative expenses for the three months ended March 31, 2023 was primarily due to an increase in wages and facility costs from acquisitions and to support organic growth. Administrative expenses slightly increased as a percentage of sales for the three months ended March 31, 2023 compared to 2022 primarily due to inflationary pressures and increased number of employees leading to higher wages and benefits.

Amortization

The increase in amortization expense for the three months ended March 31, 2023 was attributable to the increase in finite-lived intangible assets recorded as a result of acquisitions.

Other Expense, Net

Other expense, net was as follows (in thousands):

	Three months ended March 31,		
	2023	Change	2022
Interest expense, net	$ 9,670	(8.8)%	$ 10,600
Other (income) expense	(153)	(205.5)%	145
Total other expense, net	$ 9,517		$ 10,745

The decrease in interest expense, net during the three months ended March 31, 2023 compared to 2022 was primarily due to increased interest income due to higher yields on cash deposits offsetting the expense, partially offset by increased interest expense on variable rate debt.

Income Tax Provision

Income tax provision and effective tax rates were as follows (in thousands):

	Three months ended March 31,	
	2023	2022
Income tax provision	$ 18,085	$ 12,403
Effective tax rate	26.8 %	26.8 %

During both the three months ended March 31, 2023 and 2022, our effective tax rates were 26.8%. The rates for both periods were unfavorably impacted by certain expenses not deductible for income tax reporting purposes.

Other Comprehensive (Loss) Income, Net of Tax

Other comprehensive (loss) income, net of tax was as follows (in thousands):

	Three months ended March 31,	
	2023	2022
Net change on cash flow hedges, net of taxes	$ (6,309)	$ 18,111

During the three months ended March 31, 2023, we recorded unrealized losses of $7.1 million, net of taxes, respectively, on our cash flow hedges due to the market's expectations for lower long-term interest rates in the future relative to our three existing interest rate swaps and our two forward interest rate swaps. We also amortized $1.1 million of our remaining unrealized gains and losses, net, on our terminated cash flow hedges to interest expense during three months ended March 31, 2023, not including the offsetting tax effects of $0.3 million.

During the three months ended March 31, 2022, we recorded an unrealized gain of $17.5 million, net of tax, and amortized $0.8 million of our remaining unrealized loss on our terminated cash flow hedges, not including the offsetting tax effect of $0.2 million.

KEY FACTORS AFFECTING OUR OPERATING RESULTS

Inflation and Interest Rates

The fast recovery in residential housing demand helped offset prolonged impacts of the COVID-19 pandemic already experienced. However, the strong demand for residential housing has caused inflationary pressure on materials used in our industry. Inflation has also affected the economy as a whole as consumer price inflation has reached 40-year highs, negatively impacting consumer sentiment and increasing market uncertainty. The Federal Reserve took actions to moderate and stabilize inflation by raising the federal funds rate multiple times in 2022 and 2023 and signaling plans to continue raising the rate in

2023. This caused the average mortgage rate in the United States to increase rapidly since the end of 2021. Rising interest rates began to curtail housing demand in the second half of 2022 and first quarter of 2023, reducing mortgage financing affordability. As a result, the single family homebuilding market began showing signs of weakening in late 2022 and early 2023 and housing starts and permits are forecasted to decline in 2023.

We expect to be impacted by these economic headwinds in 2023. However, we believe the large residential construction backlog of both units under construction and units not started will partially offset these challenges. Additionally, there are housing shortages in some of the markets we serve and we expect the backlog in our growing multi-family business will help to offset any declines we may face in the residential homebuilding market. Also, many existing homeowners are locked into low interest mortgages, and an aging housing stock exists in many areas of the United States. We expect these factors, combined with incentives from the Inflation Reduction Act of 2022, to drive growth in the repair and remodel markets we service.

Cost and Availability of Materials

We typically purchase the materials that we install directly from manufacturers, and the products we sell are either purchased from manufacturers or other suppliers or are manufactured by us. The industry supply of these materials experienced supply shortages in 2022 due to strong demand and effects from the COVID-19 pandemic. The higher demand for materials coupled with supply chain issues including raw material shortages, supplier labor shortages, bottlenecks and shipping constraints showed signs of easing during the three months ended March 31, 2023. However, we expect the supply chain disruptions affecting some of the materials used throughout our installation work to continue throughout 2023. We will continue to prioritize the effective management of our supply chain by our purchasing, logistics and warehousing teams.

In addition, we experience price increases from our suppliers from time to time, including multiple increases over the last few years caused by supply shortages and general economic inflationary pressures. We have experienced unprecedented increased pricing for fiberglass and foam insulation materials over the last three years but expect manufacturers to slow the pace of price increases in 2023. Increased market pricing, regardless of the catalyst, has and could continue to impact our results of operations throughout the remainder of 2023, to the extent that price increases cannot be passed on to our customers. Our selling price increases were able to support most material cost increases in 2022 but we may have more difficulty raising prices in 2023 if housing demand slows. We will continue to work with our customers to adjust selling prices to offset higher costs as they occur. See “COVID-19 Impacts” below for a discussion of the short-term impacts of the current economic climate on the availability of the materials we install.

Cost of Labor

Our business is labor intensive and the majority of our employees work as installers on local construction sites. We expect to spend more to hire, train and retain installers to support our growing business in 2023, as tight labor availability continues within the construction industry. We offer a comprehensive benefits package unlike many of our local competitors, which will increase costs as we hire additional personnel. Our workers' compensation costs may continue to rise as we increase our coverage for additional personnel. We obtained leverage on our labor costs in the three months ended March 31, 2023 compared to 2022 due to increased selling prices per job. However, inflation and market competition could increase these costs in the near-term.

We have experienced strong employee retention, turnover and labor efficiency rates that exceed industry standards. We believe this is partially a result of various programs meant to benefit our employees, including our financial wellness plan, longevity stock compensation plan for employees and assistance from the Installed Building Products Foundation meant to benefit our employees, their families and their communities. While improved retention drives lower costs to recruit and train new employees, resulting in greater installer productivity, these improvements are somewhat offset by the additional costs of these incentives.

COVID-19 Impacts

The COVID-19 pandemic has caused significant volatility, uncertainty and economic disruption. As the pandemic continues to move toward the endemic stage, the full extent and scope of the impact on our business and industry, as well as national, regional and global markets and economies, depends on numerous evolving factors that we may not be able to accurately predict, including the duration and scope of the pandemic, additional government actions taken in response to the pandemic, the impact on construction activity and demand for homes (based on employment levels, consumer spending and consumer confidence). The fast recovery in residential housing demand helped offset prolonged impacts of the pandemic already experienced. However, we have experienced supply constraints and material price increases ultimately stemming from the effects of the pandemic across most of the products we install or sell, which could continue throughout 2023.

In the commercial sector, we have experienced some impact to our commercial business from the pandemic, mainly in the form of project start delays and other inefficiencies. In the future, certain large-scale infrastructure programs may be at risk if the need for such structures decline, project funding declines or as consumer behaviors change in the wake of COVID-19 disruptions to the economy and changes to our general ways of life. For example, reduced demand for office buildings and/or educational facilities, decreased airport traffic, or decreased usage of sports arenas or similar commercial structures could impact our commercial end market. As discussed in the sections above, our commercial business experienced strong sales growth during the three months ended March 31, 2023, signaling a potential improvement in this market. However, we continue to evaluate the nature and extent of the COVID-19 pandemic's impact on our financial condition, results of operations and cash flows of the commercial business.

LIQUIDITY AND CAPITAL RESOURCES

Our capital resources primarily consist of cash from operations and borrowings under our various debt agreements and capital equipment leases and loans. As of March 31, 2023, we had cash and cash equivalents of $218.7 million as well as access to $250.0 million under our asset-based lending credit facility (as defined below), less $5.8 million of outstanding letters of credit, resulting in total liquidity of $462.9 million. This total liquidity was reduced by $1.6 million within our cash and cash equivalents due to a deposit into a trust to serve as additional collateral for our workers' compensation and general liability policies. This amount can be converted to a letter of credit at our discretion and would reduce the availability of our asset-based lending facility (as defined below). Liquidity may also be limited in the future by certain cash collateral limitations under our asset-based credit facility (as defined below), depending on the status of our borrowing base availability.

We faced unprecedented increases in pricing for certain insulation materials in 2021 and 2022. While pricing for some of these materials continued to increase in the first quarter of 2023, pricing for other products began to moderate. Increased market pricing on materials has a negative impact on liquidity due to the higher prices we must pay for materials.

Short-Term Material Cash Requirements

Our primary capital requirements are to fund working capital needs, operating expenses, acquisitions and capital expenditures, to meet principal and interest obligations and to make required income tax payments. We may also use our resources to fund our optional stock repurchase program and pay quarterly and annual dividends. In addition, we expect to spend cash and cash equivalents to acquire various companies with at least $100.0 million in aggregate net revenue each fiscal year. The amount of cash paid for an acquisition is dependent on various factors, including the size and determined value of the business being acquired.

We expect to meet our short-term liquidity requirements primarily through net cash flows from operations, our cash and cash equivalents on hand and borrowings from banks under the Master Loan and Security Agreement, the Master Equipment Agreement and the Master Loan Agreements. Additional sources of funds, should we need them, include borrowing capacity under our asset-based lending credit facility (as defined below).

We believe that our cash flows from operations, combined with our current cash levels and available borrowing capacity, will be adequate to support our ongoing operations and to fund our business needs, commitments and contractual obligations for at least the next 12 months as evidenced by our net positive cash flows from operations for the three months ended March 31, 2023 and 2022. We believe that we have access to additional funds, if needed, through the capital markets to obtain further debt financing under the current market conditions, but we cannot guarantee that such financing will be available on favorable terms, or at all. In the short-term, we expect the seasonal trends we typically experience to vary from historical patterns, with the first half of 2023 experiencing stronger volumes than the second half of 2023 due to the large industry backlog of projects either in process or authorized but not started. This could affect the timing of cash collections and payments during each quarter of 2023.

Long-Term Material Cash Requirements

Beyond the next twelve months, our principal demands for funds will be to fund working capital needs and operating expenses, to meet principal and interest obligations on our long-term debts and finance leases as they become due or mature, and to make required income tax payments. Additional funds may be spent on acquisitions, capital improvements and dividend payments, at our discretion.

On a long-term basis, our sources of capital could be insufficient to meet our needs and growth strategy. We may refinance existing debt or obtain further debt financing in the future to the extent that our sources of capital are insufficient.

In "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the 2022 Form 10-K, we disclosed that we had $1.0 billion aggregate long-term material cash requirements as of December 31, 2022. During the three months ended March 31, 2023, we signed a long-term purchase commitment with variable pricing to purchase 43.7 million pounds of material over the next three years. See Note 16, Commitments and Contingencies, for more information on this commitment. There have been no other material changes to our cash requirements during the period covered by this 10-Q outside of the normal course of our business.

Sources and Uses of Cash and Related Trends

Working Capital

We carefully manage our working capital and operating expenses. As of March 31, 2023 and December 31, 2022, our working capital, including cash and cash equivalents, was $546.3 million and $556.4 million. This decrease was primarily due to the decrease in cash of $10.9 million resulting from the payment of our annual and first quarter dividends and increased acquisition activity. Inventories decreased by $6.5 million as a result of reduced warehoused materials due to easing supply chain shortages and lower sales volume growth. These factors also led to a decrease of $14.4 million in accounts payable which partially offsets the reduction in inventories and cash.

The following table summarizes our cash flow activity (in thousands):

	Three months ended March 31,	
	2023	2022
Net cash provided by operating activities	$ 73,833	$ 48,225
Net cash used in investing activities	(47,614)	(68,718)
Net cash used in financing activities	(37,156)	(95,558)

Cash Flows from Operating Activities

Our primary source of cash provided by operations is revenues generated from installing or selling building products and the resulting operating income generated by these revenues. Operating income is adjusted for certain non-cash items, and our cash flows from operations can be impacted by the timing of our cash collections on sales and collection of retainage amounts. The COVID-19 pandemic has not had a material impact on our cash collections to date.

Our primary uses of cash from operating activities include payments for installation materials, compensation costs, leases, income taxes and other general corporate expenditures included in net income.

Net cash provided by operating activities increased from 2022 to 2023 primarily due to the increases in net income, changes in certain working capital requirements, income tax expense payment timing and various noncash adjustments, partially offset by the reduction of our accounts payable and other liabilities balances.

Cash Flows from Investing Activities

Sources of cash from investing activities consist primarily of proceeds from the sales of property and equipment and, periodically, maturities from short term investments. Cash used in investing activities consists primarily of purchases of property and equipment, payments for acquisitions and, periodically, purchases of short term investments.

Net cash used by investing activities decreased from 2022 to 2023 primarily due to the purchase of short-term investments during the three months ended March 31, 2022, partially offset by the increase in spending on acquisitions and property and equipment in 2023.

Cash Flows from Financing Activities

Our sources of cash from financing activities consist of proceeds from the issuances of vehicle and equipment notes payable and, periodically, other sources of debt financing. Cash used in financing activities consists primarily of debt repayments, acquisition-related obligations, dividends and stock repurchases.

Net cash used by financing activities decreased from 2022 to 2023 primarily due to the repurchase of common stock under our previous stock repurchase plan and higher acquisition-related obligations during the three months ended March 31, 2022. Our net cash used by financing activities was also offset during the three months ended March 31, 2023 by proceeds from vehicle and equipment notes. See Note 12, Stockholders' Equity, for more information on the repurchase of common stock.

Debt

5.75% Senior Notes due 2028

In September 2019, we issued $300.0 million in aggregate principal amount of 5.75% senior unsecured notes (the "Senior Notes"). The Senior Notes will mature on February 1, 2028 and interest is payable semi-annually in cash in arrears on February 1 and August 1, commencing on February 1, 2020. The net proceeds from the Senior Notes offering were $295.0 million after debt issuance costs.

The indenture covering the Senior Notes contains restrictive covenants that, among other things, limit the ability of the Company and certain of our subsidiaries (subject to certain exceptions) to: (i) incur additional debt and issue preferred stock; (ii) pay dividends on, redeem or repurchase stock in an aggregate amount exceeding 2.0% of market capitalization per fiscal year, or in an aggregate amount exceeding certain applicable restricted payment baskets; (iii) prepay subordinated debt; (iv) create liens; (v) make specified types of investments; (vi) apply net proceeds from certain asset sales; (vii) engage in transactions with affiliates; (viii) merge, consolidate or sell substantially all of our assets; and (ix) pay dividends and make other distributions from subsidiaries.

Credit Facilities

In December 2021, we amended and restated our $500 million, seven-year term loan facility due December 2028 (the "Term Loan") under our credit agreement (the "Term Loan Agreement"), dated as of December 14, 2021 with Royal Bank of Canada as the administrative agent and collateral agent thereunder. The amended Term Loan amortizes in quarterly principal payments of $1.25 million starting on March 31, 2022, with any remaining unpaid balances due on the maturity date of December 14, 2028. The Term Loan bears interest at either the base rate (which approximates the prime rate) or the Eurodollar rate, plus a margin of (A) 1.25% in the case of base rate loans or (B) 2.25% in the case of Eurodollar rate loans. See Note 19, Subsequent Events, for information on a change regarding the reference rate for our Term Loan. Proceeds from the Term Loan were used to refinance and repay in full all amounts outstanding under our previous term loan agreement. We intend to use the remaining funds to pay for certain fees and expenses associated with the closing of the Term Loan and for general corporate purposes, including acquisitions and other growth initiatives. As of March 31, 2023, we had $488.2 million, net of unamortized debt issuance costs, due on our Term Loan.

Subject to certain exceptions, the Term Loan will be subject to mandatory prepayments of (i) 100% of the net cash proceeds from issuances or incurrence of debt by the Company or any of its restricted subsidiaries (other than with respect to certain permitted indebtedness (excluding any refinancing indebtedness); (ii) 100% (with step-downs to 50% and 0% based on achievement of specified net leverage ratios) of the net cash proceeds from certain sales or dispositions of assets by the Company or any of its restricted subsidiaries in excess of a certain amount and subject to reinvestment provision and certain other exception; and (iii) 50% (with step-downs to 25% and 0% based upon achievement of specified net leverage ratios) of excess cash flow of the Company and its restricted subsidiaries in excess of $15.0 million, subject to certain exceptions and limitations.

In February 2022, we amended and extended the term of our asset-based lending credit agreement (the "ABL Credit Agreement"). The ABL Credit Agreement increased the commitment under the asset-based lending credit facility (the "ABL Revolver") to $250.0 million from $200.0 million, and permits us to further increase the commitment amount up to $300.0 million. The amendment also extends the maturity date from September 26, 2024 to February 17, 2027. The ABL Revolver bears interest at either the base rate or the Secured Overnight Financing Rate ("Term SOFR"), at our election, plus a margin of 0.25% or 0.50% in the case of base rate loans or 1.25% or 1.50% for Term SOFR advances (in each case based on a measure of availability under the ABL Credit Agreement). The amendment also allows for modification of specified fees dependent upon achieving certain sustainability targets, in addition to making other modifications to the ABL Credit Agreement. In connection with the Term Loan Agreement, we entered into a Third Amendment (the "Third Amendment") to the ABL/Term Loan Intercreditor Agreement with Bank of America, N.A., as ABL Agent for the lenders under the ABL Credit Agreement, and Royal Bank of Canada as collateral agent under the Term Loan Agreement. Including outstanding letters of credit, our remaining availability under the ABL Revolver as of March 31, 2023 was $244.2 million.

All of the obligations under the Term Loan and ABL Revolver are guaranteed by all of the Company's existing restricted subsidiaries and will be guaranteed by the Company's future restricted subsidiaries. Additionally, all obligations under the Term Loan and ABL Revolver, and the guarantees of those obligations, are secured by substantially all of the assets of the Company and the guarantors, subject to certain exceptions and permitted liens, including a first-priority security interest in such assets that constitute ABL Priority Collateral, as defined in the ABL Credit Agreement, and a second- priority security interest in such assets that constitute Term Loan Priority Collateral, as defined in the Term Loan Agreement.

The ABL Revolver also provides incremental revolving credit facility commitments of up to $50.0 million. The terms and conditions of any incremental revolving credit facility commitments must be no more favorable than the terms of the ABL Revolver. The ABL Revolver also allows for the issuance of letters of credit of up to $100.0 million in aggregate and borrowing of swingline loans of up to $25.0 million in aggregate.

The ABL Credit Agreement contains a financial covenant requiring the satisfaction of a minimum fixed charge coverage ratio of 1.0x in the event that we do not meet a minimum measure of availability under the ABL Revolver. The ABL Credit Agreement and the Term Loan Agreement contain restrictive covenants that, among other things, limit the ability of the Company and certain of our subsidiaries (subject to certain exceptions) to: (i) incur additional debt and issue preferred stock; (ii) pay dividends on, redeem or repurchase stock in an aggregate amount exceeding the greater of 2.0% of market capitalization per fiscal year or certain applicable restricted payment basket amounts; (iii) prepay subordinated debt; (iv) create liens; (v) make specified types of investments; (vi) apply net proceeds from certain asset sales; (vii) engage in transactions with affiliates; (viii) merge, consolidate or sell substantially all of our assets; and (ix) pay dividends and make other distributions from subsidiaries.

At March 31, 2023, we were in compliance with all applicable covenants under the Term Loan Agreement, ABL Credit Agreement and the Senior Notes.

Derivative Instruments

As of March 31, 2023, we had three active interest rate swaps and two forward interest rate swaps. On July 8, 2022, we amended the maturity dates of our three active interest rate swaps. Prior to the amendment, we held one interest rate swap with a $200.0 million notional, a fixed rate of 0.51% and a maturity date of April 15, 2030. We also had two interest rate swaps, each with a $100.0 million notional, a fixed rate of 1.37% and a maturity date of December 15, 2028. As amended, each of these three swaps have a maturity day of December 31, 2025 with the other terms unchanged. We also entered into two new forward interest rate derivatives in July 2022. One forward interest rate swap has an effective date of December 31, 2025, a beginning notional of $300.0 million and a fixed rate of 3.09%. The other new forward interest rate swap also has an effective date of December 31, 2025, a beginning notional of $100.0 million and a fixed rate of 2.98%. For further information about our interest rate swaps, see Note 11, Derivatives and Hedging Activities. The assets and liabilities associated with the interest rate swaps are included in other non-current assets and other current liabilities on the Consolidated Balance Sheets at their fair value amounts as described in Note 9, Fair Value Measurements.

LIBOR was used as a reference rate for our Term Loan and our interest rate swap agreements we use to hedge our interest rate exposure. See Note 19, Subsequent Events, for information on a change regarding the reference rate for our interest rate swaps.

Vehicle and Equipment Notes

We have financing loan agreements with various lenders to provide financing for the purpose of purchasing or leasing vehicles and equipment used in the normal course of business. Vehicles and equipment purchased or leased under each financing arrangement serve as collateral for the note applicable to such financing arrangement. Regular payments are due under each note for a period of typically 60 consecutive months after the incurrence of the obligation.

Total outstanding loan balances relating to our master loan and equipment agreements were $74.1 million as of March 31, 2023 and $73.0 million as of December 31, 2022, respectively. Depreciation of assets held under these agreements is included within cost of sales on the Condensed Consolidated Statements of Operations and Comprehensive Income.

Letters of Credit and Bonds

We may use performance bonds to ensure completion of our work on certain larger customer contracts that can span multiple accounting periods. Performance bonds generally do not have stated expiration dates; rather, we are released from the bonds as the contractual performance is completed. In addition, we occasionally use letters of credit and cash to secure our performance under our general liability, workers' compensation and auto insurance programs. Permit and license bonds are typically issued for one year and are required by certain municipalities when we obtain licenses and permits to perform work in their jurisdictions.

The following table summarizes our outstanding bonds, letters of credit and cash-collateral (in thousands):

	As of March 31, 2023
Performance bonds	$ 104,126
Insurance letters of credit and cash collateral	68,485
Permit and license bonds	9,703
Total bonds and letters of credit	$ 182,314

We have $58.9 million included in our insurance letters of credit in the above table that are unsecured and therefore do not reduce total liquidity. As of March 31, 2023, we have $1.6 million deposited into a trust to serve as additional collateral for our workers' compensation and general liability policies. This collateral is included in the table above and can be converted to a letter of credit at our discretion and is therefore not considered to be restricted cash.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported using different assumptions or under different conditions. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of our assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements. There have been no significant changes to our critical accounting policies and estimates during the three months ended March 31, 2023 from those disclosed in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our 2022 Form 10-K.

Recent Accounting Pronouncements

For a description of recently issued and/or adopted accounting pronouncements, see Note 2, Significant Accounting Policies, to our audited consolidated financial statements included in our 2022 Form 10-K.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws, including with respect to the housing market and the commercial market, our operations, economic and industry conditions, our financial and business model, payments of dividends, the impact of COVID-19 on our business and end markets, the demand for our services and product offerings, trends in the commercial business, expansion of our national footprint and end markets, diversification of our products, our ability to grow and strengthen our market position, our ability to pursue and integrate value-enhancing acquisitions, our ability to improve sales and profitability, our efforts to navigate the material pricing environment, our ability to increase selling prices, our material and labor costs, supply chain and material constraints, the impact of COVID-19 on our financial results and expectations for demand for our services and our earnings in 2023. Forward-looking statements may generally be identified by the use of words such as "anticipate," "believe," "estimate," "project," "predict," "possible," "forecast," "may," "could," "would," "should," "expect," "intends," "plan," and "will" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Any forward-looking statements that we make herein and in any future reports and statements are not guarantees of future performance, and actual results may differ materially from those expressed in or suggested by such forward-looking statements as a result of various factors, including, without limitation the adverse impact of the ongoing COVID-19 pandemic on our business and financial results, our supply chain, the economy and the markets we serve; general economic and industry conditions; increases in mortgage interest rates and rising home prices; inflation and interest rates; the material price and supply environment; the timing of increases in our selling prices; the risk that the Company may reduce, suspend or eliminate dividend payments in the future; and the factors discussed in the "Risk Factors" section of our 2022 Form 10-K, as the same may be updated from time to time in our subsequent filings with the SEC. In addition, any future declaration of dividends will be subject to the final determination of our Board of Directors. Any forward-looking statement made by the Company in this report speaks only as of the date hereof. New risks and uncertainties arise from time to time and it is impossible for the Company to predict these events or how they may affect it. The Company has no obligation, and does not intend, to update any forward-looking statements after the date hereof, except as required by federal securities laws.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks related to fluctuations in interest rates on our outstanding variable rate debt. As of March 31, 2023, we had $493.8 million outstanding on our Term Loan, gross of unamortized debt issuance costs, no outstanding borrowings on our ABL Revolver and no outstanding borrowings under finance leases subject to variable interest rates. As of March 31, 2023, we had three active and two forward interest rate swaps which, when combined, serve to hedge $400.0 million of the variable cash flows on our Term Loan until its maturity unless extended. As a result, total variable rate debt of $93.8 million was exposed to market risks as of March 31, 2023. A hypothetical one percentage point increase (decrease) in interest rates on our variable rate debt would increase (decrease) our annual interest expense by approximately $0.9 million. Our Senior Notes accrue interest at a fixed rate of 5.75%.

For variable rate debt, interest rate changes generally do not affect the fair value of the debt instrument, but do impact future earnings and cash flows, assuming other factors are held constant. We have not entered into and currently do not hold derivatives for trading or speculative purposes.

LIBOR was used as a reference rate for our Term Loan and our interest rate swap agreements we use to hedge our interest rate exposure. In 2017, the Financial Conduct Authority announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Intercontinental Exchange Benchmark Administration, the administrator of LIBOR, announced in March 2021 its intention to extend the publication of certain LIBOR settings, including the setting we use as a reference rate, to June 2023. It is unclear whether new methods of calculating LIBOR will be established after that date. Our Term Loan Agreement and 2021 interest rate swap agreements include a provision related to the potential discontinuance of LIBOR to be replaced with one or more Secured Overnight Financing Rate (SOFR) values or another alternate benchmark rate. However, if LIBOR ceases to exist after 2023, the interest rates under the alternative rate could be higher than LIBOR. In January 2020, the FASB issued ASU 2020-04, Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848) and in January 2021, the FASB subsequently issued ASU 2021-01, Reference Rate Reform - Scope, which clarified the scope and application of the original guidance. The purpose of this guidance is to provide relief for impacted areas as it relates to impending reference rate reform. We elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. See Note 19, Subsequent Events, for information on a change regarding the reference rate for our Term Loan and interest rate swaps.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) as required by Exchange Act Rules 13a-15(e) and 15d-15(e). Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of March 31, 2023.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended March 31, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Part I, Item 1. Financial Statements, Note 16, Commitments and Contingencies – Other Commitments and Contingencies, for information about existing legal proceedings.

Item 1A. Risk Factors

As of the date of this report, there have been no material changes from the risk factors disclosed in our 2022 Form 10-K.

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

The following table shows the stock repurchase activity, including shares surrendered by employees in connection with the vesting of restricted stock awards, for the three months ended March 31, 2023:

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs [2]
January 1 - January 31, 2023 [1]	89	$ 87.76	—	$ —
February 1 - February 28, 2023	—	—	—	—
March 1 - March 31, 2023 [1]	94	114.03	—	200.0 million
	183	$ 101.25	—	$ 200.0 million

(1) Represents shares surrendered to the Company by employees to satisfy tax withholding obligations arising in connection with the vesting of 566 shares of restricted stock awarded under our 2014 Omnibus Incentive Plan.

(2) On February 22, 2023, we announced that our board of directors authorized a new stock repurchase program that allows for the repurchase of up to $200.0 million of our outstanding common stock. The new program replaces the previous program and is in effect through March 1, 2024. We did not repurchase any common stock under our stock repurchase programs during the three months ended March 31, 2023. For further information about our stock repurchase program, see Note 12, Stockholders' Equity.

Item 3. Defaults Upon Senior Securities

There have been no material defaults in senior securities.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

The Company's employment agreement with Jeffrey Edwards, our Chief Executive Officer, President and Chairman, was amended and restated on May 3, 2023, to extend Mr. Edwards' employment term to April 15, 2026, and after such date, provide for automatic five-year renewals, unless either party provides at least 90 days' prior notice of non-renewal or unless the agreement is earlier terminated.

Item 6. Exhibits

(a)(3) Exhibits

The following exhibits are being filed as part of this Quarterly Report on Form 10-Q:

Exhibit Number	Description
10.1*#	Amended and Restated Employment Agreement, dated as of May 3, 2023, by and between Installed Building Products, Inc. and Jeffrey W. Edwards.
31.1*	CEO Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	CFO Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101**	The following financial statements from the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023, formatted in inline XBRL, include: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income, (iii) Condensed Consolidated Statements of Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) the Notes to the Condensed Consolidated Financial Statements.
104**	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Submitted electronically with the report.

\# Indicates management contract.

SIGNATURES

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

Date: May 4, 2023

INSTALLED BUILDING PRODUCTS, INC.

By:	/s/ Jeffrey W. Edwards
	Jeffrey W. Edwards President and Chief Executive Officer
By:	/s/ Michael T. Miller
	Michael T. Miller Executive Vice President and Chief Financial Officer

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

Amended and Restated May 3, 2023

This Employment Agreement (this "Agreement"), dated as of April 15, 2021 (the "Effective Date"), is made by and among Installed Building Products, Inc., a Delaware corporation, having its principal offices at 495 South High Street, Suite 50, Columbus, Ohio 43215 (the "Company"), and Jeffrey W. Edwards (the "Executive").

AGREEMENT

In consideration of the premises and mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows, effective as of the Effective Date:

1. Employment. As of the Effective Date, the Company and Executive hereby agree that, during the Initial Term and each Subsequent Term (as defined in Section 2 below), the Executive shall be employed as Chief Executive Officer and President of the Company, and the Executive hereby accepts such employment. Effective on the Effective Date, the Executive shall serve as Chairman of the Board of Directors of the Company (the "Board"). During the Initial Term and each Subsequent Term and for so long as shares of the Company's capital stock are traded on a national securities exchange, the Company shall use reasonable efforts as may be necessary to nominate the Executive for re-election as a member of the Board.

2. Term of Employment. The "Initial Term" of employment under this Agreement shall be the period commencing on the Effective Date and ending on April 15, 2026 (the "Expiration Date"), unless earlier terminated as provided in Section 5. This Agreement shall be automatically renewed for additional five year terms (each, a "Subsequent Term") on the Expiration Date and each anniversary of the Expiration Date thereafter, unless earlier terminated as provided in Section 5 or unless the Executive gives notice to the Company, or the Company gives notice to the Executive, at least ninety (90) days prior to the expiration of the Initial Term or any Subsequent Term of such party's desire to terminate the Term (such notice to be delivered in accordance with Section 9.3).

3. Positions, Responsibilities and Duties.

1.1 Positions. During the Initial Term and each Subsequent Term, the Executive shall serve as Chief Executive Officer and President of the Company. In this capacity, the Executive shall have the duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in such position in companies similar in nature and size to the Company, and such other duties, authorities and responsibilities as the Board shall designate from time to time that are not inconsistent with the Executive's position as the Chief Executive Officer and President of the Company. During the Initial Term and each Subsequent Term, the Executive shall report to the Board.

1.2 Duties. During the Initial Term and each Subsequent Term, the Executive shall devote the amount of his business time necessary and proper to conduct the business and affairs of the Company, and the Executive shall use his best efforts to perform faithfully the duties and responsibilities contemplated by this Agreement; provided, however, that the Executive shall be allowed, to the extent such activities do not create a conflict of interest or substantially interfere with the performance of his duties and responsibilities hereunder, to (i) manage his personal and family, financial and legal affairs; (ii) participate in charitable, civic, educational, professional, community and industry affairs, including without limitation board or committee service for the Columbus Foundation, the Salvation Army, the Columbus Museum of

Art, the Columbus Partnership and the Harvard University Joint Center for Housing Studies; and (iii) continue to engage in non-competitive operational activities for the Real Estate Business (as defined below). The parties hereby acknowledge that the Executive, in addition to the services he performs for the Company, has historically operated a substantial real estate development business (the "Real Estate Business") and, during the Initial Term and each Subsequent Term, it is expected that the Executive will continue to engage in the Real Estate Business in accordance with the terms and conditions of this Agreement. The parties hereby acknowledge and agree that, although Executive's principal place of business will be the Company's headquarters in Columbus, Ohio, the Executive shall be permitted to carry out his duties and responsibilities under this Agreement from any other location deemed appropriate by the Executive.

4. Compensation and Other Benefits.

1.1 Base Salary and Bonus. During the Initial Term and each Subsequent Term, the Executive shall receive a base salary per annum payable in accordance with the Company's normal payroll practices of not less than $600,000 ("Base Salary"), subject to adjustments as may be determined by the Compensation Committee of the Board (the "Compensation Committee") from time to time. During the Initial Term and each Subsequent Term, the Executive will be eligible to participate in the Company's annual incentive and long-term incentive programs, as may be in effect from time to time in accordance with the Company's compensation practices and the terms and provisions of such programs, as established by the Compensation Committee.

1.2 Benefits. During the Initial Term and each Subsequent Term, the Executive shall be entitled to participate in any employee benefit plan that the Company has adopted or may adopt, maintain or contribute to for the benefit of its employees generally, subject to satisfying the applicable eligibility requirements. The Executive shall accrue vacation at a rate of four (4) weeks per year in accordance with the Company's vacation policies. Notwithstanding the foregoing, the Company may modify or terminate any employee benefit plan at any time.

1.3 Expense Reimbursement. Upon presentation of appropriate documentation, the Executive shall be entitled to receive reimbursement from the Company of all reasonable business expenses incurred by the Executive in performing services (including automobile reimbursement) hereunder, provided that such expenses shall be paid and must be incurred in accordance with the Company's expense reimbursement policy, and any other applicable policies and procedures established from time to time by the Company.

5. Termination. The Executive's employment and the Initial Term or any Subsequent Term shall terminate on the first of the following to occur:

1.1 Death. Automatically on the date of death of the Executive.

1.2 Disability. The date on which the Executive shall have experienced a Disability. For purposes of this Agreement, "Disability" shall mean either (i) a long-term disability entitling the Executive to receive benefit payments under the Company's long-term disability plan as then in effect or (ii) if no such plan is then in effect or applicable to the Executive, the Executive's incapacity, due to physical or mental illness, which has rendered him unable to perform the essential functions of his position for a total of one hundred twenty (120) days (whether or not consecutive) during any consecutive 365-day period; provided, further, that any question as to the existence of the Disability of the Executive under subclause (ii) above as to which the parties hereto cannot agree shall be determined in writing by a qualified independent licensed healthcare provider selected by the Company. The determination of a Disability by such healthcare provider shall be final and conclusive for all purposes of this

Agreement. In conjunction with the foregoing, the Executive shall agree to consent to any such examinations which are relevant to a determination of whether he is mentally and/or physically disabled, or which is required by such healthcare provider, and to furnish such medical information as may be reasonably requested, and to waive any applicable patient privilege that may arise because of such examination.

1.3 **Cause**. Immediately upon written notice from the Company to the Executive of a termination for Cause. "Cause" shall mean: (i) the Executive's conviction of, or plea of guilty or nolo contendere to, a felony; (ii) the Executive's willful commission of an act of fraud, dishonesty or other act of willful misconduct in the course of the Executive's duties hereunder that has a significant adverse effect on the Company or its affiliates; (iii) the Executive's willful failure to perform the Executive's duties under this Agreement after the Company has delivered to the Executive a written demand for performance which describes the basis for the Board's belief that the Executive has violated his obligations to the Company and the Executive fails to cure such alleged violation or failure within thirty (30) days after receipt of such notice; or (iv) any material breach by the Executive of this Agreement after the Company has delivered to the Executive a written notice which describes the basis for the Board's belief that the Executive has materially breached this Agreement, and the Executive fails to cure such alleged breach within thirty (30) days after receipt of such notice.

1.4 **Without Cause**. The date upon which the Company shall give the Executive a notice of involuntary termination (or the termination date specified in such notice) without Cause (other than for death or Disability).

1.5 **Good Reason**. Upon written notice by the Executive to the Company of a termination for Good Reason. "Good Reason" shall mean the occurrence of any of the following events, without the express written consent of the Executive, unless such events are corrected in all material respects by the Company within thirty (30) days following written notification by the Executive to the Company that the Executive intends to terminate the Executive's employment hereunder for one of the following reasons: (i) a material diminution in the Executive's Base Salary or Target Bonus in effect from time to time; (ii) a material diminution in the Executive's duties, authorities, responsibilities, title, or position; (iii) a relocation of the Executive's primary work location by more than 50 miles from its then current location; or (iv) any material breach by the Company of this Agreement. The Executive shall provide the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within sixty (60) days after the first occurrence of such circumstances. Otherwise, any claim of such circumstances as "Good Reason" shall be deemed irrevocably waived by the Executive. If the Company fails to correct any such event alleged to constitute Good Reason, the Executive must terminate employment for Good Reason within thirty (30) days after the end of the correction period for the termination to be considered a Good Reason termination.

1.6 **Resignation Without Good Reason**. Upon 180 days' prior written notice by the Executive to the Company of the Executive's voluntary termination of employment without Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date).

1.7 **Expiration of Term.** Upon the expiration of the Initial Term or any Subsequent Term due to a non-extension of the Agreement by the Company or the Executive pursuant to the provisions of Section 2 hereof.

6. **Payments upon Termination**.

1.1 **Accrued Amounts**. In the event of a termination of the Executive's employment for any reason, the Executive shall be entitled to: (i) any Base Salary earned but unpaid through the date of termination; and (ii) the Executive's accrued and unused vacation and unreimbursed business expenses (for which the Executive is entitled to reimbursement under this Agreement), in each case, as of the date of such termination (collectively, the "Accrued Amounts"). The Accrued Amounts will be paid within sixty (60) days following termination of employment.

1.2 **Severance Payments**. Subject to the Executive's compliance with the obligations in Sections 6.3 and 7 hereof, in the event of a termination of the Executive's employment (i) by the Company without Cause, or (ii) by the Executive for Good Reason, the Executive will be entitled, in addition to the Accrued Amounts, to the following payments (collectively, the "Severance Payments"):

1.1.1 Base Salary continuation payments in accordance with the regular payroll practices of the Company for a period of eighteen (18) months (the "Severance Period") following such termination, provided, however, if the termination occurs within the two-year period following a Change in Control, the Severance Period shall instead be twenty-four (24) months (unless the Change in Control results from the sale by Executive of all of his equity interests in the Company, in which case, the foregoing proviso shall not apply);

1.1.2 a lump sum cash payment equal to 1.5 times the dollar value of the total target performance-based cash award ("Target Award") for the Executive established by the Compensation Committee for the year of termination (regardless of actual Company performance); provided, however, if the termination occurs within the two-year period following a Change in Control, the lump sum payment shall equal 2 times the Target Award (unless the Change in Control results from the sale by Executive of all of his equity interests in the Company, in which case, the foregoing proviso shall not apply); and

1.1.3 any cash bonus and restricted stock earned but unpaid or unissued under the Company's annual incentive programs for the year immediately preceding the year of termination based on actual Company performance and payable and issuable at the same time as such bonus or restricted stock for such year would have otherwise been paid or issued; and

provided, that, notwithstanding anything herein to the contrary, the first payment of the Severance Payments and the lump sum payment of the multiple of the Target Award shall be made on the first payroll period occurring after the sixtieth (60th) day following the date of termination of the Executive's employment and shall include payment of any amounts that would otherwise be due prior thereto. For purposes of this Agreement, a "Change in Control" means the occurrence of any of the following: (A) the acquisition (including through purchase, reorganization, merger, consolidation or similar transaction), directly or indirectly, in one or more transactions by a Person (other than any of the Edwards Investors) of beneficial ownership (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of securities representing 45% or more of the combined voting power of the securities of the Company entitled to vote generally in the election of directors of the Board, calculated on a fully diluted basis after giving effect to such acquisition; (B) an election of Persons to the Board that causes two-thirds of the Board to consist of Persons other than (i) members of the Board on the Effective Date and (ii) Persons who were nominated for election as members of the Board at a time when two-thirds of the Board consisted of Persons who were members of the Board on the Effective Date; provided that any Person nominated for election by a Board at least two-thirds of which consisted of Persons described in clauses (i) or (ii) or by Persons who were themselves nominated by such Board shall be deemed to have been nominated by a Board consisting of Persons described in clause (i); or (C) the sale or other disposition, directly or indirectly, of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, to any Person (other than any of the Edwards Investors). As used herein, (i) "Person" means any individual, entity (including any employee benefit plan or any trust for an employee benefit plan) or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended, or any successor provision), and (ii) "Edwards Investors" means Jeffrey Edwards, Peter Edwards, Anne Edwards and Michael Edwards, and the investment entities through which any of them directly and indirectly beneficially owns shares of the Common Stock.

1.3 Conditions to the Receipt of the Severance Payments. Notwithstanding anything herein to the contrary, (i) the receipt of the Severance Payments pursuant to Section 6.2 hereof shall be subject to the Executive's signing and not revoking, within sixty (60) days following his termination of employment, a customary release of claims in the form provided to him by the Company within seven (7) days following his employment termination (the "Release"), which Release must have become effective and irrevocable no later than the sixtieth (60th) day following the Executive's termination of employment (the "Release Deadline"), and if the Release does not become effective and irrevocable by the Release Deadline, the Executive will forfeit any right to the Severance Payments and, for the avoidance of doubt, in no event will any Severance Payments be paid or provided; and (ii) the receipt of the Severance Payments pursuant to Section 6.2 hereof shall be subject at all times to the Executive's continued compliance in all material respects with the provisions of Section 7 hereof.

1.4 Section 280G. If any payment or benefit (including payments and benefits pursuant to this Agreement) that the Executive would receive in connection with a Change in Control from the Company or otherwise (a "Transaction Payment") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"); and (b) the net after-tax benefit that the Executive would receive by reducing the Transaction Payments to three times the "base amount," as defined in Section 280G(b)(3) of the Code (the "Parachute Threshold"), is greater than the net after-tax benefit the Executive would receive if the full amount of the Transaction Payments were paid to the Executive, then the Transaction Payments payable to the Executive shall be reduced (but not below zero) so that the Transaction Payments due to Executive do not exceed the amount of the Parachute Threshold.

7. Restrictive Covenants. In consideration of the compensation and benefits to the Executive provided hereunder and as a result of the Executive's employment with the Company, the Executive agrees to be subject to and bound by the restrictive covenants contained in this Section 7. For purposes of this Section 7, the term "Company" shall include the Company and its subsidiaries. The obligations contained in this Section 7 shall survive the termination or expiration of the Initial Term and any Subsequent Term and the Executive's employment with the Company and shall be fully enforceable thereafter.

1.1 Non-Solicitation. During the Initial Term and each Subsequent Term and for a period of two (2) years thereafter, the Executive agrees that the Executive shall not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity: (i) solicit, aid or induce any customer of the Company to curtail, reduce or terminate its business relationship with the Company, or in any other way interfere with any such business relationships with the Company; (ii) solicit, aid or induce any employee, representative or agent of the Company to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hire or retain any such employee, representative or agent or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent; or (iii) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company and any of their respective vendors, joint venturers or licensors. An employee, representative or agent shall be deemed covered by this Section 7.1 while so employed or retained and for a period of ninety (90) days thereafter.

1.2 **Non-Competition**. The Executive acknowledges and agrees that he performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Company. Accordingly, during the Initial Term and each Subsequent Term, and for a period of two (2) years thereafter, the Executive agrees that the Executive will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in the business of sales, installation, marketing, or distribution of insulation, insulation materials or acoustic products, or shower enclosures, shelving, mirrors, blinds or bath accessories, or with respect to any other business or products that the Company engages in or manufactures as the case may be (regardless of whether such activity is at the manufacturing, distribution or retail level) on the date of termination or in which they have planned to engage or manufacture as the case may be, on or prior to such termination date, to be engaged in or manufacture on or after such date as the case may be, in any case within a one hundred (100) mile radius of any of the Company's (or any of its affiliates') existing or future branch operations. Notwithstanding the foregoing provisions, for so long as the Real Estate Business does not compete with the Company's business, this Section 7.2 shall not apply with respect to Executive's engagement in the Real Estate Business. The Executive acknowledges that his skills are such that he can be gainfully employed in noncompetitive employment and that the agreement not to compete will in no way prevent him from earning a living.

1.3 **Confidentiality**. The Executive shall not, during the Initial Term and each Subsequent Term and at any time thereafter, without the prior express written consent of the Company, directly or indirectly divulge, disclose or make available or accessible any Confidential Information (as defined below) to any person, firm, partnership, corporation, trust or any other entity or third party (other than when required to do so in good faith to perform the Executive's duties and responsibilities under this Agreement or when (i) required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power, or (ii) necessary to prosecute the Executive's rights against the Company or to defend himself against any allegations). In addition, the Executive shall not create any derivative work or other product based on or resulting from any Confidential Information (except in the good faith performance of his duties under this Agreement). The Executive shall also proffer to the Board's designee, no later than the effective date of any termination of his employment with the Company for any reason, and without retaining any copies, notes or excerpts thereof, all memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information that are in the Executive's actual or constructive possession or which are subject to his control at such time. For purposes of this Agreement, "Confidential Information" shall mean all information respecting the business and activities of the Company, including, without limitation, the terms and provisions of this Agreement, the clients, customers (including the identity and lists of former, current or potential customers), suppliers, employees, consultants, computer or other files, projects, products, product designs, services, inventions, patents, patent applications, trade secrets, computer disks or other media, computer hardware or computer software programs, marketing plans, marketing methods, financial information, technical information, sales and distribution information, price lists, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, techniques, data gathering methods and/or strategies of the Company. Notwithstanding the immediately preceding sentence, Confidential Information shall not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of the Executive's breach of any portion of this Section 7.3).

1.4 **Non-Disparagement**. During the Initial Term and each Subsequent Term and at any time thereafter, the Executive agrees, and the Company shall instruct its executive officers, not to make any defamatory or disparaging remarks, comments or statements regarding the other party (and, if applicable, any of the other party's subsidiaries or affiliates, or any of its or their respective officers, directors, employees, shareholders, agents or products), in any manner reasonably likely to be harmful to any of them or, if applicable, their respective products, services, business, business reputation or personal reputation. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

1.5 **Injunctive Relief**. The Executive acknowledges and agrees that the restrictions set forth in this Section 7 are necessary for the reasonable and proper protection of the Company's business, and that each such term, condition, restriction and provision is fair and reasonable with respect to the subject matter thereof. The Executive further acknowledges and agrees that the Company will have no adequate remedy at law, and would be irreparably harmed, if the Executive breaches or threatens to breach any of the provisions of this Section 7 of this Agreement. The Executive agrees that, in addition to any and all other legal remedies available, the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 7, and to specific performance of each of the terms of such Section in addition to any other legal or equitable remedies that the Company may have. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 7, raise the defense that the Company has an adequate remedy at law.

1.6 **Reformation**. It is the intention of the parties to this Agreement that the potential restrictions on the Executive's future employment imposed by this Section 7 be reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of this Section 7 unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction, and such court shall have the power to reduce the scope or duration of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable.

1.7 **Inventions**.

1.1.1 The Executive acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products or developments ("Inventions"), whether patentable or unpatentable, (A) that relate to the Executive's work with the Company, made or conceived by the Executive, solely or jointly with others, during the Initial Term and each Subsequent Term, or (B) suggested by any work that the Executive performs in connection with the Company, either while performing the Executive's duties with the Company or on the Executive's own time, but only insofar as the Inventions are related to the Executive's work as an employee or other service provider to the Company, shall belong exclusively to the Company (or its designee), whether or not patent applications are filed thereon. The Executive will keep full and complete written records (the "Records"), in the manner prescribed by the Company, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company. The Records shall be the sole and exclusive property of the Company, and the Executive will surrender them upon the termination of the

Initial Term or any Subsequent Term, or upon the Company's request. The Executive will assign to the Company the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Initial Term or any Subsequent Term, together with the right to file, in the Executive's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "Applications"). The Executive will, at any time during and subsequent to the Initial Term and each Subsequent Term, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be requested from time to time by the Company with respect to the Inventions. The Executive will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for its benefit, all without additional compensation to the Executive from the Company, but entirely at the Company's expense.

1.1.2 In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company, and the Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to the Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, the Executive hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of the Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, prior to the date hereof, including, without limitation, the right to receive all proceeds and damages therefrom. In addition, the Executive hereby waives any so-called "moral rights" with respect to the Inventions. The Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including, without limitation, any rights that would otherwise accrue to the Executive's benefit by virtue of the Executive being an employee of or other service provider to the Company.

1.8 **Return of Company Property**. On the date of the Executive's termination of employment with the Company for any reason (or at any time prior thereto at the Company's request), the Executive shall return all property belonging to the Company or its affiliates (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company).

8. **Representations of the Executive**. The Executive represents and warrants to the Company that (i) the Executive has the legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed hereunder in accordance with its terms, and (ii) the Executive is not a party to any agreement or understanding, written or oral, and is not subject to any restriction, which, in either case, could prevent the Executive from entering into this Agreement or performing all of the Executive's duties and obligations hereunder.

9. **Miscellaneous**.

1.1 **Applicable Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, applied without reference to principles of conflict of laws. All of the parties hereto agree to appear before and submit exclusively to the jurisdiction of the state and federal courts located within Ohio with respect to any controversy, dispute, or claim arising out of or relating to this Agreement.

1.2 **Amendments**. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

1.3 **Notices**. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of delivery, if delivered by hand, (ii) on the date of transmission, if delivered by confirmed facsimile or electronic mail, (iii) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service, or (iv) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

To the Company: Installed Building Products, Inc.
495 South High Street, Suite 50
Columbus, OH 43215

Attn: General Counsel

To the Executive: At the address shown on the records
of the Company

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

1.4 **No Assignment**. This Agreement is personal to the Executive and he may not assign or delegate any rights or obligations hereunder without first obtaining the written consent of the Company.

1.5 **Withholding Taxes**. The Company may withhold from any amounts payable under this Agreement such federal, foreign state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

1.6 **Severability**. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

1.7 **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute one and the same Agreement.

1.8 **Entire Agreement**. This Agreement contains the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto.

1.9 **<u>Headings</u>**. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

1.10 **<u>Waivers</u>**. The failure of the Company at any time, or from time to time, to require performance of any of the Executive's obligations under this Agreement shall in no manner affect the Company's right to enforce any provisions of this Agreement at a subsequent time. The waiver by the Company of any right arising out of any breach shall not be construed as a waiver of any right arising out of any subsequent breach.

1.11 **<u>Survivorship</u>**. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement or the Initial Term or any Subsequent Term hereunder for any reason to the extent necessary to the intended provision of such rights and the intended performance of such obligations.

10. **<u>Code Section 409A Compliance</u>**.

1.1 The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from, Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Code Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Executive by Code Section 409A or any damages for failing to comply with Code Section 409A.

1.2 Notwithstanding anything to the contrary in this Agreement, (i) a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment that are considered "non-qualified deferred compensation" under Code Section 409A unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service," (ii) if the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment that is considered non-qualified deferred compensation under Code Section 409A payable on account of a "separation from service," such payment or benefit shall be made or provided at the date which is the earlier of (i) the date that is immediately following the date of the expiration of the six (6)-month period measured from the date of such "separation from service" of the Executive, and (ii) the date of the Executive's death (the "<u>Delay Period</u>"), and (iii) upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

1.3 Notwithstanding anything to the contrary in this Agreement, with regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and (iii) such payments shall be made on or before the last day of Executive's taxable year following the taxable year in which the expense occurred.

1.4 For purposes of Code Section 409A, the Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement that is considered nonqualified deferred compensation.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

INSTALLED BUILDING PRODUCTS, INC.

/s/ Michael T. Miller
By: Michael T. Miller
CFO

EXECUTIVE

/s/ Jeffrey W. Edwards
Jeffrey W. Edwards

Exhibit 31.1

INSTALLED BUILDING PRODUCTS, INC.

Certification Required by Rule 13a-14(a) or 15d-14(a)
of the Securities Exchange Act of 1934

I, Jeffrey W. Edwards, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Installed Building Products, Inc.;

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

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

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

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

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

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

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

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

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

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

Dated: May 4, 2023

By: /s/ Jeffrey W. Edwards
Jeffrey W. Edwards
President and Chief Executive Officer

Exhibit 31.2

INSTALLED BUILDING PRODUCTS, INC.

Certification Required by Rule 13a-14(a) or 15d-14(a)
of the Securities Exchange Act of 1934

I, Michael T. Miller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Installed Building Products, Inc.;

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

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

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

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

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

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

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

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

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

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

Dated:	May 4, 2023	By:	/s/ Michael T. Miller
			Michael T. Miller
			Executive Vice President and Chief Financial Officer

Exhibit 32.1

INSTALLED BUILDING PRODUCTS, INC.

Certification Required by Rule 13a-14(b) or 15d-14(b)
of the Securities Exchange Act of 1934 and
Section 1350 of Chapter 63 of Title 18 of the
United States Code

The certification set forth below is being submitted in connection with the Installed Building Products, Inc. Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Jeffrey W. Edwards, the President and Chief Executive Officer, of Installed Building Products, Inc., certifies that, to the best of his knowledge:

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 consolidated financial condition and results of operations of Installed Building Products, Inc.

Dated:	May 4, 2023	By:	/s/ Jeffrey W. Edwards
			Jeffrey W. Edwards
			President and Chief Executive Officer

Exhibit 32.2

INSTALLED BUILDING PRODUCTS, INC.

Certification Required by Rule 13a-14(b) or 15d-14(b)
of the Securities Exchange Act of 1934 and
Section 1350 of Chapter 63 of Title 18 of the
United States Code

The certification set forth below is being submitted in connection with the Installed Building Products, Inc. Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Michael T. Miller, the Executive Vice President and Chief Financial Officer, of Installed Building Products, Inc., certifies that, to the best of his knowledge:

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 consolidated financial condition and results of operations of Installed Building Products, Inc.

Dated:	May 4, 2023	By:	/s/ Michael T. Miller
			Michael T. Miller
			Executive Vice President and Chief Financial Officer