2025 ANNUAL REPORT

PAUL MUELLER COMPANY

CORPORATE PROFILE

Headquarters

Paul Mueller Company, Inc.
1600 West Phelps Street
Springfield, Missouri 65802, U.S.A.

General Information

Paul Mueller Company was founded in 1940 and incorporated in 1946 in Missouri. Mueller® products and services are used in a wide variety of industries, including animal health, beverage, brewing, chemical, dairy farm, dairy processing, food, heat transfer, HVAC, industrial construction, oil and gas, personal care, pharmaceutical, pure water, and wine.

Business Segments

Refrigeration and Heat Transfer – Milk cooling and storage, refrigeration products, heat recovery equipment, and heat transfer products.

Industrial Equipment – Standard and customized stainless steel and alloy processing and storage tanks and pure water equipment.

Transportation – Delivery of products and components to customers and field fabrication sites, backhauls of material, and contract carriage.

European Operations – Geographically separate from domestic operations. Primarily milk cooling and storage. Also includes process tanks and heat transfer products.

About Us

At Paul Mueller Company, we are driven by purpose. For over 80 years, we have been united by the belief that the only quality that matters is Quality for Life: Quality in the lives of our coworkers, customers, and communities. We create a lasting impact with every product and relationship we build. Whether you are drinking a cold glass of milk, enjoying a fresh beer on tap, or filling a prescription at your local pharmacy, we are there with you… fueling your day, filling your glass, and helping you feel better.

To the Shareholders of Paul Mueller Company:

2025 marked another year of strong execution and meaningful progress for Paul Mueller Company. Guided by our purpose of *Creating Quality for Life* for customers, coworkers, and shareholders, we delivered record financial results while investing aggressively in both physical capacity and human capability.

Revenue for the year reached $287.0 million, an increase of 15% over 2024, while net income rose 17% to $34.7 million. Most encouragingly, our year-end backlog grew 59% to a record $243.6 million. Each of our three manufacturing segments increased revenue, and each increased profitability by a larger percentage than the revenue increase. Our largest segment, Industrial Equipment, made the largest dollar contribution to these increases. The record level of activity in the modular construction of pharmaceutical equipment continued, along with strong activity in many of the other markets of this segment, such as food and dairy, and component products. On a percentage basis, our other two manufacturing segments had notable achievements. Refrigeration and Heat Transfer had the largest percentage increase in earnings before tax (EBT), 137% to $8.4 million, primarily on the strength of the dairy farm equipment market. Our European Operations recorded the largest percentage increase in backlog, 183% to $12.1 million, on the strength of the dairy farm equipment market after several years of difficult market conditions.

To meet this demand, we are investing heavily in our facilities throughout the Company. Capital expenditures reached $34.4 million. The most visible project is the 100,000-square-foot modular manufacturing facility on our main Springfield campus. We began manufacturing in the building in December and expect to start using the offices in the middle of this year. The second expansion of the Components Products facility and the installation of the head forming and flanging equipment are also expected to be completed this summer.

Physical capacity is only part of what we need to respond to this demand. We are also investing in talent. During the fourth quarter of 2024, we completed construction of a new on-site training school to accelerate skill development in welding, grinding, and machine operation. Complementing this investment, we launched a formal Welding and Grinding Registered Youth Apprenticeship program in partnership with Springfield Public Schools. Students receive paid, hands-on experience and industry credentials. In addition, we sponsored the Paul Mueller Company Welding Lab at Ozarks Technical Community College and began providing essential personal supplies that their students are required to obtain. These initiatives, while lower-profile than our building projects, represent a commitment to talent acquisition, retention, and community partnership to support our growth.

Concurrently with these investments, we returned $17.9 million to our shareholders through dividends and share repurchases.

Lee Viorel is not seeking another nomination to the board of directors after serving since 2012. We have been fortunate to have his assistance during a time of great change, and we will miss his important contributions. We are pleased to welcome Mark Bluhm. Mark brings a strong background from his career as the former Chief Executive Officer of Lathrop GPM, a firm of more than 350 attorneys, 25 years as a bank director, and extensive experience as board counsel and an M&A advisor to privately held companies. His governance expertise and leadership will be an important addition to our board.

We enter 2026 with a record backlog, important additions to our physical infrastructure and talent pipeline, and a great team of coworkers worldwide. Thank you for your continued trust and investment in Paul Mueller Company.

Sincerely,

David Moore
President and CEO

March 24, 2026

Paul Mueller Company and Subsidiaries

Consolidated Financial Report
December 31, 2025

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Independent Auditor's Report

Board of Directors
Paul Mueller Company and Subsidiaries

Opinion
We have audited the consolidated financial statements of Paul Mueller Company and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), shareholders' investment and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the Company adopted Accounting Standards Update (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, during the year ended December 31, 2025. Our opinion is not modified with respect to this matter.

Other Matter
In our report dated March 31, 2025, we expressed an opinion that the Company's financial statements did not disclose all segments meeting the criteria of Accounting Standards Codification (ASC) 280, Segment Reporting, and certain significant expenses required by ASU 2023-07. As described in Note 8, the Company has changed their method of disclosure for these items and has recast their 2024 and 2023 segment information to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the recast 2024 and 2023 financial statements, as presented herein, is different from that expressed in our previous report.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

Kansas City, Missouri
March 24, 2026

Paul Mueller Company and Subsidiaries

Consolidated Balance Sheets
December 31, 2025, 2024 and 2023
Amounts in thousands, except for share data and ratios

	2025	2024	2023
Assets			
Current assets:			
Cash and cash equivalents	**$ 29,883**	$ 21,169	$ 7,147
Marketable securities	**19,913**	24,446	26,778
Accounts receivable, net	**32,542**	28,176	21,986
Costs and estimated earnings in excess of billings	**9,177**	3,090	3,180
Current net investment in sales-type leases	**62**	39	27
Inventories:			
Raw materials and components	**19,384**	18,434	20,351
Work-in-process	**20,507**	12,403	15,923
Finished goods	**12,824**	10,068	9,636
	52,715	40,905	45,910
LIFO reserve	**(21,051)**	(20,146)	(21,774)
	31,664	20,759	24,136
Prepayments	**5,758**	4,933	3,537
Total current assets	**128,999**	102,612	86,791
Property, Plant and Equipment:			
Land and land improvements	**10,838**	7,934	8,126
Buildings	**44,144**	29,518	28,279
Fabrication equipment	**93,200**	85,604	87,112
Transportation, office and other equipment	**21,926**	19,095	19,218
Construction-in-progress	**23,208**	14,513	3,025
	193,316	156,664	145,760
Less accumulated depreciation	**(114,233)**	(105,910)	(103,749)
	79,083	50,754	42,011
Right of use for operating lease	**1,831**	1,493	1,215
Right of use for financing lease	**445**	742	1,206
Deferred taxes	**427**	8	227
Other assets	**1,198**	1,854	2,363
Long-term net investment in sales-type leases	**2,338**	1,211	456
Total assets	**$ 214,321**	$ 158,674	$ 134,269

(Continued)

Paul Mueller Company and Subsidiaries

Consolidated Balance Sheets (Continued)
December 31, 2025, 2024 and 2023
Amounts in thousands, except for share data and ratios

	2025	2024	2023
Liabilities			
Current liabilities:			
Short-term borrowings	**$ -**	$ 3,050	$ -
Current maturities of long-term debt	**468**	416	640
Accounts payable	**17,750**	17,588	11,041
Current lease liability for operating	**337**	251	221
Current lease liability for financing	**66**	85	181
Income taxes payable	**4,893**	1,673	1,536
Accrued expenses:			
Payroll and benefits	**13,011**	10,063	8,122
Vacations	**1,102**	995	918
Other	**5,192**	2,860	5,131
Advance billings	**36,362**	26,788	27,383
Billings in excess of costs and estimated earnings	**28,396**	7,635	3,924
Total current liabilities	**107,577**	71,404	59,097
Long-term debt, less current maturities	**5,265**	5,096	8,880
Other long-term liabilities	**1,618**	2,329	2,001
Operating lease liability, less current portion	**716**	671	493
Financing lease liability, less current portion	**188**	225	282
Total liabilities	**115,364**	79,725	70,753
Commitments and contingencies:			
Shareholders' investment:			
Common stock, par value $1 per share, authorized 20,000,000 shares, issued 1,507,481 shares	**1,508**	1,508	1,508
Paid-in surplus	**9,708**	9,708	9,708
Retained earnings	**129,674**	96,037	67,181
	140,890	107,253	78,397
Less treasury stock—608,598 shares—2025, 570,644 shares—2024 and 421,770 shares—2023, at cost	**(39,511)**	(22,697)	(10,787)
Accumulated other comprehensive (loss)	**(2,422)**	(5,607)	(4,094)
Total shareholders' investment	**98,957**	78,949	63,516
Total liabilities and shareholders' investment	**$ 214,321**	$ 158,674	$ 134,269

The accompanying notes are an integral part of these consolidated statements.

Paul Mueller Company and Subsidiaries

Consolidated Statements of Operations
Years Ended December 31, 2025, 2024 and 2023
Amounts in thousands, except for share data and ratios

	2025	2024	2023
Net sales	**$ 287,001**	$ 248,585	$ 229,156
Cost of sales	**193,201**	166,124	158,625
Gross profit	**93,800**	82,461	70,531
Selling, general and administrative expenses	**50,263**	46,248	88,269
Operating income (loss)	**43,537**	36,213	(17,738)
Financial income (expense)			
Interest income	**1,933**	1,856	2,535
Interest expense	**(210)**	(301)	(350)
Other, net	**540**	521	131
Total other	**2,263**	2,076	2,316
Income (loss) before provision for income taxes	**45,800**	38,289	(15,422)
Provision for income taxes	**11,120**	8,617	(5,532)
Net income (loss)	**$ 34,680**	$ 29,672	$ (9,890)
Earnings (loss) per common share:			
Basic	**$ 37.53**	30.46	(9.11)
Diluted	**$ 37.53**	30.46	(9.11)

The accompanying notes are an integral part of these consolidated statements.

Paul Mueller Company and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 31, 2025, 2024 and 2023
Amounts in thousands

	2025	2024	2023
Net income (loss)	**$ 34,680**	$ 29,672	$ (9,890)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	**$ 3,185**	$ (1,577)	$ 677
Change in pension liability	**-**	64	33,322
Comprehensive income	**$ 37,865**	$ 28,159	$ 24,109

The accompanying notes are an integral part of these consolidated statements.

Paul Mueller Company and Subsidiaries

Consolidated Statements of Shareholders' Investment
Years Ended December 31, 2025, 2024 and 2023
Amounts in thousands, except for share data and ratios

	Common Stock	Paid-In Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss)	Total
Balance, December 31, 2022	$ 1,508	$ 9,708	$ 75,721	$ (10,787)	$ (36,092)	$ 40,058
Add (deduct):						
Net loss	-	-	(9,890)	-	-	(9,890)
Other comprehensive income, net of tax	-	-	2,001	-	31,998	33,999
Dividends, $0.60 per common share	-		(651)	-	-	(651)
Balance, December 31, 2023	1,508	9,708	67,181	(10,787)	(4,094)	63,516
Add (deduct):						
Net income	-	-	29,672	-	-	29,672
Other comprehensive income, net of tax	-	-	(7)	-	(1,513)	(1,520)
Dividends, $0.15 per common share in Q1	-	-	(163)	-	-	(163)
Dividends, $0.23 per common share in Q2, Q3 and Q4	-	-	(646)	-	-	(646)
Treasury stock acquisition	-	-	-	(11,910)	-	(11,910)
Balance, December 31, 2024	1,508	9,708	96,037	(22,697)	(5,607)	78,949
Add (deduct):						
Net income	-	-	34,680	-	-	34,680
Other comprehensive income, net of tax	-	-	-	-	3,185	3,185
Dividends, $0.23 per common share in Q1	-	-	(215)	-	-	(215)
Dividends, $0.30 per common share in Q2, Q3 and Q4	-	-	(828)	-	-	(828)
Treasury stock acquisition	-	-	-	(16,814)	-	(16,814)
Balance, December 31, 2025	**$ 1,508**	**$ 9,708**	**$ 129,674**	**$ (39,511)**	**$ (2,422)**	**$ 98,957**

The accompanying notes are an integral part of these consolidated statements.

Paul Mueller Company and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Cash flow provisions from operating activities:			
Net income (loss)	$ **34,680**	$ 29,672	$ (9,890)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Pension contributions less (greater) than expense	**-**	-	21,592
Bad debt expense	**(353)**	35	275
Depreciation and amortization	**7,483**	6,992	6,641
Loss (gain) on disposal of equipment	**822**	(9)	796
Deferred tax (benefit) expense	**495**	(1,001)	(9,230)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable and costs in excess of earnings	**(9,366)**	(6,135)	(4,861)
(Increase) decrease in inventories	**(8,864)**	4,316	2,688
(Increase) decrease in prepayments	**(789)**	(1,684)	394
Decrease in other assets	**434**	1,273	380
(Increase) in net investment is sales-type leases	**(993)**	(768)	(147)
Decrease in deferred taxes	**-**	295	11,550
Increase (decrease) in accounts payable	**(174)**	6,546	(761)
Increase in accrued income tax payable	**3,194**	137	1,536
Increase (decrease) in accrued expenses	**5,154**	(294)	5,278
(Decrease) increase in advance billings	**9,496**	(595)	(13,905)
Increase (decrease) in billings in excess of costs and estimated earnings	**20,761**	3,711	(7,013)
Increase in lease liability for finance	**-**	-	133
Principal payments on lease liability for operating	**(315)**	(233)	(85)
(Decrease) increase in long-term liabilities	**(1,737)**	1,637	(1,121)
Net cash provided by operating activities	**59,928**	43,895	4,250
Cash flows (requirements) from investing activities:			
Proceeds from sales of equipment	**65**	132	171
Purchases of marketable securities	**(27,413)**	(28,419)	(27,128)
Proceeds from marketable securities	**31,946**	30,751	35,059
Additions to property, plant and equipment	**(34,401)**	(17,299)	(7,704)
Net cash (required) provided by investing activities	**(29,803)**	(14,835)	398
Cash flow (requirements) from financing activities:			
Principal payments on lease liability for financing	**(88)**	(175)	(116)
(Repayment) of short-term borrowings	**(9,395)**	(2,922)	(2,190)
Proceeds of short-term borrowings	**6,345**	2,922	2,190
Principal payments on long-term debt	**(468)**	(1,130)	(634)
Dividends paid	**(1,043)**	(809)	(651)
Treasury stock acquisitions	**(16,814)**	(11,910)	-
Net cash (required) by financing activities	**(21,463)**	(14,024)	(1,401)
Effect of exchange rate changes	**52**	(1,014)	432
Net increase in cash	**8,714**	14,022	3,679
Cash and cash equivalents at beginning of year	**21,169**	7,147	3,468
Cash and cash equivalents at end of year	$ **29,883**	$ 21,169	$ 7,147

The accompanying notes are an integral part of these consolidated statements.

Notes to Consolidated Financial Statements

(1) Summary of Accounting Policies

Principles of Consolidation and Nature of Business – The financial statements include the accounts of Paul Mueller Company and its wholly owned subsidiaries: Mueller Transportation, Inc. and Mueller B.V. and its subsidiaries (collectively "Company"). All significant intercompany balances and transactions have been eliminated in consolidation. The Company provides manufactured equipment and components for the food, dairy, beverage, chemical, pharmaceutical, and other industries, as well as the dairy farm market. The Company also provides service, repair, installation, and transportation services in these industries.

Use of Estimates – The preparation of the consolidated financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenue Recognition – Net sales reported on the statement of operations solely consists of revenue from customer contracts. Management has concluded that the segment data disaggregation of revenue provided in Footnote 8 also satisfies the revenue disaggregation disclosure requirement under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)."* During the year ended December 31, 2025, there was $33,984,000 of revenue recognized that was included on the December 31, 2024, consolidated balance sheets as advance billings and billings in excess of costs and estimated earnings (contract liabilities). During the year ended December 31, 2024, there was $30,883,000 of revenue recognized that was included on the December 31, 2023, consolidated balance sheets as advance billings and billings in excess of costs and estimated earnings (contract liabilities). During the year ended December 31, 2023, there was $45,016,000 of revenue recognized that was included on the December 31, 2022, consolidated balance sheets as advance billings and billings in excess of costs and estimated earnings (contract liabilities).

Revenue from sales of fabricated products or services is recognized based upon the transfer of promised products or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those products or services. Transfer of the products or services may occur at the time of shipment from the Company's dock, at the time of delivery to the customer's location, when projects are completed in the field and accepted by the customer, or throughout the progress of the project dependent upon contract terms and exclusivity of the products or services. For each project, distinct products or services are identified as performance obligations and revenue is recognized appropriately for each performance obligation independently. The revenue allocated to each performance obligation will align with the determination of stand-alone selling price. The Company determines its stand-alone selling price using the cost plus margin method. In situations where the contract dictates that control transfers to the customer upon delivery, then freight is to be a fulfillment activity for the performance obligation and the freight cost allocable to that performance obligation will be added to the performance obligation revenue. In situations where the contract dictates that control transfers to the customer upon shipment, but the Company is responsible for the shipping and handling activities after transfer of control, the Company has elected the accounting policy to treat those shipping and handling activities as fulfillment activities and not promised services that have to be further evaluated under Topic 606. If the products or services of a performance obligation have an alternative use, then the performance obligation will be recognized at a point-in-time. If the products or services do not have an alternative use or are performed at the customer's location, then the performance obligation will be recognized over-time.

The point-in-time method recognizes revenue of each performance obligation as it is shipped or delivered to the customer (as determined by the contract) or completed and accepted by the customer for services. The applicable manufacturing cost of each performance obligation is identified and charged to cost of sales as revenue is recognized.

Total revenue recognized at a point-in-time and over-time was as follows for the years ended December 31, 2025, 2024 and 2023 (in thousands):

	2025	2024	2023
Revenue recognized at a point-in-time	$ 176,668	$ 185,088	$ 192,900
Revenue recognized over-time	110,333	63,497	36,256
Net sales	$ 287,001	$ 248,585	$ 229,156

The over-time method recognizes revenue using certain methods to measure progress toward the complete satisfaction of performance obligations. The Company uses the input method of cost incurred for plant-fabricated tanks and onsite services. The Company uses the input method of hours performed for plant-fabricated skidded-systems. Under the hours performed method, revenues and profits for plant-fabricated skidded projects are recorded by applying the ratio of total manufacturing hours incurred to date for each project to estimated total manufacturing hours for each project. This method provides an accurate depiction of progress on the project because manufacturing labor hours are level (loaded across the duration of the project) as opposed to material costs, which are heavily expended in the beginning of the project and drop off at the end. For onsite services and plant-fabricated tanks, revenues and profits are recorded by applying the ratio of costs incurred to date for each contract to the estimated total costs for each contract at completion. This method provides an accurate depiction of progress on the project because of the various types of cost on the onsite services and plant-fabricated tanks (e.g., material, labor, rental and subcontractor, etc.). As these costs occur in the project it is an accurate picture of the progress of the work in total versus looking at one specific component. Other considerations evaluated in the over-time method are significant financing components and variable consideration. A significant financing component does not exist for the Company's projects because a vast majority complete within one year and if a project extends beyond one year there will be progress billings. Variable consideration is accounted for if it is likely to exist on a project (an example would be liquidated damages for delay in the contract and the project is projecting to be late).

The Company generally provides limited-assurance-type warranties for standard products and work performed under its contracts. The warranty periods typically extend for a limited duration following transfer of control of the product. See Footnote 5 for further information on warranty costs incurred. The Company does not consider these warranties to be performance obligations. Occasionally, the Company offers extended warranties to customers, which are purchased separately. Extended warranties are considered to be separate performance obligations.

Sales commissions paid to sales personnel, as well as associated payroll taxes and retirement plan contributions (together, sales commissions and associated costs) that are incremental to the acquisition of customer contracts, are capitalized as deferred contract costs on the balance sheet when the period of benefit is determined to be greater than one year. The Company has elected to apply the practical expedient to expense sales commissions and associated costs as incurred when the expected amortization period is one year or less. The Company determines the period of benefit for sales commissions paid and associated costs for the acquisition of an initial contract by taking into consideration the initial estimated customer life, as well as future expectations about whether the renewal commission will be commensurate with the initial commission. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition.

At December 31, 2025, 2024 and 2023, there are customer contracts of which some, but not all, performance obligations have been satisfied. The Company is electing the optional exemption to not disclose the total amount of the transaction price allocated to these performance obligations, or explain when the Company expects to recognize the transaction price allocated to these performance obligations, because the Company believes the performance obligations will be satisfied in one year or less.

Costs and estimated earnings on uncompleted contracts and related amounts billed as of December 31, 2025, 2024 and 2023, were as follows (in thousands):

	2025	2024	2023
Costs incurred on uncompleted contracts	$ 89,298	$ 30,963	$ 29,037
Estimated profit	69,262	28,432	16,800
Total costs and earnings	158,560	59,395	45,837
Less: billings to date	177,779	63,940	46,581
	$ (19,219)	$ (4,545)	$ (744)

Amounts included in the accompanying consolidated balance sheets as of December 31, 2025, 2024 and 2023, under the following captions were (in thousands):

	2025	2024	2023
Costs and estimated earnings in excess of billings on uncompleted contracts (contract assets)	$ 9,177	$ 3,090	$ 3,180
Billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities)	(28,396)	(7,635)	(3,924)
	$ (19,219)	$ (4,545)	$ (744)

Costs and estimated earnings in excess of billings (contract assets) and billings in excess of costs and estimated earnings (contract liabilities) relate to contracts in progress and are included in the accompanying consolidated balance sheets as current assets and current liabilities.

Contracts with some customers provide for a portion of the sales amount to be retained by the customer for a period of time after completion of the contract. For the year ended December 31, 2025, there was $39,000 in retainage in account receivable. There were no retainages included in accounts receivable as of December 31, 2024 and 2023.

The Company has elected the practical expedient to not adjust the promised consideration for the effects of a significant financing component, because at contract inception the Company believes that the time between when the Company transfers its products or services to a customer and when the Company will receive payment for such goods or services will be less than one-year. Most of the Company's projects have a less-than-one-year duration, and for those that extend longer, the Company negotiates progress payments that reduce or eliminate the financing component along the length of the project.

When evaluating variable consideration of the Company's projects, there are limited areas in which variable consideration would arise. The most prominent of these would be concessions provided in the event of a delivery delay. These concessions could take the form of liquidated damages agreed to in the contract or expected back-charges for a customer's direct impact of delay. The Company has significant experience with both standard and custom products, and has appropriate expense mitigation language included in its contracts of sale related to its products. For variable consideration arising from liquidated damages, the schedule of damages will be outlined in the contract and the Company would be able to calculate the exact reduction in transaction price arising from a delay in delivery, if the customer were to pursue the liquidated damages. Whether or not the customer would pursue the liquidated damages would be estimated using the expected value method and treated as a direct reduction to the total transaction price. For contracts without a liquidated damages provision, the Company has protection from highly variable costs because of contractual language limiting the costs that its customers can expect to have reimbursed by the Company. More so, it is a minority of projects where the Company is late delivering its obligations and even less that result in concessions being given. For this reason, the application of the variable consideration constraint does not result in the amount of variable consideration included in the contract price being constrained. The Company utilizes the expected value method to estimate and account for variable consideration of its projects.

Shipping fees charged are included in revenue, whereas sales, use, and other taxes collected from customers are excluded from revenue. The Company has elected an accounting policy that excludes, from the transaction price, all taxes assessed by a government authority that are both imposed on and concurrent with a specific revenue transaction and are collected by the Company from a customer. Outbound shipping and handling costs are included in cost of sales.

For the years ended December 31, 2025, 2024 and 2023, there were no bill-and-hold transactions.

Marketable Securities – Marketable securities consist of short-term investments (less than two years) that have a minimum amount of risk. These include U.S. treasuries, investment grade corporate debt (defined as BBB– or better), bank certificate of deposits, money market funds, or debt of U.S. government agencies. These investments are held-to-maturity securities that are reported at amortized cost. As of December 31, 2025, the fair value of the marketable securities was $20,765,318. The unrealized gain on marketable securities was $409,000, and the unrealized loss on marketable securities was $0, for a net unrealized gain of $409,000.

Trade Accounts Receivable and Allowances for Credit Losses – In June 2016, the FASB issued guidance (FASB ASC 326), which changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard was a shift from the incurred loss model to the expected loss model.

The Company adopted the standard effective January 1, 2023, using a modified retrospective approach. The impact of the adoption was not material to the consolidated financial statements and primarily resulted in additional disclosures.

Trade accounts receivable, reduced by an allowance for expected credit loss, are reported on the consolidated balance sheets. The Company's allowance for credit loss is determined based on the length of time receivables are past due and historical credit loss rates. Accounts are evaluated on a regular basis and reserves are established as deemed appropriate, based on the above criteria. Increases to the reserve are charged to the provision for credit losses, and reductions to the reserve are recorded when receivables are written off or subsequently collected. Accounts and notes receivables from non-customer entities are evaluated for collectability individually.

The allowance for credit losses for accounts receivable and the related activity are as follows (in thousands):

	2025	2024	2023
Beginning balance	$ 550	$ 515	$ 539
Provision for credit losses	(353)	243	275
Write-offs	-	(195)	(127)
Recoveries	(83)	(13)	(172)
Ending balance	$ 114	$ 550	$ 515

For standard products and services, the Company's standard payment terms provide for payment in full within thirty (30) days of shipment of the products or completion of the services. For products that are designed and built to customer specifications, the Company may have a payment schedule agreement with the customer that provides for advances and progress billings prior to transfer of control of the products or completion of the onsite services. In such circumstances, an invoice is issued by the Company based upon the terms of the contract, and the effect on the consolidated financial statements is to record an account receivable and a liability in advance billings. No revenue is recognized on these transactions. The open accounts receivable related to these invoices are netted with advanced billings at each reporting period. As of December 31, 2025, 2024 and 2023, the amounts in advanced billings were $36,362,000, $26,788,000 and $27,383,000, respectively.

For most customer orders, there is no right of return provided to the customer. The exception to this would be for standard parts orders in which the Company would allow for return and refund of the purchase price, less an applicable restocking fee. For the orders where returns would be allowed, the Company evaluates the likelihood of return on those orders and treats the probable returns as a direct reduction to the transaction price.

Inventories – Inventories are valued at the lower of cost or market. For 2025, 2024 and 2023, inventories are adjusted using the internal index method for calculating last-in, first-out ("LIFO").

Inventories of Mueller B.V. were $13,168,000, $9,560,000 and $10,899,000 as of December 31, 2025, 2024 and 2023, respectively, and are recorded at the lower of cost on a first-in, first-out ("FIFO") basis, or market.

Intercompany profits in inventory have been eliminated in the preparation of the consolidated financial statements for the years ended December 31, 2025, 2024 and 2023.

The pretax results for the year ended December 31, 2025, were unfavorably affected by a $905,000 increase in the LIFO reserve. The pretax results for the year ended December 31, 2024, were favorably affected by a $1,628,000 decrease in the LIFO reserve. The pretax results for the year ended December 31, 2023, were unfavorably affected by an $83,000 increase in the LIFO reserve.

Property, Plant and Equipment – Property, plant and equipment are carried at cost less accumulated depreciation. The Company provides for depreciation expense using principally the double-declining-balance method for new items and the straight-line method for used items. Depreciation expense was $7,390,000, $6,940,000 and $6,575,000, for the years ended December 31, 2025, 2024 and 2023, respectively. The economic useful lives within each property classification are recorded at cost and as follows:

	Years
Buildings	33 – 40
Land improvements	10 – 20
Fabrication equipment	5 – 10
Transportation, office and other equipment	3 – 10

Maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets retired are removed from the accounts, and any resulting gains or losses are recorded in the consolidated statements of operations.

Research and Development – Research and development costs are charged to expense as incurred and were $982,000 during 2025, $823,000 during 2024 and $818,000 during 2023.

Impairment of Long-Lived Assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is evaluated by comparing the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is determined by measuring the amount by which the carrying amount of the asset exceeds the fair value of the asset as determined by the future net discounted cash flows. There were no impairments as of December 31, 2025, 2024 and 2023.

Earnings Per Common Share – The following table sets forth the computation of basic and diluted earnings per common share (in thousands, except for share data):

	2025	2024	2023
Net income (loss)	$ 34,680	$ 29,672	$ (9,890)
Shares for basic earnings per common share:			
Weighted-average shares outstanding	923,947	974,056	1,085,711
Shares for diluted earnings per common share:			
Adjusted weighted-average shares outstanding	$ 923,947	$ 974,056	$ 1,085,711
Earnings (loss) per common share:			
Basic	$ 37.53	$ 30.46	$ (9.11)
Diluted	$ 37.53	$ 30.46	$ (9.11)

Comprehensive Income (Loss) – The components of other comprehensive income (loss) for the years ended December 31, 2025, 2024 and 2023, were as follows (in thousands):

	2025	2024	2023
Foreign currency translation adjustment	$ 3,185	$ (1,577)	$ 677
Tax	-	-	-
Foreign currency translation adjustment, net of tax	$ 3,185	(1,577)	677
Change in pension liability	-	-	44,872
Tax	-	-	(11,550)
Reclassification of stranded OCI	-	64	(2,001)
Change in pension liability, net of tax	3,185	64	31,321
Other comprehensive income (loss)	3,185	(1,513)	31,998

Statements of Cash Flows – Interest and income tax payments made during the years ended December 31, 2025, 2024 and 2023, were as follows (in thousands):

	2025	2024	2023
Interest payments	$ 206	$ 301	$ 355
Income tax payments	7,250	9,828	1,300

At December 31, 2025, the Company had retainage payable of approximately $1,617,000 which is considered a non-cash investing activity.

Shareholders' Investment – The following table sets forth the analysis of common stock issued and held as treasury stock:

	Shares	
	Common	Treasury
Balance—December 31, 2022	1,507,481	421,770
Treasury stock acquisition	-	-
Balance—December 31, 2023	1,507,481	421,770
Treasury stock acquisition	-	148,874
Balance—December 31, 2024	1,507,481	570,644
Treasury stock acquisition	-	37,954
Balance—December 31, 2025	1,507,481	608,598

Income Taxes – The Company accounts for income taxes in accordance with FASB Accounting Standards Codification ("ASC") 740, "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes, as measured by the enacted tax rates which will be in effect when these differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred income tax assets, the Company considers whether it is more likely than not, according to the criteria of FASB ASC 740, that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. FASB ASC 740 requires that the Company recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

As of December 31, 2025, 2024 and 2023, no provision has been made for U.S. federal deferred income taxes on $10,815,000, $9,227,000 and $7,893,000, respectively, of accumulated and undistributed earnings of foreign subsidiaries, since it is the intention of management to indefinitely reinvest the undistributed earnings in those foreign subsidiaries at the U.S. level.

Reclassifications – The Company reclassified certain amounts previously classified as accounts receivable to costs and estimated earnings in excess of billings. The reclassification increased costs and estimated earnings in excess of billings and decreased accounts receivable by $3,090,000 and $3,180,000 for the years ended December 31, 2024 and 2023, respectively.

Recent Accounting Pronouncements – In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU addresses investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid. For public entities, the update is effective for fiscal years beginning after December 15, 2024. The Company adopted the update for the consolidated financial statements issued for the year ended December 31, 2025. The Company elected to apply the standard retrospectively to enhance comparability across periods. The required disclosures, as applicable, are included in Note 3 ("Income Taxes"), and reflect the adoption of ASU 2023-09 on the consolidated financial statement disclosures.

Leases – The Company follows ASU 2016-02, "*Leases (Topic 842)*."

As Lessee: The Company has operating leases for buildings, plant equipment and company vehicles related to its operations in the Netherlands. The Company has finance leases for company vehicles, office equipment and plant equipment related to its operations in the Netherlands.

The leases of office equipment have variable lease payments that are determined by the local pricing index, but all other leases have fixed lease payments. The Vietnam building lease is the only lease that includes an option to renew. The lease will go to a year-over-year renewal after the initial term, unless either party terminates in accordance with the notice provisions of the lease. None of the leases provide a residual value guarantee to the lessor.

In applying ASU Topic 842, the Company was unable to determine the implicit rates for each lease, so lending rates from the Company's lending institutions were used.

For the year ended December 31, 2025, the financial statements include finance lease costs of $86,000 in amortization of the Right of Use (ROU) assets, $11,000 in interest on the lease liabilities, and operating lease costs of $375,000. For the year ended December 31, 2024, the financial statements include finance lease costs of $181,000 in amortization of the ROU assets, $14,000 in interest on the lease liabilities, and operating lease costs of $267,000. For the year ended December 31, 2023, the financial statements include finance lease costs of $200,000 in amortization of the ROU assets, $11,000 in interest on the lease liabilities, and operating lease costs of $298,000.

The following weighted averages apply to the Company's operating and finance leases:

	2025	2024	2023
Weighted-average remaining lease term, finance lease	4.1 years	4.6 years	3.9 years
Weighted-average remaining lease term, operating lease	3.8 years	4.3 years	3.9 years
Weighted-average discount rate, finance lease	4.11%	3.88%	3.14%
Weighted-average discount rate, operating lease	3.96%	3.76%	3.25%

At December 31, 2025, 2024 and 2023, there are net non-cash financing activities related to the Company's operating lease agreements for vehicles recognized as both right of use assets and corresponding lease liabilities of $363,000, $481,000 and $192,000, respectively, in the consolidated balance sheets. At December 31, 2025, 2024 and 2023, there are net non-cash financing activities related to the Company's finance lease agreements for vehicles, plant equipment, and office equipment recognized as both right of use assets and corresponding lease liabilities of $0, $48,000 and $109,000, respectively, in the consolidated balance sheets. These non-cash financing activities are not reflected in the consolidated statements of cash flows.

As Lessor: For the year ended December 31, 2025, total income from operating leases was $1,823,000, which is included in the consolidated income statement in net sales. For the year ended December 31, 2025, for sales-type leases, total revenue recorded was $900,000, and total costs of goods sold recorded was $780,000, which are included in the consolidated income statement in net sales and cost of sales, respectively. For the year ended December 31, 2024, total income from operating leases was $2,221,000, which is included in the consolidated income statement in net sales. For the year ended December 31, 2024, for sales-type leases, total revenue recorded was $775,000, and total costs of goods sold recorded was $698,000, which are included in the consolidated income statement in net sales and cost of sales, respectively. For the year ended December 31, 2023, total income from operating leases was $2,605,000, which is included in the consolidated income statement in net sales. For the year ended December 31, 2023, for sales-type leases, total revenue recorded was $126,000, and total costs of goods sold recorded was $118,000, which are included in the consolidated income statement in net sales and cost of sales, respectively.

The Company has a fleet of rental milk coolers and related equipment that are leased out to farmers from the operations in the Netherlands. The lease payments are fixed for the duration of the lease and do not have a variable component. These leases are operated on a month-to-month basis using an assumed 181-month average lease term for leases starting in 2025 and 2024 and a 141-month average lease term for leases starting in 2023. These leases do allow the farmers to purchase the equipment, but in practice this option is not typically taken (less than 10% of leases end in purchase).

Depreciation expense for assets subject to operating leases is provided primarily on the straight-line method over the term of the lease in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Estimated and actual residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense relating to machinery and equipment held as investments in operating leases was $381,000 for 2025, $401,000 for 2024 and $415,000 for 2023.

Investments in operating leases at December 31 are as follows (in thousands):

	2025	2024	2023
Machinery and equipment, at cost	$ 5,163	$ 9,260	$ 10,369
Accumulated depreciation	(1,345)	(5,510)	(5,769)
Net investments in operating leases	$ 3,818	$ 3,750	$ 4,600

A maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of December 31 are as follows (in thousands):

2026	$ 1,518
2027	1,410
2028	850
2029	413
2030	346
Thereafter	1,197
	$ 5,734

The components of lease receivables for the net investment in sales-type leases at December 31 are as follows (in thousands):

	2025	2024	2023
Total minimum lease receivables	$ 1,790	$ 1,045	$ 305
Less allowance for credit loss	-	-	-
Net minimum lease payments receivable	1,790	1,045	305
Estimated residual values of leased property	610	205	178
Net investments in sales-type leases	$ 2,400	$ 1,250	$ 483
Current portion	$ 62	$ 39	$ 27
Long-term portion	$ 2,338	$ 1,211	$ 456

A maturity analysis of the annual undiscounted cash flows of the sales-type lease payments to be received as of December 31 are as follows (in thousands):

2026	$ 366
2027	366
2028	366
2029	362
2030	359
Thereafter	2,943
	$ 4,762
Less discounted cash flow adjustment	(2,972)
Total minimum lease receivable	$ 1,790

(2) Retirement Plans

The Company has a Profit Sharing and Retirement Savings Plan ("401(k) Plan") in which substantially all domestic employees are eligible to participate. The 401(k) Plan provides for a match of employees' contributions up to a specified limit. The assets of the 401(k) Plan are deposited with a trustee and are invested at the employee's option in one or more investment funds. Total Company contributions to the 401(k) Plan were $1,853,000 for 2025, $1,710,000 for 2024 and $1,436,000 for 2023. In addition, Mueller B.V. sponsors retirement plans covering employees who are represented by a union and employees who are not represented by a union. The plans are defined contribution plans, and the Company contributions included in the accompanying consolidated statements of operations were $1,461,000 for 2025, $1,416,000 for 2024 and $1,445,000 for 2023.

Historically, the Company has also sponsored defined benefit pension plans covering domestic employees who are represented by a bargaining unit and employees who are not represented by a bargaining unit, the contract plan and non-contract plan. The contract and non-contract benefit pension plans for domestic employees were terminated on December 18, 2023.

Benefits under the pension plans were based on a flat benefit formula and final average pay, respectively. Employees not represented by the bargaining unit that are first hired after December 31, 2006, are not covered under the applicable pension plan. Also, after December 31, 2010, there are no further accrual of benefits for participants under the pension plan for employees not represented by the bargaining unit. Employees represented by the bargaining unit that are first hired after June 30, 2007, are not covered under the applicable pension plan. Also, after June 30, 2011, there are no further accrual of benefits for participants under the pension plan for employees represented by the bargaining unit.

In November 2022 and December 2022, the Company announced that it had initiated standard plan terminations of the contract plan and non-contract plan, respectively. The Company applied to the Internal Revenue Service for its approval of the terminations, which it received on September 28, 2023.

As part of the plan termination, the Company purchased a Single Premium Group Annuity Contract ("GAC") covering all remaining contract and non-contract annuitants. Premiums for the GAC were paid to an insurance company on December 15, 2023, based on the best available participant data.

The Company contributed $11,100,000 in 2023 to fund the plans and complete the terminations with the affected participants receiving either a lump sum payment or a monthly annuity payment provided by an insurance company. For 2023, the Company recognized a non-cash settlement charge of $41,773,000 ($30,900,000, net of tax). Total domestic pension expense under the plans, after recognizing the settlement charge, was $44,492,000 for 2023.

The following table sets forth the required disclosures for the domestic pension plans as of December 31 (in thousands):

	2023
Change in projected benefit obligation:	
Benefit obligation as of beginning of year	$ 81,078
Interest cost	4,122
Annuity purchase	(62,592)
Actuarial (gain) loss	(1,569)
Benefits paid and expenses	(5,404)
Lump sum paid at plan termination	(15,297)
Benefit obligation as of end of year	$ 338*
Change in plan assets:	
Fair value of plan assets as of beginning of year	69,284
Actual return on plan assets	2,934
Employer contributions	11,148
Annuity purchase	(62,592)
Benefits paid and expenses	(5,404)
Lump sum paid at plan termination	(15,297)
Fair value of plan assets as of end of year	$ 73*
Funded status	$ (265)
Funded status as of end of year	$ (265)

**The decrease in the long-term pension liabilities during 2023 is primarily a result of settling the U.S. contract and noncontract plans. The plan asset balance of $73,000 at December 31, 2023, was primarily from interest earned and recorded subsequent to the plan termination payout. These funds were used to pay final termination expenses invoiced in 2024.*

The Company provided a Supplementary Executive Retirement Plan ("SERP") for one individual executive. In 2025, 2024 and 2023, the current portion of the underfunded status was reclassed to other accrued expenses and the long-term portion was reclassed to other long-term liabilities.

The primary driver of the changes in accumulated other comprehensive loss between December 31, 2023 and December 31, 2024, is related to the recognition of the $41,773,000 settlement charge related to the plan terminations during the year ended December 31, 2023. The settlement charge reflects the accelerated recognition of the accumulated other comprehensive loss into pension expense for both the noncontract and contract plan at the time of settlement.

Components of pension expense for the year ended December 31, 2023 was (in thousands):

	2023
Interest cost	$ 4,122
Expected return on plan assets	(3,195)
Amortization of prior service cost	1,792
Net periodic pension expense	2,719
Settlement charge (income)	41,773
Total pension expense	$ 44,492

Pension expense and other amounts recognized in other comprehensive income for the year ended December 31, 2023, is as follows (in thousands):

	2023
Total pension expense	$ 44,492
Other changes in plan assets and benefit obligations recognized in other comprehensive income:	
Net (gain) loss	(1,307)
Amortization of prior service (cost) credit	(1,792)
Settlement charge (income)	(41,773)
Total recognized in other comprehensive income	(44,872)
Total recognized in pension expense and other comprehensive income	$ (380)

The components of pension expense are included in the line item, "selling, general and administrative expenses" in the consolidated statements of operations.

Projected benefit obligations, accumulated benefit obligations, and fair value of plan assets were as follows as of December 31 (in thousands):

	2023
Projected benefit obligations	$ 338
Accumulated benefit obligations	$ 338
Fair value of plan assets	$ 73

Weighted average assumptions used to determine benefit obligations as of December 31 were as follows:

	2023
Discount rate	4.83%
Rate of compensation increase	N/A

Weighted average assumptions used to determine net periodic pension expense for the year ended December 31 were as follows:

	2023
Discount rate	5.24%
Expected long-term return on plan assets	4.65%
Rate of compensation increase	N/A

Pension expense is calculated based upon a number of actuarial assumptions established on January 1 of the applicable year (detailed in the table above), including the weighted average discount rate and the expected long-term rate of return on plan assets. Discount rates were derived from spot rates along a yield curve developed from a portfolio of corporate bonds from issuers rated AA or higher by established rating agencies as of each measurement date, applied to our expected benefit cash flows. In developing the expected long-term rate of return assumption for plan assets (which consist mainly of U.S. equity and fixed income securities), input was considered from the actuaries and the investment advisors. The rate is intended to reflect the average rate of return expected to be earned on the funds invested or to be invested to provide plan benefits. In determining the rate, appropriate consideration was given to historical performance of the major asset classes held or anticipated to be held by the plans and the forecast for future rates of return for those asset classes.

Prior to the plan termination, the Company had adopted a pension investment policy designed to achieve an adequate funding status based on expected benefit payouts and to establish an asset allocation that will meet or exceed the long-term rates of return assumptions, while maintaining a prudent level of risk. The Company used the services of outside consultants in setting appropriate asset allocation targets and monitoring investment performance. Plan assets were invested in equity securities, fixed income securities, and cash. The investment strategy employed was a long-term risk-control approach using diversified investment options of 60% in equities and 40% in fixed income with no exposure to volatile investment options, such as financial futures, derivatives, etc.

Within the equities asset class, the investment policy provided for investments in a broad range of publicly traded securities, including both domestic and American depositary receipts ("ADRs") diversified by value, growth, and capitalization. An ADR is a negotiable security that represents the underlying securities of a non-United States company that trades in the U.S. financial markets. Within the fixed income class, the investment policy provided for investments in a broad range of high-quality corporate debt securities and U.S. government securities, in addition to pooled separate accounts maintained by an insurance carrier.

Given the communication of the termination of both of the Company's qualified defined benefit plans, the investment policy allocation was changed for 2023 to 100% of assets in cash equivalents and fixed income with fixed durations. The investment objective was to minimize the volatility of the value of the Company's plan assets relative to pension liabilities as the Company finalizes the plan termination process and settles plan benefits, including the transfer of any remaining liabilities to an insurer through the purchase of an annuity contract by a third-party administrator.

The weighted average asset allocations of the pension plans, as of December 31, were as follows:

	2023
Asset category:	
Cash and cash equivalents	99%
Equity securities	0%
Fixed income securities	1%
	100%

Assets were categorized into fair value, based upon the assumptions (inputs) used to value the assets in accordance with the fair value hierarchy established in FASB ASC 820, "Fair Value Measurements and Disclosures." The following table summarizes the fair value of the Company's plans' assets as of December 31, 2023 (in thousands):

Asset Category	Fair Value at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investment at Net Asset Value	
Cash and cash equivalents	$ 392	$ 392	(a)	$ -	$ -	$ -	
Equity securities	-	-	(b)	-	-	-	
Fixed income securities	1	-	(c)	-	-	1	(d)
Total plan assets	$ 393	$ 392		$ -	$ -	$ 1	

(a) The assets consisted primarily of institutional money market mutual funds.

(b) The assets consisted primarily of exchange traded funds and institutional mutual funds which hold domestic and international equities.

(c) The assets consisted primarily of fixed income investments in pooled separate accounts and institutional mutual funds that include issues of the U.S. government and its agencies and high-quality corporate issues.

(d) In accordance with ASC 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

(3) Income Taxes

The provision (benefit) for taxes on income before income taxes included (in thousands):

	2025	2024	2023
Current tax expense	$ 10,625	$ 9,618	$ 3,698
Deferred, net	495	(1,001)	(9,230)
	$ 11,120	$ 8,617	$ (5,532)

Deferred tax assets and liabilities arise from the differences between financial reporting and tax reporting of assets and liabilities that most often result from differences in timing of income and expense recognition. The detail of the deferred tax assets and liabilities as of December 31, 2025, 2024 and 2023, is shown below (in thousands):

	2025	2024	2023
Deferred tax assets:			
Worker's compensation	$ 100	$ 184	$ 70
Vacation	216	184	183
Warranty	377	391	529
Reserve for credit losses	23	149	68
Pensions	63	62	68
Inventories	2,654	-	-
Tax attribute carryforward	981	422	772
Other	669	3,156	2,693
Net deferred tax assets	5,083	4,548	4,383
Deferred tax liabilities:			
Intangibles	-	-	(11)
Property, plant and equipment	(4,906)	(3,274)	(4,049)
Inventories	-	(779)	(863)
Other liabilities	(207)	(58)	(18)
Net deferred tax liabilities	$ (5,113)	$ (4,111)	$ (4,941)
Net deferred tax assets (liabilities)	$ (30)	$ 437	$ (558)

On the accompanying consolidated balance sheets, foreign net deferred tax liabilities are included in other long-term liabilities and domestic deferred tax assets are included as non-current assets as of December 31, 2025. On the accompanying consolidated balance sheets, foreign net deferred tax assets are included as non-current assets, and domestic deferred tax assets are included in other non-current assets as of December 2024. On the accompanying consolidated balance sheets, foreign net deferred tax assets are included as non-current assets, and domestic deferred tax liabilities are included in other long-term liabilities as of December 2023. Income taxes receivable (payable) at December 31, 2025, 2024 and 2023, were $(4,893,000), $(1,673,000) and $(1,536,000), respectively, and are included in accounts receivable or income taxes payable on the accompanying consolidated balance sheets. The detail of the deferred tax assets and liabilities as of December 31, 2025, 2024 and 2023, is shown below (in thousands):

	2025	2024	2023
Deferred tax assets, United States	$ 4,101	$ 3,085	$ 2,574
Deferred tax liability, United States	(3,674)	(2,656)	(3,359)
Net deferred tax assets (liabilities), United States	$ 427	$ 429	$ (785)
Net deferred tax assets (liabilities), the Netherlands	$ (457)	$ 8	$ 227

The Company's deferred income tax assets include certain future tax benefits. As of December 31, 2024, the tax effected deferred tax assets related to state net operating losses and federal net operating losses were eliminated. In addition, the Company has tax effected foreign net operating losses of $981,000, $422,000, and $772,000 at December 31, 2025, 2024 and 2023, respectively. These net operating losses can be carried forward indefinitely.

A reconciliation between the expected income tax expense at the statutory federal income tax rate (21%) and the reported income tax expense for each of the three years ended December 31, 2025, 2024 and 2023, follows (in thousands):

	2025	Rates	2024	Rates	2023	Rates
US federal statutory tax rate	$ 9,618	21.00%	$ 8,040	21.00%	$ (3,238)	21.00%
State and local income taxes*	1,579	3.45%	950	2.48%	(1,118)	7.25%
Foreign tax effects	57	0.12%	86	0.23%	-	0.00%
Netherlands**	-	0.00%	-	0.00%	-	0.00%
Prior year net operating loss true up	-	0.00%	-	0.00%	(991)	6.43%
Other, net	-	0.00%	-	0.00%	68	-0.44%
Effects of changes in tax laws or rates	-	0.00%	-	0.00%	-	0.00%
Effects of cross-border tax laws	12	0.03%	(209)	-0.55%	(50)	0.33%
Tax credits	(184)	-0.40%	(122)	-0.32%	(105)	0.68%
Changes in valuation allowances	-	0.00%	-	0.00%	-	0.00%
Nontaxable or nondeductible items	42	0.09%	30	0.08%	24	-0.15%
Changes in unrecognizable tax benefits	(12)	-0.03%	(48)	-0.13%	(145)	0.94%
Other, net	8	0.02%	(110)	-0.28%	23	-0.17%
	$ 11,120	24.28%	$ 8,617	22.51%	$ (5,532)	35.87%

* State taxes in California, Indiana, Missouri, New York, North Carolina, and Wisconsin made up the majority (greater than 50%) of the tax effect in this category.
**Effects of Netherlands is immaterial and does not need to be disaggregated

A reconciliation of the beginning and ending amounts of unrecognized tax benefits follows. The balances as of December 31, 2025, 2024 and 2023, are included in other long-term liabilities and in the deferred tax liabilities on the accompanying consolidated balance sheets (in thousands):

Balance as of December 31, 2022	$ 369
Additions based on tax positions related to the current year	40
Reductions for tax positions of prior years	(252)
Balance as of December 31, 2023	$ 157
Additions based on tax positions related to the current year	-
Reductions for tax positions of prior years	(41)
Balance as of December 31, 2024	$ 116
Additions based on tax positions related to the current year	-
Reductions for tax positions of prior years	(12)
Balance as of December 31, 2025	$ 104

Income taxes paid by jurisdiction for the years ended December 31, 2025, 2024 and 2023, were as follows (in thousands):

	2025	2024	2023
Federal	$ 6,662	$ 8,050	$ 1,200
State	588	1,596	100
Foreign	-	182	-
	$ 7,250	$ 9,828	$ 1,300

Federal tax returns are generally subject to examination for tax years 2022 and forward. State statutes vary, but state income tax returns are generally subject to examination from 2021 and forward. The unrecognized benefits of $104,000 as of December 31, 2025, would affect the Company's effective tax rate, if recognized. The Company records potential interest and penalties related to uncertain tax positions as a component of income tax expense. Interest and penalty expense was not significant for the years ended December 31, 2025, 2024 and 2023.

On July 4, 2025, the One Big Beautiful Bill Act ("Tax Act") was signed into law in the United States. The Tax Act makes permanent certain key tax provisions, including but not limited to (i) the option to claim 100% expensing of qualified property placed in service after January 19, 2025, (ii) the option to immediately expense domestic research and development expenditures or continue to capitalize and amortize such expenses for tax years beginning after December 31, 2024, (iii) increased limitations for deducting business interest expense, and (iv) modifications to international tax rules such as future changes to the calculation of Global Low-Taxed Income ("GILTI") and the Foreign-Derived Intangible Income ("FDII") deduction.

ASC 740 requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation is enacted. Accordingly, the applicable effects of the Tax Act have been recognized in the income tax provision computation for the year ended December 31, 2025. The primary impacts of the Tax Act was the reduction of the Company's current tax liability for fiscal 2025 resulting from the 100% expensing of qualified property and immediate expensing of domestic research and development expenditures. The Tax Act did not have a material impact on tax expense in 2025.

(4) Borrowings

In 2014, the Company entered into a domestic bank borrowing facility of $15,000,000. On March 12, 2024, the Company amended the domestic bank borrowing facility agreement to extend the agreement until March 31, 2025. The capacity was reduced to $10,000,000 and the only financial covenant remaining is fixed charge coverage which is tested quarterly.

Balances under the facility incurred interest at the Secured Overnight Financing Rate ("SOFR") plus a spread of 1.45%, as defined, and are secured by domestic accounts receivable and inventory. As of December 31, 2024 and 2023, the total balance under the facility was $0. In March 2025, the facility expired.

In 2025, the Company entered into a new domestic bank borrowing facility of $10,000,000. The only financial covenant is a fixed charge coverage which is tested quarterly. The agreement matures on August 22, 2026. In November 2025, the Company entered into an additional domestic bank borrowing facility of $10,000,000 that matures on May 22, 2026.

Balances under the facilities incurred interest at the SOFR plus a spread of 1.35%, as defined, and are secured by domestic accounts receivable and inventory. As of December 31, 2025, the total balance under these facilities was zero.

On August 31, 2022, Mueller B.V.'s bank borrowing facility was increased to $4,720,000. Balance under the facility are at the variable rate of one-month Euribor plus 1.40%. As of December 31, 2025, 2024 and 2023, the total balance under the facility was zero. Mueller B.V. has a financial leverage covenant of total debt to earnings before interest, taxes, depreciation and amortization ("EBITDA").

At December 31, 2024, the Company had a domestic note payable of $3,050,000 that was classified as a current liability. The amount was repaid in March 2025.

As of December 31, 2025, the Company had notes payable with an outstanding long-term balance of $5,265,000. Listed below is a summary of amounts outstanding for notes payable. The current portion is included in current maturities of long-term debt, and the long-term portion is included in long-term debt on the accompanying consolidated balance sheets (in thousands).

	Outstanding Balance		
	2025	2024	2023
Mueller B.V. note payable related to intercompany loan. Note matures in 2027 with a variable rate of 30-day SOFR plus 1.60%. The rate at year-end was 6.19%. Payments are made quarterly.	$ 15,339	$ 14,675	$ 15,366
Mueller B.V. note payable related to mortgage loan secured by real estate, fixed assets, accounts receivable, inventory and insurance proceeds. Note matures in 2038 with a fixed rate of 2.60%. Payments are made quarterly.	5,733	5,512	6,270
	$ 21,072	$ 20,187	$ 21,636
Domestic note payable secured by land, buildings and equipment. Note matures in 2025 with a fixed rate of 2.5%. Payments are made monthly.	-	-	3,250
Current maturities	(468)	(416)	(640)
Elimination of intercompany loans	(15,339)	(14,675)	(15,366)
Total notes payable	$ 5,265	$ 5,096	$ 8,880

The principal payments of the notes payable as of December 31, 2025, and for future years are listed below (in thousands):

2026	$ 468
2027	468
2028	468
2029	468
2030	468
Thereafter	3,393
	$ 5,733

(5) Guarantees

The Company has a standby letter-of-credit facility of $5,000,000. As of December 31, 2025, there was a standby letter of credit totaling $839,000, issued under this facility, which will expire within one year.

The standard warranty provided by the Company is against defects in materials and workmanship and a compliance to specifications for a period of twelve (12) months after shipment of the equipment or completion of the services as applicable in each case.

The Company’s provisions for warranty expense have historically been a relatively consistent percentage of sales. Warranty claims tend to occur shortly after product delivery, as a significant portion of the Company’s sales are engineered-to-order products built to customer specifications. A warranty provision is recorded when notification is received of a potential claim based on an estimate of the cost to repair or replace, in addition to a general reserve provision based on a multi-year lag analysis. Warranty claims are reviewed monthly and reserves are adjusted to properly reflect the remaining estimated cost to complete the repair or to provide a replacement.

The following is a reconciliation of changes in the warranty reserve, which is included with other accrued expenses on the consolidated balance sheets for the years ended December 31, 2025, 2024 and 2023 (in thousands):

	2025	2024	2023
Beginning balance	$ 2,104	$ 2,532	$ 1,297
Costs incurred to satisfy warranty claims	(1,310)	(2,312)	(1,860)
Aggregate warranty reserves made	1,604	2,328	2,960
Aggregate changes to warranty reserves	(351)	(444)	135
Ending balance	$ 2,047	$ 2,104	$ 2,532

(6) Contingencies

The Company has operating leases with total aggregate future minimum payments of $1,097,000, and financing leases with total aggregate future minimum payments of $266,000, with terms exceeding one year. As of December 31, 2025, 2024 and 2023, the lease expense amounts were $473,000, $462,000 and $509,000, respectively.

The future minimum lease payments for each of the years subsequent to December 31, 2025, will be (in thousands):

	Operating	Finance
2026	$ 362	$ 72
2027	294	65
2028	218	54
2029	140	51
2030	78	19
2031 and after	5	5
	$ 1,097	$ 266
Less discounted cash flow adjustment	(44)	-
Less interest	-	(12)
Lease liability	$ 1,053	$ 254

On June 12, 2020, the Company was granted a loan in the amount of $1,883,700, pursuant to the Paycheck Protection Program. The Company filed for forgiveness of the loan on November 17, 2020, and was granted forgiveness on June 10, 2021. The U.S. government has up to six years to audit the loan for compliance.

On August 26, 2024, the Company broke ground on a new building construction at its headquarters. This expansion project includes the establishment of a new facility that will increase its capacity for the assembly of large production modules. At December 31, 2025, the Company had approximately $9 million remaining on the total project which represents a $25 million investment.

The curtailment of nitrogen emissions has been a much-discussed topic in the European Union for many years. On January 22, 2025, a Dutch court ordered the government to cut nitrogen emissions in the Netherlands by 2030, a ruling that could hurt construction, transportation, and may pressure farmers to reduce livestock.

The case was brought by Greenpeace, which said the government was not doing enough to lower high levels of nitrogen emissions caused by farming and the use of fertilizers, as well as traffic and construction in the densely populated Netherlands. The court in The Hague said the government must reduce the emissions to legally allowed levels in 50% of all affected nature reserves by 2030.

Management is closely monitoring the situation and realizes that the mandate to reduce emissions could be a financial burden to dairy farmers and may reduce the number of cows milked in the Netherlands.

(7) Divestitures and Note Receivable

On December 31, 2021, the Company sold its entire equity interest in its wholly owned subsidiary, Mueller Field Operations, Inc. ("MFO"), to the MFO management. In 2022, MFO was renamed Adaptive Stainless ("Adaptive") by the new owners. The Company financed much of the purchase price for five years and as of December 31, 2025, Adaptive is current on all payments.

The Company provided $3,150,000 in financing for five years. Quarterly payments are $106,250 (principal and interest) until the balance is paid in full. The interest rate is based on a 30-day average of five-year treasuries plus 3.00% with a ceiling of 6.00%. The rate was fixed for the first year and then adjusts every six months, thereafter. The rate was 4.23% for 2022 and has been 6.00% since January 1, 2023. In addition, the Company will receive a variable payment of 30% of EBITDA in excess of $475,000 annually. The Company received $254,537 in 2025 as a variable payment for 2024 results and $189,987 in 2024 as variable payment for 2023 results. Adaptive is current on all loan payments as of December 31, 2025.

The Company may also receive an earnout equal to 30% of EBITDA for two years commencing on the two years after the note is paid in full, or years six and seven after December 31, 2021, whichever comes first. The transaction allowed a maximum for the earnout of a cumulative $800,000, but this maximum was reduced to $725,000 based on savings Adaptive realized on a warranty issue that the Company was financially responsible for completing.

The Company will provide a four-year line of credit set initially at $800,000 in the first year at an interest rate equal to that of the financing note. The line of credit is reduced to $600,000 in year two, $500,000 in year three, and $400,000 in year four. As of December 31, 2025, 2024 and 2023, the balance due from Adaptive on the line of credit is zero. An addendum to add a fifth year to the line of credit at $250,000 was approved.

Prior to closing, Adaptive was nearing completion of a large juice facility project that had a warranty issue. The buyer assumed the warranty issue, but the Company agreed to financially support the completion of the warranty work and the project. In return, the Company would receive any remaining profit or loss and cash from the completion of the project. In 2023, the Company reserved $152,500 in expense, and in 2022, the Company recognized $135,000 in profit due to adjusting the reserves on this project. The project officially completed in November 2024 and the Company recognized $125,000 in profit due to closing out the project and reversing remaining reserves.

On December 31, 2023, Mueller B.V. liquidated DEG Engineering GmbH ("DEG"), its German subsidiary, with Mueller B.V. incurring a pretax loss of $4,071,000, which was previously reserved prior in 2023. The liquidation created a tax benefit in 2023 of $1,050,000.

(8) Segment Data

In previous years, the Company's presentation did not disclose all segments meeting the criteria of Accounting Standards Codification (ASC) 280, "Segment Reporting," and certain significant expenses required by ASU 2023-07, which was a departure from accounting principles generally accepted in the United States of America. During the year ended December 31, 2025, the Company has changed their method of disclosure for these items and has recast their 2024 and 2023 segment information to conform with accounting principles generally accepted in the United States of America.

The Company has four operating segments. The U.S. segments are Refrigeration and Heat Transfer, Industrial Equipment, and Transportation. The final segment is its European operations. The Company's reportable segments reflect the manner in which the business is organized and managed, and are aligned with its internal organizational structure. Each segment is led by a separate general manager who is responsible for the segment's performance. These general managers report directly to members of the Chief Operating Decision Maker ("CODM") which is defined as the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer. The Company's CODM has been redefined for the year-ended December 31, 2025, and prior years were recast to conform to the information received by the redefined CODM. The Company defines its segments based on the way in which internally reported financial information is regularly reviewed by the CODM to analyze the financial performance, make decisions, and allocate resources. In the prior year report, the corporate expenses not directly attributed to the segments were allocated entirely to the segment expenses in the tables, thus further decreasing the profit or loss for each segment based on the allocation. In the current year, all corporate expenses not directly attributable to the segments are excluded from the segment expenses and shown in the reconciliation of the segment measure of profit or loss to consolidated totals. Additionally, net income is also disclosed as a measure of segment profit or loss for its European Operations segment, which previously only included earnings before tax.

Products in the Refrigeration and Heat Transfer segment are thermal in nature and are used primarily to cool, heat or recover heat. The products are mainly built to stock and are available for sale from inventory. The products include milk cooling and storage equipment and accessories, refrigeration units, heat recovery equipment, and heat transfer equipment primarily for use on dairy farms but may be sold to other industries.

The Industrial Equipment segment primarily consists of standardized and customized stainless steel and alloy processing and storage tanks, tank components, and pure water equipment. This segment sells mainly custom engineered-to-order products directly to industrial customers in the food, beverage, chemical and pharmaceutical industries. The products are manufactured using similar processes and use and share similar manufacturing equipment.

The Transportation segment is a trucking operation and includes the delivery of products to customers and back hauls of materials and components.

The European subsidiary is shown as its own segment because it functions more independently for geographical reasons. This segment uses a separate ERP system, has its own separate banking and loan agreements, and has its own separate employee benefit programs. Approximately 80% of this segment services European dairy farms. In the Netherlands, the subsidiary acts as a dealer because it services and sells or leases milk coolers directly to the farmers. Outside of the Netherlands, the subsidiary sells through dealers. The remaining 20% of the segment revenue is from process tanks and a small fraction from other heat transfer products.

For the U.S. segments, the CODM uses segment earnings before tax to evaluate each segment in deciding whether to reinvest profits into the segment or into other parts of the entity, such as acquisitions or to pay dividends. The CODM compares segment results to budget and prior year information. For the European Operations segment, the CODM uses segment earnings before tax and net income to evaluate each segment in deciding whether to reinvest profits into the segment or into other parts of the entity, such as acquisitions or to pay dividends. The CODM compares segment results to budget and prior year information.

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies," other than the following differences. A controllable asset charge is calculated for each U.S. segment. The controllable asset charge is a 12% capital charge, based on average controllable assets (composed of accounts receivable, inventory (on a FIFO basis), and plant equipment less advance billings). This controllable asset charge is to provide focus to the segments to effectively manage these resources and is used to allocate some of the costs of corporate. A controllable asset charge for European Operations is not used because, as a non-domestic entity, cash management and borrowing is managed by the segment and its interest expense is shown.

All capital expenditures and corresponding depreciation directly attributable to the segments have been reported under each segment. Capital expenditures, depreciation, and other costs related to shared services or corporate, such as building maintenance and information technology ("IT") services, have been predominantly allocated to the three U.S. operating segments based on the estimated amount of shared facilities and resources used by the respective segments. These costs are not allocated to the European Operations segment due to the independent nature of their operations and lack of shared costs. Costs not directly attributable to operating segments have been identified as corporate costs.

The interest expense for the European Operations segment is primarily due to an intercompany loan in the amounts of $917,000, $1,043,000 and $1,005,000 for the years ended December 31, 2025, 2024 and 2023, respectively. Apart from the European Operations segment, other interest expense and interest income is recorded at the Corporate level and not allocated to the different segments.

The segment assets measure for U.S. segments includes the total of accounts receivable, inventory (on a FIFO basis), and plant equipment. The measure of segment assets for the European Operations segment are the total assets of that segment.

Intersegment revenues between segments are recorded at breakeven costs.

Segment data for the years ended December 31, 2025, 2024 and 2023 (in thousands) follows:

2025	Refrigeration and Heat Transfer	Industrial Equipment	Transportation	European Operations	Segment Totals
Net sales for external customers	$ 71,011	$ 161,670	$ 3,190	$ 51,130	$ 287,001
Intersegment sales	2,149	70	165	128	2,512
	73,160	161,740	3,355	51,258	289,513
Elimination of intersegment sales					(2,512)
Total consolidated revenues					$ 287,001
Cost of sales	49,046	106,811	3,402	33,598	
Selling, general and administrative	12,266	15,626	534	14,740	
Controllable asset charge	3,411	205	127	-	
Total net interest income and other income (expense)	-	(15)	8	(837)	
Segment earnings before tax	8,437	39,083	(700)	2,083	48,903
Income tax expense				494	
Net income				1,589	1,589

Reconciliation of Segment Earnings Before Tax:	
Segment earnings before tax	$ 48,903
Corporate expenses remaining after allocations to segments	(5,304)
Decrement in LIFO reserve	(905)
Corporate miscellaneous income	254
Corporate Interest Income / (expense), net (excluding European Operations)	2,852
Consolidated Earnings Before Tax	$ 45,800

Reconciliation of Segment Net Income:	
Segment net income (European Operations)	$ 1,589
Segment earnings before tax - US segments	46,820
Income tax expense - US and Corporate operations	(10,626)
Corporate expenses remaining after allocations to segments	(5,304)
Decrement in LIFO reserve	(905)
Corporate miscellaneous income	254
Corporate Interest Income / (expense), net (excluding European Operations)	2,852
Consolidated Net Income	$ 34,680

2025	Refrigeration and Heat Transfer	Industrial Equipment	Transportation	European Operations	Segment Totals	Corporate	Consolidated Totals
Segment assets	$ 26,416	$ 76,410	$ 1,287	$ 48,218	$ 152,331	$ 83,039	$ 214,321
Capital expenditure additions	687	14,655	923	2,190	18,455	15,946	34,401
Depreciation and amortization	1,041	2,642	477	2,640	6,800	701	7,501
Interest income	-	-	-	1	1	1,932	1,933
Interest (expense)	-	-	-	(1,107)	(1,107)	897	(210)
Income tax expense	-	-	-	494	494	10,626	11,120

Assets:	
Total assets for reportable segments	152,331
Inventory Adjustment to LIFO	(21,051)
Cash / Marketable Securities	47,821
Prepayments & Other Assets	7,617
Land & Buildings	27,603
Consolidated total assets	$ 214,321

	2024				
	Refrigeration and Heat Transfer	Industrial Equipment	Transportation	European Operations	Segment Totals
Net sales for external customers	$ 61,351	$ 135,095	$ 4,181	$ 47,958	$ 248,585
Intersegment sales	1,664	43	162	543	2,412
	63,015	135,138	4,343	48,501	250,997
Elimination of intersegment sales					(2,412)
Total consolidated revenues					$ 248,585
Cost of sales	42,992	89,296	3,124	32,023	
Selling, general and administrative	11,440	15,421	364	12,873	
Controllable asset charge	3,362	874	100	-	
Total net interest income and other income (expense)	1	(5)	86	(1,262)	
Segment earnings before tax	3,558	29,499	679	1,800	35,536
Income tax expense				464	
Net income				1,336	1,336

Reconciliation of Segment Earnings Before Tax:	
Segment earnings before tax	$ 35,536
Corporate expenses remaining after allocations to segments	(2,131)
Increment in LIFO reserve	1,628
Corporate miscellaneous income	439
Corporate Interest Income / (expense), net (excluding European Operations)	2,817
Consolidated Earnings Before Tax	$ 38,289

Reconciliation of Segment Net Income:	
Segment net income (European Operations)	$ 1,336
Segment earnings before tax - US segments	33,736
Income tax expense - US and Corporate operations	(8,153)
Corporate expenses remaining after allocations to segments	(2,131)
Increment in LIFO reserve	1,628
Corporate miscellaneous income	439
Corporate Interest Income / (expense), net (excluding European Operations)	2,817
Consolidated Net Income	$ 29,672

	2024						
	Refrigeration and Heat Transfer	Industrial Equipment	Transportation	European Operations	Segment Totals	Corporate	Consolidated Totals
Segment assets	$ 26,429	$ 54,535	$ 812	$ 40,463	$ 122,239	$ 56,581	$ 158,674
Capital expenditure additions	57	12,540	334	1,271	14,202	3,097	17,299
Depreciation and amortization	1,234	2,351	415	2,642	6,642	350	6,992
Interest income	-	-	-	1	1	1,855	1,856
Interest (expense)	-	-	-	(1,263)	(1,263)	962	(301)
Income tax expense	-	-	-	464	464	8,153	8,617

Assets:	
Total assets for reportable segments	122,239
Inventory Adjustment to LIFO	(20,146)
Cash / Marketable Securities	44,920
Prepayments & Other Assets	5,915
Land & Buildings	5,746
Consolidated total assets	$ 158,674

	2023				
	Refrigeration and Heat Transfer	Industrial Equipment	Transportation	European Operations	Segment Totals
Net sales for external customers	$ 60,980	$ 117,277	$ 3,189	$ 47,710	$ 229,156
Intersegment sales	1,790	87	132	339	2,348
	62,770	117,364	3,321	48,049	231,504
Elimination of intersegment sales					(2,348)
Total consolidated revenues					$ 229,156
Cost of sales	43,338	80,951	2,660	31,659	
Selling, general and administrative	11,372	13,635	314	14,146	
Controllable asset charge	2,625	(520)	113	-	
Total net interest income and other income (expense)	1	4	5	(1,203)	
Segment earnings before tax	3,646	23,215	107	702	27,670
Income tax expense				(775)	
Net income				1,477	

Reconciliation of Segment Earnings Before Tax:	
Segment earnings before tax	$ 27,670
Corporate expenses remaining after allocations to segments	(4,744)
Pension settlement expense	(41,773)
Decrement in LIFO reserve	(83)
Corporate miscellaneous income	58
Corporate Interest Income / (expense), net (excluding European Operations)	3,450
Consolidated Earnings Before Tax	$ (15,422)

Reconciliation of Segment Net Income:	
Segment net income (European Operations)	$ 1,477
Segment earnings before tax - US segments	26,968
Income tax expense - US and Corporate operations	4,757
Corporate expenses remaining after allocations to segments	(4,744)
Pension settlement expense	(41,773)
Decrement in LIFO reserve	(83)
Corporate miscellaneous income	58
Corporate Interest Income / (expense), net (excluding European Operations)	3,450
Consolidated Net Income	$ (9,890)

	2023						
	Refrigeration and Heat Transfer	Industrial Equipment	Transportation	European Operations	Segment Totals	Corporate	Consolidated Totals
Segment assets	$ 25,291	$ 41,213	$ 985	$ 46,514	$ 114,003	$ 42,040	$ 134,269
Capital expenditure additions	1,023	3,367	160	2,444	6,994	710	7,704
Depreciation and amortization	931	1,999	467	2,960	6,357	284	6,641
Interest income	-	-	-	1	1	2,534	2,535
Interest (expense)	-	-	-	(1,270)	(1,270)	920	(350)
Income tax expense	-	-	-	(775)	(775)	(4,757)	(5,532)

Assets:	
Total assets for reportable segments	114,003
Inventory Adjustment to LIFO	(21,774)
Cash / Marketable Securities	32,369
Prepayments & Other Assets	5,650
Land & Buildings	4,021
Consolidated total assets	$ 134,269

Revenues from external customers by product category for the three years ended December 31, 2025, were (in thousands):

	2025	2024	2023
Milk cooling and storage equipment	$ 115,979	$ 100,093	$ 87,412
Process vessels and tanks	154,886	130,024	118,776
Other industrial equipment and services	16,136	18,468	22,968
	$ 287,001	$ 248,585	$ 229,156

Revenues from external customers by geographic location are attributed to countries based on the final destination of the goods and for the three years ended December 31, 2025, were (in thousands):

	2025	2024	2023
United States	$ 219,325	$ 182,104	$ 164,660
North America (excluding the U.S.)	12,192	14,037	11,998
The Netherlands	31,952	27,235	29,034
Europe (excluding the Netherlands)	20,255	19,910	17,071
Other areas	3,277	5,299	6,393
	$ 287,001	$ 248,585	$ 229,156

During 2025, sales to any single customer were in excess of 10% of consolidated sales with net sales from two domestic customers representing approximately $67,000,000 and $30,000,000, respectively, in the industrial segment. During 2024, sales to any single customer were in excess of 10% of consolidated sales with net sales from two domestic customers representing $27,100,000 and $27,400,000, respectively, in the industrial segment. During 2023, sales to any single customer were in excess of 10% of consolidated sales with net sales from one domestic customer representing $40,232,000 in the industrial segment.

Long-lived assets owned by the Company for the three years ended December 31, 2025, were (in thousands):

	2025	2024	2023
United States	$ 57,576	$ 30,220	$ 18,550
Asia and the Far East	-	18	335
The Netherlands	23,870	22,886	25,713
	$ 81,446	$ 53,124	$ 44,598

(9) Subsequent Events

The Company has evaluated subsequent events through March 24, 2026, the date on which the consolidated financial statements were available to be issued.

Safe Harbor for Forward-Looking Statements

The President's message on pages 3 and 4 of this Annual Report contains certain statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. All statements regarding future performance, growth, sales and earnings projections, conditions, or developments are forward-looking statements. Words such as "anticipates," "believes," "intends," "expects," "may," "will," "should," "could," "plans," "forecasts," "estimates," "predicts," "projects," "potential," "continue," "outlook," and similar expressions may be intended to identify forward-looking statements.

Actual future results may differ materially from those described in the forward-looking statements due to a variety of factors, including the fact that the worldwide economy generally, and the dairy farm equipment and the industrial equipment markets, and factors affecting the trucking industry specifically, are all currently subject to uncertainty, making it difficult to determine if past experience is a good guide to the future. A downturn in the Company's business segments could adversely affect the Company's revenues and results of operations. Other factors affecting forward-looking statements, some of which are identified in the discussion relating to such forward-looking statements, include, but are not limited to, the following: specific economic conditions in the food, dairy, beverage, chemical, pharmaceutical, biotechnological and other process industries, and the international dairy farm equipment market and the impact of such conditions on the Company's customers in such markets; the cyclical nature of some of the Company's markets; milk prices, feed costs, weather conditions, dairy farm consolidation, and other factors affecting the profitability of dairy farmers; the price of stainless steel; the highly competitive nature of the markets for the Company's products, as well as pricing pressures that may result from such competitive conditions; business relationships with major customers and suppliers; the continued operation and viability of the Company's major customers; the Company's execution of internal performance plans; difficulties or delays in manufacturing; cost-reduction and productivity efforts; competing technologies and difficulties in entering new markets, both domestic and foreign; changes in product mix; future levels of indebtedness and capital spending; claims, including, without limitation, warranty claims, product liability claims, charges or dispute resolutions; ability of suppliers to provide materials as needed and the Company's ability to recover any price increases for materials and product pricing; the Company's ability to attract and retain key technical and other personnel; labor relations; the failure of customers to make timely payment; the Company's ability, both domestically and in Europe, to maintain adequate financing for operations; any inadequacy of the Company's intellectual property protection or the potential for third-party claims of infringement; global economic factors, including currency exchange rates; general economic conditions, including interest rates, the rate of inflation, and commercial and consumer confidence; energy prices; governmental laws and regulations affecting domestic and foreign operations, including tax obligations; changes in accounting standards; worldwide political stability; the effects of terrorist activities and resulting political or economic instability, including U.S. military action overseas; and the effect of acquisitions, divestitures, restructurings, product withdrawals, and other unusual events.

The Company cautions the reader that these lists of cautionary statements and risk factors may not be exhaustive. The Company expressly disclaims any obligation or undertaking to release publicly any updates or changes to these forward-looking statements that may be made to reflect any future events or circumstances.

SHAREHOLDER INFORMATION

Board of Directors

** **Curtis L. Dinan**
Senior Vice President and
Chief Operating Officer – ONE Gas, Inc.

* ** *** **John J. Ghirardelli**
Chairman of the Board,
President, and CEO –
Keystone Digital
Managing Partner –
Qdoba Franchisee, MO, AR, and OK

* **David T. Moore**
President and CEO

*** **Jean L. Morris**
Marketing and Design Coordinator –
Big Cedar Lodge

** **Christopher P. Mueller**
Member –
Southwest Valuation, L.L.C.

* *** **Lee J. Viorel, III**
Member –
Lowther Johnson Attorneys at Law, L.L.C.

* Executive Committee Member
** Audit Committee Member
*** Nominating and Compensation Committee Member

Officers

John J. Ghirardelli
Chairman of the Board

David T. Moore
President and CEO

Daniel L. Winters
Chief Financial Officer

Jeffrey T. Phillips
Chief Operating Officer

Katherine M. Payne
Secretary

Subsidiaries

MUELLER TRANSPORTATION, INC.

Officers

Jessica L. Presley
President

Katherine M. Payne
Secretary

MUELLER B.V.

Managing Director

Paul Mueller Company

Transfer Agent

Computershare, Inc.
250 Royall Street
Canton, MA 02021

PAUL
MUELLER
COMPANY

Who We Are

At Paul Mueller Company, we are united by a belief that the only quality that matters is quality that works for life. With every piece of processing equipment we build, our goal is to have lasting impact. This collective vision has led us from a small sheet metal shop to a global supplier of heating, cooling, processing, and storage solutions. Our equipment allows farmers, brewers, and engineers to keep their products fresh and their inventory strong. Whether our equipment preserves milk in rural areas or helps manufacture medicine with broad health benefits, we are making an impact across the globe.

Creating Quality for *Life*

Our Products and Services

Skids and Integrated Systems

- Small Scale to Custom Automated Systems
- Modular Process Systems
- Water-for-Injection Distribution Skids

Custom Tanks and Vessels

- Mixing, Storage, and Process
- Design and Fabrication
- Routine to Extreme Specialty Process

Refrigeration Solutions

- Falling Film Chillers
- Batch Chillers
- Packaged Chillers
- Air-Cooled Condensing Units
- Heat Recovery
- Controls

Clean Utilities

- Pure Steam Generators
- Multiple-Effect Stills
- Water-for-Injection Distribution Systems

Heat Transfer Solutions

- Heat Transfer Surfaces
- Preformed Heat Transfer Panels
- Plate Heat Exchangers
- Replacement Parts
- Service and Repair

Component Products

- Tank Heads
- Tank Shells
- Manways
- Agitators

Cleaning Systems

- Clean-in-Place (CIP) Systems
- Chemical Dosing Systems

Specialty Hauling with Mueller Transportation, Inc.

- Door-to-Door Specialty Handling
- Oversized Hauling Capabilities

Industries We Serve

- Animal Health
- Battery Production and Recycling
- Beverage
- Brewing
- Chemical
- Dairy Farm
- Dairy Processing
- Data Centers
- Food
- Heat Transfer
- HVAC
- Mining
- Oil and Gas
- Personal Care
- Pharmaceutical
- Refrigeration
- Tank Fabrication
- Wine
- And More

Facilities and Resources

- Domestic Facilities With Nearly One Million Square Feet Under Roof
- Comprehensive Test Facilities for Factory Acceptance Testing
- Expert Fabricators and Manufacturing Staff
- Onsite, Experienced Engineering Department

Project Support Services

- Comprehensive, Customizable Documentation Packages
- IQ/OQ Protocols and Execution
- Seamless Shipping with Mueller Transportation, Inc.
- Expanded Scope Facility Construction and Expansion
- Installation Supervision and Site Acceptance Testing

Quality and Process Certification

- ASME (American Society of Mechanical Engineers)
- ASME BPE (American Society of Mechanical Engineers Bioprocessing Equipment Standard)
- API (American Petroleum Institute)
- UL (Underwriters Laboratories)
- CSA (Canadian Standards Association)
- PED CE (Pressure Equipment Directive Certification)
- UKCA (United Kingdom Conformity Assessed)
- CRN (Canadian Registration Number)
- TSSA (Technical Standards and Safety)

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