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

FORM 10-Q

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

For the quarterly period ended November 27, 2021

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

For the transition period from to

Commission File Number: 0-6365

APOGEE ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Minnesota (State or other jurisdiction of incorporation or organization)	**41-0919654** (I.R.S. Employer Identification No.)

4400 West 78th Street, Suite 520 (Address of principal executive offices)	**Minneapolis**	**Minnesota**	**55435** (Zip Code)

Registrant's telephone number, including area code: (952) 835-1874

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.33 1/3 per share	APOG	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of January 3, 2022, 24,865,480 shares of the registrant’s common stock, par value $0.33 1/3 per share, were outstanding.

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except stock data)	November 27, 2021	February 27, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 78,272	$ 47,277
Receivables, net	165,005	175,917
Inventories	75,437	72,823
Costs and earnings on contracts in excess of billings	28,323	29,497
Other current assets	19,837	25,160
Total current assets	366,874	350,674
Property, plant and equipment, net	254,838	298,443
Assets held for sale	9,256	—
Operating lease right-of-use assets	50,845	58,864
Goodwill	129,932	130,098
Intangible assets	123,553	130,053
Other non-current assets	46,793	46,967
Total assets	$ 982,091	$ 1,015,099
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 80,995	$ 76,204
Accrued payroll and related benefits	48,017	50,125
Billings on contracts in excess of costs and earnings	18,458	22,789
Operating lease liabilities	11,834	13,251
Current portion of debt	1,000	2,000
Other current liabilities	57,586	53,183
Total current liabilities	217,890	217,552
Long-term debt	162,000	163,000
Non-current operating lease liabilities	43,608	48,439
Non-current self-insurance reserves	26,628	24,880
Other non-current liabilities	58,112	68,483
Commitments and contingent liabilities (Note 8)		
Shareholders' equity		
Common stock of $0.33-1/3 par value; authorized 50,000,000 shares; issued and outstanding 25,227,367 and 25,713,688 respectively	8,409	8,571
Additional paid-in capital	158,579	154,958
Retained earnings	336,816	357,243
Accumulated other comprehensive loss	(29,951)	(28,027)
Total shareholders' equity	473,853	492,745
Total liabilities and shareholders' equity	$ 982,091	$ 1,015,099

See accompanying notes to consolidated financial statements.

CONSOLIDATED RESULTS OF OPERATIONS
(Unaudited)

(In thousands, except per share data)	Three Months Ended November 27, 2021	Three Months Ended November 28, 2020	Nine Months Ended November 27, 2021	Nine Months Ended November 28, 2020
Net sales	$ 334,217	$ 313,583	$ 986,020	$ 922,162
Cost of sales	269,537	243,998	805,627	716,139
Gross profit	64,680	69,585	180,393	206,023
Selling, general and administrative expenses	46,970	19,835	149,709	126,590
Operating income	17,710	49,750	30,684	79,433
Interest expense, net	528	1,502	2,838	4,240
Other (expense) income, net	(3,057)	472	(3,266)	684
Earnings before income taxes	14,125	48,720	24,580	75,877
Income tax expense	3,068	11,447	4,821	18,070
Net earnings	$ 11,057	$ 37,273	$ 19,759	$ 57,807
Earnings per share - basic	$ 0.44	$ 1.44	$ 0.79	$ 2.22
Earnings per share - diluted	$ 0.44	$ 1.42	$ 0.78	$ 2.19
Weighted average basic shares outstanding	24,957	25,883	25,166	26,068
Weighted average diluted shares outstanding	25,309	26,225	25,459	26,350

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Unaudited)

(In thousands)	Three Months Ended November 27, 2021	Three Months Ended November 28, 2020	Nine Months Ended November 27, 2021	Nine Months Ended November 28, 2020
Net earnings	$ 11,057	$ 37,273	$ 19,759	$ 57,807
Other comprehensive earnings (loss):				
Unrealized (loss) gain on marketable securities, net of $(40), $0, $(39) and $39 of tax (benefit) expense, respectively	(151)	(2)	(147)	145
Unrealized (loss) gain on derivative instruments, net of $(265), $90, $(257) and $305 of tax (benefit) expense, respectively	(868)	294	(842)	997
Foreign currency translation adjustments	(2,515)	899	(935)	887
Other comprehensive (loss) earnings	(3,534)	1,191	(1,924)	2,029
Total comprehensive earnings	$ 7,523	$ 38,464	$ 17,835	$ 59,836

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Nine Months Ended November 27, 2021	Nine Months Ended November 28, 2020
Operating Activities		
Net earnings	$ 19,759	$ 57,807
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	38,353	38,000
Share-based compensation	4,807	6,163
Deferred income taxes	(5,412)	5,012
Asset impairment	16,638	—
Gain on disposal of assets	(1,250)	(19,346)
Noncash lease expense	9,302	9,531
Other, net	3,009	(69)
Changes in operating assets and liabilities:		
Receivables	6,443	24,153
Inventories	(2,657)	(2,722)
Costs and earnings on contracts in excess of billings	1,168	44,501
Accounts payable and accrued expenses	5,440	(43,915)
Billings on contracts in excess of costs and earnings	(4,474)	(6,981)
Refundable and accrued income taxes	5,255	12,424
Operating lease liability	(9,387)	(9,168)
Other	(703)	5,122
Net cash provided by operating activities	86,291	120,512
Investing Activities		
Capital expenditures	(13,070)	(17,116)
Proceeds from sales of property, plant and equipment	1,347	23,724
Other	76	(1,090)
Net cash (used) provided by investing activities	(11,647)	5,518
Financing Activities		
Borrowings on line of credit	—	193,332
Repayments on debt	(2,000)	(5,400)
Payments on line of credit	—	(237,500)
Proceeds from exercise of stock options	4,115	1,456
Repurchase and retirement of common stock	(29,164)	(20,731)
Dividends paid	(15,050)	(14,546)
Other	(1,895)	(2,309)
Net cash used by financing activities	(43,994)	(85,698)
Increase in cash and cash equivalents	30,650	40,332
Effect of exchange rates on cash	345	129
Cash, cash equivalents and restricted cash at beginning of year	47,277	14,952
Cash, cash equivalents and restricted cash at end of period	$ 78,272	$ 55,413
Noncash Activity		
Capital expenditures in accounts payable	$ 1,095	$ 684

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(In thousands)	**Common Shares Outstanding**	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Common Stock Held in Trust**	**Deferred Compensation Obligation**	**Accumulated Other Comprehensive (Loss) Income**	**Total Shareholders' Equity**
Balance at February 27, 2021	**25,714**	**$ 8,571**	**$ 154,958**	**$ 357,243**	**$ (186)**	**$ 186**	**$ (28,027)**	**$ 492,745**
Net earnings	—	—	—	10,817	—	—	—	10,817
Unrealized gain on marketable securities, net of $0 tax expense	—	—	—	—	—	—	—	—
Unrealized gain on foreign currency hedge, net of $211 tax expense	—	—	—	—	—	—	692	692
Foreign currency translation adjustments	—	—	—	—	—	—	5,880	5,880
Issuance of stock, net of cancellations	90	30	(7)	—	(3)	3	—	23
Share-based compensation	—	—	1,674	—	—	—	—	1,674
Exercise of stock options	179	60	4,055	—	—	—	—	4,115
Share repurchases	(357)	(119)	(2,218)	(10,288)	—	—	—	(12,625)
Other share retirements	(20)	(7)	(121)	(607)	—	—	—	(735)
Cash dividends	—	—	—	(5,035)	—	—	—	(5,035)
Balance at May 29, 2021	**25,606**	**$ 8,535**	**$ 158,341**	**$ 352,130**	**$ (189)**	**$ 189**	**$ (21,455)**	**$ 497,551**
Net loss	—	—	—	(2,116)	—	—	—	(2,116)
Unrealized gain on marketable securities, net of $2 tax expense	—	—	—	—	—	—	4	4
Unrealized loss on foreign currency hedge, net of $203 tax benefit	—	—	—	—	—	—	(666)	(666)
Foreign currency translation adjustments	—	—	—	—	—	—	(4,300)	(4,300)
Issuance of stock, net of cancellations	67	22	—	—	(3)	3	—	22
Share-based compensation	—	—	1,587	—	—	—	—	1,587
Share repurchases	(249)	(83)	(1,616)	(8,095)	—	—	—	(9,794)
Other share retirements	(30)	(9)	(197)	(496)	—	—	—	(702)
Cash dividends	—	—	—	(5,025)	—	—	—	(5,025)
Balance at August 28, 2021	**25,394**	**$ 8,465**	**$ 158,115**	**$ 336,398**	**$ (192)**	**$ 192**	**$ (26,417)**	**$ 476,561**
Net earnings	—	—	—	11,057	—	—	—	11,057
Unrealized loss on marketable securities, net of $40 tax benefit	—	—	—	—	—	—	(151)	(151)
Unrealized loss on foreign currency hedge, net of $265 tax benefit	—	—	—	—	—	—	(868)	(868)
Foreign currency translation adjustments	—	—	—	—	—	—	(2,515)	(2,515)
Issuance of stock, net of cancellations	1	—	22	—	(3)	3	—	22
Share-based compensation	—	—	1,546	—	—	—	—	1,546
Share repurchases	(166)	(55)	(1,092)	(5,598)	—	—	—	(6,745)
Other share retirements	(2)	(1)	(12)	(51)	—	—	—	(64)
Cash dividends	—	—	—	(4,990)	—	—	—	(4,990)
Balance at November 27, 2021	**25,227**	**$ 8,409**	**$ 158,579**	**$ 336,816**	**$ (195)**	**$ 195**	**$ (29,951)**	**$ 473,853**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(In thousands)	Common Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Common Stock Held in Trust	Deferred Compensation Obligation	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
Balance at February 29, 2020	**26,443**	**$ 8,814**	**$ 154,016**	**$ 388,010**	**$ (685)**	**$ 685**	**$ (34,062)**	**$ 516,778**
Net earnings	—	—	—	2,876	—	—	—	2,876
Unrealized gain on marketable securities, net of $26 tax expense	—	—	—	—	—	—	97	97
Unrealized loss on foreign currency hedge, net of $189 tax benefit	—	—	—	—	—	—	(617)	(617)
Foreign currency translation adjustments	—	—	—	—	—	—	(6,151)	(6,151)
Issuance of stock, net of cancellations	183	62	(39)	—	(11)	11	—	23
Share-based compensation	—	—	1,406	—	—	—	—	1,406
Share repurchases	(231)	(77)	(1,370)	(3,284)	—	—	—	(4,731)
Other share retirements	(26)	(9)	(151)	(505)	—	—	—	(665)
Cash dividends	—	—	—	(4,872)	—	—	—	(4,872)
Balance at May 30, 2020	**26,369**	**$ 8,790**	**$ 153,862**	**$ 382,225**	**$ (696)**	**$ 696**	**$ (40,733)**	**$ 504,144**
Net earnings	—	—	—	17,658	—	—	—	17,658
Unrealized gain on marketable securities, net of $13 tax expense	—	—	—	—	—	—	50	50
Unrealized gain on foreign currency hedge, net of $404 tax expense	—	—	—	—	—	—	1,319	1,319
Foreign currency translation adjustments	—	—	—	—	—	—	6,139	6,139
Issuance of stock, net of cancellations	121	41	(23)	—	(11)	11	—	18
Share-based compensation	—	—	2,256	—	—	—	—	2,256
Other share retirements	(23)	(8)	(139)	(390)	—	—	—	(537)
Cash dividends	—	—	—	(4,879)	—	—	—	(4,879)
Balance at August 29, 2020	**26,467**	**$ 8,823**	**$ 155,956**	**$ 394,614**	**$ (707)**	**$ 707**	**$ (33,225)**	**$ 526,168**
Net earnings	—	—	—	37,273	—	—	—	37,273
Unrealized loss on marketable securities, net of $0 tax benefit	—	—	—	—	—	—	(2)	(2)
Unrealized gain on foreign currency hedge, net of $90 tax expense	—	—	—	—	—	—	294	294
Foreign currency translation adjustments	—	—	—	—	—	—	899	899
Issuance of stock, net of cancellations	10	3	15	—	524	(524)	—	18
Share-based compensation	—	—	2,501	—	—	—	—	2,501
Exercise of stock options	127	42	1,414	—	—	—	—	1,456
Share repurchases	(620)	(207)	(3,781)	(12,012)	—	—	—	(16,000)
Other share retirements	(22)	(7)	(131)	(331)	—	—	—	(469)
Cash dividends	—	—	—	(4,795)	—	—	—	(4,795)
Balance at November 28, 2020	**25,962**	**$ 8,654**	**$ 155,974**	**$ 414,749**	**$ (183)**	**$ 183**	**$ (32,034)**	**$ 547,343**

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of presentation
The consolidated financial statements of Apogee Enterprises, Inc. (we, us, our or the Company) have been prepared in accordance with accounting principles generally accepted in the United States. The information included in this Form 10-Q should be read in conjunction with the Company's Form 10-K for the year ended February 27, 2021. We use the same accounting policies in preparing quarterly and annual financial statements. All adjustments necessary for a fair presentation of quarterly and year to date operating results are reflected herein and are of a normal, recurring nature. The results of operations for the three- and nine-month periods ended November 27, 2021 are not necessarily indicative of the results to be expected for the full year.

COVID-19 update
During fiscal 2021, as a result of the global COVID-19 pandemic, we experienced some delays in commercial construction projects and orders and other disruptions to our business, including various physical distancing and health-related precautions, and we were required to close operations at two facilities in our Large-Scale Optical (LSO) segment for a portion of fiscal 2021 due to governmental orders. We were also impacted by quarantine-related absenteeism among our production workforce, resulting in labor constraints at some of our facilities. Through the first three quarters of fiscal 2022, the negative impacts on our business directly due to the COVID-19 pandemic have moderated. The extent to which COVID-19 will continue to impact our businesses in the future will depend on numerous evolving factors including, but not limited to, the emergence of new variants of the coronavirus, such as the Delta and Omicron variants, and the effectiveness of ongoing public health initiatives, which have been boosted by vaccine production and distribution.

Adoption of new accounting standards
At the beginning of fiscal 2022, we adopted the guidance in ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments in this ASU removed exceptions on intra-period tax allocations and reporting and provided simplification on accounting for franchise taxes, tax basis goodwill and tax law changes. The adoption of this ASU did not have a significant impact on the consolidated financial statements.

At the beginning of fiscal 2022, we adopted the guidance in ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in this ASU apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The adoption of this ASU did not have a significant impact on the consolidated financial statements.

Equity Investment
During the third quarter of fiscal 2022, an impairment of $3.0 million was recognized within other (expense) income within the consolidated results of operations related to a minority equity investment held by the Company which represents a write-down of the entire investment in the company.

2. Revenue, Receivables and Contract Assets and Liabilities

Revenue
The following table disaggregates total revenue by timing of recognition (see Note 12 for disclosure of revenue by segment):

	Three Months Ended		Nine Months Ended	
(In thousands)	November 27, 2021	November 28, 2020	November 27, 2021	November 28, 2020
Recognized at shipment	$ 141,826	$ 129,132	$ 419,893	$ 379,292
Recognized over time	192,391	184,451	566,127	542,870
Total	$ 334,217	$ 313,583	$ 986,020	$ 922,162

Receivables
Receivables reflected in the financial statements represent the net amount expected to be collected. An allowance for credit losses is established based on expected losses. Expected losses are estimated by reviewing individual accounts, considering aging, financial condition of the debtor, recent payment history, current and forecast economic conditions and other relevant factors. Upon billing, aging of receivables is monitored until collection. An account is considered current when it is within agreed upon payment terms. An account is written off when it is determined that the asset is no longer collectible. Retainage on

construction contracts represents amounts withheld by our customers on long-term projects until the project reaches a level of completion where amounts are released.

(In thousands)	November 27, 2021	February 27, 2021
Trade accounts	$ 124,890	$ 120,534
Construction contracts	16,266	12,163
Contract retainage	26,164	45,167
Total receivables	167,320	177,864
Less: allowance for credit losses	2,315	1,947
Net receivables	$ 165,005	$ 175,917

The following table summarizes the activity in the allowance for credit losses:

(In thousands)	November 27, 2021	February 27, 2021
Beginning balance	$ 1,947	$ 2,469
Additions charged to costs and expenses	635	389
Deductions from allowance, net of recoveries	(251)	(887)
Other changes [(1)]	(16)	(24)
Ending balance	$ 2,315	$ 1,947

[(1)] Result of foreign currency effects

Contract assets and liabilities

Contract assets consist of retainage, costs and earnings in excess of billings and other unbilled amounts typically generated when revenue recognized exceeds the amount billed to the customer. Contract liabilities consist of billings in excess of costs and earnings and other deferred revenue on contracts. Retainage is classified within receivables and deferred revenue is classified within other current liabilities on our consolidated balance sheets.

The time period between when performance obligations are complete and when payment is due is not significant. In certain of our businesses that recognize revenue over time, progress billings follow an agreed-upon schedule of values, and retainage is withheld by the customer until the project reaches a level of completion where amounts are released.

(In thousands)	November 27, 2021	February 27, 2021
Contract assets	$ 54,487	$ 74,664
Contract liabilities	20,689	25,000

The change in contract assets and contract liabilities was mainly due to timing of project activity within our businesses that operate under long-term contracts.

Other contract-related disclosures	Three Months Ended		Nine Months Ended	
(In thousands)	November 27, 2021	November 28, 2020	November 27, 2021	November 28, 2020
Revenue recognized related to contract liabilities from prior year-end	$ 1,687	$ 2,044	$ 18,266	$ 16,239
Revenue recognized related to prior satisfaction of performance obligations	5,051	4,016	12,568	10,545

Some of our contracts have an expected duration of longer than a year, with performance obligations extending over that time frame. Generally, these contracts are found in our businesses that typically operate with long-term contracts, which recognize revenue over time. As of November 27, 2021, the transaction price associated with unsatisfied performance obligations was approximately $863.1 million. The performance obligations are expected to be satisfied, and the corresponding revenue to be recognized, over the following estimated time periods:

(In thousands)	November 27, 2021
Within one year	$ 547,110
Within two years	247,753
Beyond	68,209
Total	$ 863,072

3. Supplemental Balance Sheet Information

Inventories

(In thousands)	November 27, 2021	February 27, 2021
Raw materials	$ 43,436	$ 36,681
Work-in-process	17,532	18,932
Finished goods	14,469	17,210
Total inventories	$ 75,437	$ 72,823

Other current liabilities

(In thousands)	November 27, 2021	February 27, 2021
Warranties	$ 10,889	$ 12,298
Accrued project losses	904	4,572
Income and other taxes	8,727	7,459
Accrued self-insurance reserves	9,431	6,482
Accrued freight	1,931	1,477
Other	25,704	20,895
Total other current liabilities	$ 57,586	$ 53,183

Other non-current liabilities

(In thousands)	November 27, 2021	February 27, 2021
Deferred benefit from New Market Tax Credit transactions	$ 9,165	$ 15,717
Retirement plan obligations	7,575	7,730
Deferred compensation plan	12,682	13,507
Deferred tax liabilities	4,773	8,310
Deferred payroll taxes	6,789	6,789
Other	17,128	16,430
Total other non-current liabilities	$ 58,112	$ 68,483

4. Financial Instruments

Marketable securities

Through our wholly-owned insurance subsidiary, Prism Assurance, Ltd. (Prism), we hold the following available-for-sale marketable securities, made up of municipal and corporate bonds:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
November 27, 2021	$ 12,337	$ 223	$ 33	$ 12,527
February 27, 2021	12,517	386	10	12,893

Prism insures a portion of our general liability, workers' compensation and automobile liability risks using reinsurance agreements to meet statutory requirements. The reinsurance carrier requires Prism to maintain fixed-maturity investments for the purpose of providing collateral for Prism's obligations under the reinsurance agreements.

The amortized cost and estimated fair values of these bonds at November 27, 2021, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities, as borrowers may have the right to call or prepay obligations with or without penalty.

(In thousands)	Amortized Cost	Estimated Fair Value
Due within one year	$ 1,011	$ 1,024
Due after one year through five years	9,536	9,716
Due after five years through 10 years	990	973
Due beyond 15 years	800	814
Total	$ 12,337	$ 12,527

Derivative instruments

We use interest rate swaps, foreign exchange forward contracts, commodity swaps and forward purchase contracts to manage risks generally associated with foreign exchange rate, interest rate and commodity price fluctuations. The information that follows explains the various types of derivatives and financial instruments we use, how such instruments are accounted for, and how such instruments impact our financial position and performance.

In fiscal 2020, we entered into an interest rate swap to hedge exposure to variability in cash flows from interest payments on our floating-rate revolving credit facility and term loan. As of November 27, 2021, the interest rate swap contract had a notional value of $30.0 million.

We periodically enter into forward purchase contracts and/or fixed/floating swaps to manage the risk associated with fluctuations in aluminum prices and fluctuations in foreign exchange rates (primarily related to the Canadian dollar). These contracts generally have an original maturity date of less than one year. As of November 27, 2021, we held foreign exchange forward contracts and aluminum fixed/floating swaps with U.S. dollar notional values of $16.5 million and $8.0 million, respectively.

These derivative instruments are recorded within our consolidated balance sheets within other current assets and liabilities. Gains or losses associated with these instruments are recorded as a component of accumulated other comprehensive income.

Fair value measurements

Financial assets and liabilities are classified in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement: Level 1 (unadjusted quoted prices in active markets for identical assets or liabilities); Level 2 (observable market inputs, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data). We do not have any Level 3 financial assets or liabilities.

(In thousands)	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Total Fair Value
November 27, 2021			
Assets:			
Money market funds	$ 58,482	$ —	$ 58,482
Municipal and corporate bonds	—	12,527	12,527
Cash surrender value of life insurance	—	18,839	18,839
Aluminum hedge contracts	—	68	68
Interest rate swap contract	—	69	69
Liabilities:			
Deferred compensation	—	14,140	14,140
Foreign currency forward/option contracts	—	446	446
February 27, 2021			
Assets:			
Money market funds	$ 26,034	$ —	$ 26,034
Municipal and corporate bonds	—	12,893	12,893
Cash surrender value of life insurance	—	18,632	18,632
Foreign currency forward/option contracts	—	606	606
Aluminum hedge contracts	—	363	363
Liabilities:			
Deferred compensation	—	13,507	13,507
Interest rate swap contract	—	504	504

Money market funds and commercial paper
Fair value of money market funds was determined based on quoted prices for identical assets in active markets. Commercial paper was measured at fair value using inputs based on quoted prices for similar securities in active markets. These assets are included within cash and cash equivalents on our consolidated balance sheets.

Municipal and corporate bonds
Municipal and corporate bonds were measured at fair value based on market prices from recent trades of similar securities and are classified within our consolidated balance sheets as other current or other non-current assets based on maturity date.

Cash surrender value of life insurance and deferred compensation
Contracts insuring the lives of certain employees who are eligible to participate in certain non-qualified pension and deferred compensation plans are held in trust. Cash surrender value of the contracts is based on performance measurement funds that shadow the deferral investment allocations made by participants in certain deferred compensation plans. Changes in cash surrender value are recorded in other expense. The deferred compensation liability balances are valued based on amounts allocated by participants to the underlying performance measurement funds.

Derivative instruments
The interest rate swap is measured at fair value using other observable market inputs, based off of benchmark interest rates. Forward foreign exchange and fixed/floating aluminum contracts are measured at fair value using other observable market inputs, such as quotations on forward foreign exchange points, foreign currency exchange rates, and forward purchase aluminum prices. Derivative positions are primarily valued using standard calculations and models that use as their basis readily observable market parameters. Industry standard data providers are our primary source for forward and spot rate information for both interest and currency rates and aluminum prices.

Nonrecurring fair value measurements
We measure certain financial instruments at fair value on a nonrecurring basis including goodwill, intangible assets, property and equipment and right-of-use lease assets. These assets were initially measured and recognized at amounts equal to the fair value determined as of the date of acquisition or purchase subject to changes in value only for foreign currency translation. Periodically, these assets are tested for impairment, by comparing their respective carrying values to the estimated fair value of the reporting unit or asset group in which they reside. In the event any of these assets were to become impaired, we would recognize an impairment expense equal to the amount by which the carrying value of the reporting unit, impaired asset or asset group exceeds its estimated fair value. Fair value measurements of reporting units are estimated using an income approach involving discounted cash flow models that contain certain Level 3 inputs requiring significant management judgment, including projections of economic conditions, customer demand and changes in competition, revenue growth rates, gross profit margins, operating margins, capital expenditures, working capital requirements, terminal growth rates and discount rates. Fair value measurements of the reporting units associated with our goodwill balances and our indefinite-lived intangible assets are estimated at least annually in the fourth quarter of each fiscal year for purposes of impairment testing if a quantitative analysis is performed.

See Note 13 for additional information on the impairment charges recorded to fixed assets and right-of-use lease assets during the second and third quarters of fiscal 2022.

5. Goodwill and Other Intangible Assets

Goodwill
Goodwill represents the excess of the cost over the value of net tangible and identified intangible assets of acquired businesses. We evaluate goodwill for impairment annually as of the first day of our fiscal fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable.

Based on the impairment analysis performed in the fourth quarter of fiscal 2021, estimated fair value was in excess of carrying value at six of our eight reporting units. However, estimated fair value did not exceed carrying value for two reporting units within the Architectural Framing Systems segment, EFCO and Sotawall. As a result, as of February 27, 2021, we incurred goodwill impairment expense of $46.7 million and $17.1 million in our EFCO and Sotawall reporting units, respectively. The goodwill impairment expense recorded during the year ended February 27, 2021, as reflected in the table below, represents the total accumulated goodwill impairment expenses recorded.

During the third quarter of fiscal 2022, we combined certain reporting units to form two reporting units, following certain structural and leadership changes at the Company, specifically within the Architectural Framing Systems segment. Within this segment, as a result of integration efforts that are ongoing, leadership over our Wausau, EFCO and Sotawall reporting units have been combined to form the Window and Wall Systems reporting unit, and our Linetec and Tubelite reporting units have been combined to form the Storefront and Finishing Solutions reporting unit. With these organizational changes, Architectural Framing Systems segment management regularly reviews and evaluates the results of the Window and Wall Systems and Storefront and Finishing Solutions reporting units. Additionally, functional leaders in areas such as operations, sales, marketing and general and administrative areas are responsible for allocating resources and reviewing results of the Window and Wall Systems and Storefront and Finishing Solutions reporting units. The goodwill of the five individual pre-integration reporting units was aggregated to the respective combined reporting units. We evaluated goodwill on a qualitative basis prior to and subsequent to this change and concluded no adjustment to the carrying value of goodwill was necessary as a result of this change. In addition, for all reporting units, no qualitative indicators of impairment were identified during the third quarter, and therefore, no interim quantitative goodwill impairment evaluation was performed.

The carrying amount of goodwill attributable to each reporting segment was:

(In thousands)	Architectural Framing Systems	Architectural Glass	Architectural Services	Large-Scale Optical	Total
Balance at February 29, 2020	$ 148,183	$ 25,656	$ 1,120	$ 10,557	$ 185,516
Adjustment [(1)]	6,315	—	—	—	6,315
Impairment expense	(63,769)	—	—	—	(63,769)
Foreign currency translation	2,370	(334)	—	—	2,036
Balance at February 27, 2021	93,099	25,322	1,120	10,557	130,098
Foreign currency translation	(112)	(54)	—	—	(166)
Balance at November 27, 2021	$ 92,987	$ 25,268	$ 1,120	$ 10,557	$ 129,932

[(1)] During the first quarter of fiscal 2021, we recorded a $6.3 million increase to goodwill and corresponding increase to deferred tax liabilities to correct an immaterial error related to prior periods. The error was not material to any previously reported annual or interim consolidated financial statements.

Other intangible assets

We have intangible assets for certain acquired trade names and trademarks which are determined to have indefinite useful lives. We test indefinite-lived intangible assets for impairment annually at the same measurement date as goodwill, the first day of our fiscal fourth quarter, or more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Based on our analysis, the fair value of each of our trade names and trademarks exceeded carrying amount, except for the EFCO tradename, within our Architectural Framing Systems segment. The fair value determined for the EFCO tradename was less than its carrying value by $6.3 million; this amount was recognized as impairment expense in the fourth quarter ended February 27, 2021, as reflected in the table below.

The gross carrying amount of other intangible assets and related accumulated amortization was:

(In thousands)	Gross Carrying Amount	Accumulated Amortization	Impairment Expense	Foreign Currency Translation	Net
November 27, 2021					
Definite-lived intangible assets:					
Customer relationships	$ 122,961	$ (45,351)	$ —	$ (373)	$ 77,237
Other intangibles	41,838	(35,149)	—	(134)	6,555
Total definite-lived intangible assets	164,799	(80,500)	—	(507)	83,792
Indefinite-lived intangible assets:					
Trademarks	39,832	—	—	(71)	39,761
Total intangible assets	$ 204,631	$ (80,500)	$ —	$ (578)	$ 123,553
February 27, 2021					
Definite-lived intangible assets:					
Customer relationships	$ 119,647	$ (40,443)	$ —	$ 3,315	$ 82,519
Other intangibles	41,293	(34,234)	—	643	7,702
Total definite-lived intangible assets	160,940	(74,677)	—	3,958	90,221
Indefinite-lived intangible assets:					
Trademarks	45,300	—	(6,300)	832	39,832
Total intangible assets	$ 206,240	$ (74,677)	$ (6,300)	$ 4,790	$ 130,053

Amortization expense on definite-lived intangible assets was $5.9 million and $5.6 million for the nine-month periods ended November 27, 2021 and November 28, 2020, respectively. Amortization expense of other identifiable intangible assets is included in selling, general and administrative expenses. At November 27, 2021, the estimated future amortization expense for definite-lived intangible assets was:

(In thousands)	Remainder of Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
Estimated amortization expense	$ 2,075	$ 8,262	$ 8,082	$ 7,638	$ 7,621

6. Debt

As of November 27, 2021, we had a committed revolving credit facility with maximum borrowings of up to $235 million with a maturity of June 2024. There were no outstanding borrowings under the revolving credit facility as of November 27, 2021 and February 27, 2021. At November 27, 2021 and February 27, 2021, we also had a $150 million term loan with a maturity date of June 2024.

Our revolving credit facility and term loan contain two financial covenants that require us to stay below a maximum debt-to-EBITDA ratio and maintain a minimum ratio of EBITDA-to-interest expense. Both ratios are computed quarterly, with EBITDA calculated on a rolling four-quarter basis. At November 27, 2021, we were in compliance with both financial covenants. Additionally, at November 27, 2021, we had a total of $16.4 million of ongoing letters of credit related to industrial revenue bonds, construction contracts and insurance collateral that expire in fiscal years 2023 to 2032 and reduce borrowing capacity under the revolving credit facility.

At November 27, 2021, debt included $13.0 million of industrial revenue bonds that mature in fiscal years 2023 through 2043. In July 2021, two $1.0 million industrial revenue bonds matured and were repaid. The fair value of all industrial revenue bonds approximated carrying value at November 27, 2021, due to the variable interest rates on these instruments. Our credit facility, term loan and industrial revenue bonds would be classified as Level 2 within the fair value hierarchy described in Note 4.

We also maintain two Canadian committed, revolving credit facilities totaling $25.0 million (USD). As of November 27, 2021 and February 27, 2021, there were no borrowings outstanding under the facilities.

Interest payments were $2.7 million and $3.7 million for the nine months ended November 27, 2021 and November 28, 2020, respectively.

7. Leases

We lease certain of the buildings and equipment used in our operations. We determine if an arrangement contains a lease at inception. Currently, all of our lease arrangements are classified as operating leases. We elected the package of practical expedients permitted under the transition guidance in adopting ASC 842, which among other things, allowed us to carry forward our historical lease classification. Operating lease assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease expense is recognized on a straight-line basis over the lease term. Our leases have remaining lease terms of one to ten years, some of which include renewal options that can extend the lease for up to an additional ten years at our sole discretion. We have made an accounting policy election not to record leases with an original term of 12 months or less on our consolidated balance sheet; such leases are expensed on a straight-line basis over the lease term.

In determining lease asset value, we consider fixed or variable payment terms, prepayments, incentives, and options to extend, terminate or purchase. Renewal, termination or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. We use a discount rate for each lease based upon an estimated incremental borrowing rate over a similar term. We have elected the practical expedient to account for lease and non lease components (e.g., common-area maintenance costs) as a single lease component. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. We are not a lessor in any transactions.

The components of lease expense were as follows:

(In thousands)	Three Months Ended November 27, 2021	Three Months Ended November 28, 2020	Nine Months Ended November 27, 2021	Nine Months Ended November 28, 2020
Operating lease cost	$ 3,422	$ 3,477	$ 10,321	$ 10,329
Short-term lease cost	357	472	821	1,384
Variable lease cost	725	678	2,182	2,071
Total lease cost	$ 4,504	$ 4,627	$ 13,324	$ 13,784

Other supplemental information related to leases was as follows:

(In thousands except weighted-average data)	Nine Months Ended November 27, 2021	Nine Months Ended November 28, 2020
Cash paid for amounts included in the measurement of operating lease liabilities	$ 10,744	$ 10,233
Lease assets obtained in exchange for new operating lease liabilities	$ 3,107	$ 19,623
Weighted-average remaining lease term - operating leases	5.4 years	5.8 years
Weighted-average discount rate - operating leases	2.88 %	3.18 %

Future maturities of lease liabilities are as follows:

(In thousands)	November 27, 2021
Remainder of Fiscal 2022	$ 3,501
Fiscal 2023	13,563
Fiscal 2024	11,261
Fiscal 2025	9,915
Fiscal 2026	7,903
Fiscal 2027	6,395
Thereafter	6,721
Total lease payments	59,259
Less: Amounts representing interest	3,817
Present value of lease liabilities	$ 55,442

8. Commitments and Contingent Liabilities

Bond commitments

In the ordinary course of business, predominantly in our Architectural Services and Architectural Framing Systems segments, we are required to provide surety or performance bonds that commit payments to our customers for any non-performance. At November 27, 2021, $1.2 billion of these types of bonds were outstanding, of which $448.0 million is in our backlog. These bonds do not have stated expiration dates. We have never been required to make payments under surety or performance bonds with respect to our existing businesses.

Warranty and project-related contingencies

We reserve estimated exposures on known claims, as well as on a portion of anticipated claims, for product warranty and rework cost, based on historical product liability claims as a ratio of sales. Claim costs are deducted from the accrual when paid. Factors that could have an impact on the warranty accrual in any given period include the following: changes in manufacturing quality, changes in product mix and any significant changes in sales volume. A warranty rollforward follows:

(In thousands)	Nine Months Ended November 27, 2021	Nine Months Ended November 28, 2020
Balance at beginning of period	$ 14,999	$ 15,629
Additional accruals	6,678	4,175
Claims paid	(8,686)	(4,071)
Balance at end of period	$ 12,991	$ 15,733

Additionally, we are subject to project management and installation-related contingencies as a result of our fixed-price material supply and installation service contracts, primarily in our Architectural Services segment and certain of our Architectural

Framing Systems businesses. We manage the risk of these exposures through contract negotiations, proactive project management and insurance coverages. The liability for these types of project-related contingencies was $0.9 million and $4.6 million as of November 27, 2021 and February 27, 2021, respectively.

Letters of credit
At November 27, 2021, we had $16.4 million of ongoing letters of credit, all of which have been issued under our committed revolving credit facility, as discussed in Note 6. We also have a $6.9 million letter of credit which has been issued outside our committed revolving credit facility, with no impact on our borrowing capacity and debt covenants.

Purchase obligations
Purchase obligations for raw material commitments and capital expenditures totaled $239.5 million as of November 27, 2021.

New Markets Tax Credit (NMTC) transactions
We have three outstanding NMTC arrangements which help to support operational expansion. Proceeds received from investors on these transactions are included within other current and other non-current liabilities in our consolidated balance sheets. The NMTC arrangements are subject to 100 percent tax credit recapture for a period of seven years from the date of each respective transaction. Upon the termination of each arrangement, these proceeds will be recognized in earnings in exchange for the transfer of tax credits. The direct and incremental costs incurred in structuring these arrangements have been deferred and are included in other non-current assets in our consolidated balance sheets. These costs will be recognized in conjunction with the recognition of the related proceeds on each arrangement. During the construction phase for each project, we are required to hold cash dedicated to fund each capital project which is classified as restricted cash in our consolidated balance sheets. Variable-interest entities, which have been included within our consolidated financial statements, have been created as a result of the structure of these transactions, as investors in the programs do not have a material interest in their underlying economics.

The table below provides a summary of our outstanding NMTC transactions (in millions):

Inception date	Termination date	Proceeds received	Deferred costs	Net benefit
June 2016	June 2023	$ 6.0	$ 1.2	$ 4.8
August 2018	August 2025	6.6	1.4	5.2
September 2018	September 2025	3.2	1.0	2.2
Total		$ 15.8	$ 3.6	$ 12.2

Litigation
The Company is a party to various legal proceedings incidental to its normal operating activities. In particular, like others in the construction supply and services industry, the Company is routinely involved in various disputes and claims arising out of construction projects, sometimes involving significant monetary damages or product replacement. We have in the past and are currently subject to product liability and warranty claims, including certain legal claims related to a commercial sealant product formerly incorporated into our products. The Company is also subject to litigation arising out of areas such as employment practices, workers compensation and general liability matters. Although it is very difficult to accurately predict the outcome of any such proceedings, facts currently available indicate that no matters will result in losses that would have a material adverse effect on the results of operations, cash flows or financial condition of the Company.

9. Share-Based Compensation

Total share-based compensation expense included in the results of operations was $4.8 million for the nine-month period ended November 27, 2021 and $6.2 million for the nine-month period ended November 28, 2020.

Stock options and SARs
Stock option and SAR activity for the current nine-month period is summarized as follows:

Stock options and SARs	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at February 27, 2021	633,700	$ 23.04		
Awards exercised	(178,564)	23.04		
Awards canceled	(84,336)	23.04		
Outstanding at November 27, 2021	370,800	$ 23.04	8.6 years	$ 4,694,328
Vested or expected to vest at November 27, 2021	370,800	$ 23.04	8.6 years	$ 4,694,328

For the nine-months ended November 27, 2021 and November 28, 2020, cash proceeds from the exercise of stock options were $4.1 million and $1.5 million, respectively. The aggregate intrinsic value of securities exercised (the amount by which the stock price on the date of exercise exceeded the stock price of the award on the date of grant) was $2.3 million and $1.8 million, for the nine-months ended November 27, 2021 and November 28, 2020, respectively.

Executive Compensation Program

In fiscal 2022, the Compensation Committee of the Board of Directors implemented an executive compensation program for certain key employees. In the first quarter of fiscal 2022, we issued performance shares in the form of nonvested share unit awards, which give the recipient the right to receive shares earned at the vesting date. The number of share units issued at grant is equal to the target number of performance shares and allows for the right to receive an additional number of shares dependent on achieving a defined performance goal of return on invested capital and being employed at the end of the performance period.

Nonvested share awards and units

Nonvested share activity, including performance share units, for the current nine-month period is summarized as follows:

Nonvested shares and units	Number of Shares and Units	Weighted Average Grant Date Fair Value
Nonvested at February 27, 2021	475,227	$ 27.52
Granted[(1)]	235,028	35.48
Vested	(185,329)	30.36
Canceled	(23,306)	29.68
Nonvested at November 27, 2021[(2)]	501,620	$ 30.10

(1) Includes a total of 54,395 nonvested share units granted and outstanding at target level for the fiscal 2022-2024 performance period.
(2) Includes a total of 50,825 nonvested share units granted and outstanding at target level for the fiscal 2022-2024 performance period.

At November 27, 2021, there was $11.0 million of total unrecognized compensation cost related to nonvested share and nonvested share unit awards, which is expected to be recognized over a weighted average period of approximately 28 months. The total fair value of shares vested during the nine months ended November 27, 2021 was $6.9 million.

10. Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions, Canada, Brazil and other international jurisdictions. The Company is no longer subject to U.S. federal tax examinations for years prior to fiscal 2018, or state and local income tax examinations for years prior to fiscal 2013. The Company is not currently under U.S. federal examination for years subsequent to fiscal year 2017, and there is limited audit activity of the Company’s income tax returns in U.S. state jurisdictions or international jurisdictions.

The total liability for unrecognized tax benefits was $4.0 million at November 27, 2021, compared to $3.8 million at February 27, 2021. Penalties and interest related to unrecognized tax benefits are recorded in income tax expense.

11. Earnings per Share

The following table presents a reconciliation of the share amounts used in the computation of basic and diluted earnings per share:

	Three Months Ended		Nine Months Ended	
(In thousands)	November 27, 2021	November 28, 2020	November 27, 2021	November 28, 2020
Basic earnings per share – weighted average common shares outstanding	24,957	25,883	25,166	26,068
Weighted average effect of nonvested share grants and assumed exercise of stock options	352	342	293	282
Diluted earnings per share – weighted average common shares and potential common shares outstanding	25,309	26,225	25,459	26,350
Stock awards excluded from the calculation of earnings per share because the effect was anti-dilutive (award price greater than average market price of the shares)	—	159	—	238

12. Business Segment Data

We have four reporting segments:

- The **Architectural Framing Systems** segment designs, engineers, fabricates and finishes the aluminum frames used in customized aluminum and glass window, curtainwall, storefront and entrance systems comprising the outside skin and entrances of commercial, institutional and high-end multi-family residential buildings.
- The **Architectural Glass** segment fabricates coated, high-performance glass used globally in customized window and wall systems comprising the outside skin of commercial, institutional and high-end multi-family residential buildings.
- The **Architectural Services** segment provides full-service installation of the walls of glass, windows and other curtainwall products making up the outside skin of commercial and institutional buildings.
- The **Large-Scale Optical (LSO)** segment manufactures value-added glass and acrylic products primarily for framing and display applications.

	Three Months Ended		Nine Months Ended	
(In thousands)	November 27, 2021	November 28, 2020	November 27, 2021	November 28, 2020
Net sales				
Architectural Framing Systems	$ 151,665	$ 136,688	$ 453,476	$ 439,779
Architectural Glass	74,289	84,779	236,693	248,274
Architectural Services	91,971	76,690	250,657	213,911
Large-Scale Optical	27,351	25,267	75,122	48,438
Intersegment eliminations	(11,059)	(9,841)	(29,928)	(28,240)
Net sales	$ 334,217	$ 313,583	$ 986,020	$ 922,162
Operating income (loss)				
Architectural Framing Systems	$ 10,689	$ 7,218	$ 27,027	$ 26,211
Architectural Glass(1)	(1,277)	10,825	(16,143)	15,306
Architectural Services	9,203	8,558	20,982	20,470
Large-Scale Optical(2)	5,996	26,114	17,326	25,131
Corporate and other	(6,901)	(2,965)	(18,508)	(7,685)
Operating income	$ 17,710	$ 49,750	$ 30,684	$ 79,433

(1) Architectural Glass operating loss amounts for the three- and nine-month periods ended November 27, 2021 include $3.5 million and $20.9 million of restructuring related costs, respectively.
(2) LSO operating income amounts for the three- and nine-month periods ended November 28, 2020 include a $19.3 million gain on the sale-lease back of a building.

Due to the varying combinations and integration of individual window, storefront and curtainwall systems, it is impractical to report product revenues generated by class of product, beyond the segment revenues currently reported.

13. Restructuring

On August 11, 2021, we announced plans to realign and simplify our business structure. For the three- and nine-month periods ended November 27, 2021, we incurred $3.4 million and $24.2 million, respectively, of pre-tax costs associated with the execution of these plans, of which $3.6 million and $22.1 million are included within cost of sales and $(0.2) million and $2.1 million are included within selling, general and administrative expenses within our consolidated statements of operations. These costs primarily related to asset impairment charges due to the closure of two facilities within the Architectural Glass segment, in Dallas, Texas and Statesboro, Georgia, which closures were made in order to concentrate this segment on premium, high-performance products. Additionally, employee termination costs were incurred related to these facility closures, realignment of the Architectural Framing Systems segment, and within the Corporate office. We expect future pre-tax costs associated with the ongoing execution of these plans to be approximately $2 to $3 million, which we expect will be incurred during the fourth quarter of our fiscal year 2022. At the end of the third quarter of fiscal 2022, $9.3 million of assets were classified as held for sale on the consolidated balance sheets related to the building and related equipment of our Statesboro, Georgia facility within the Architectural Glass segment.

(In thousands)	Three Months Ended November 27, 2021 Architectural Framing	Architectural Glass	Corporate and other	Total
Asset impairment charges	$ (32)	$ 1,353	$ —	$ 1,321
Termination benefits	(14)	1,638	(179)	1,445
Other restructuring charges	2	527	124	653
Total restructuring charges	$ (44)	$ 3,518	$ (55)	$ 3,419

(In thousands)	Nine Months Ended November 27, 2021 Architectural Framing	Architectural Glass	Corporate and other	Total
Asset impairment charges	$ 54	$ 16,584	$ —	$ 16,638
Termination benefits	1,809	3,215	760	5,784
Other restructuring charges	141	1,110	560	1,811
Total restructuring charges	$ 2,004	$ 20,909	$ 1,320	$ 24,233

The following table summarizes our restructuring related accrual balances included within accrued payroll and related costs and other current liabilities in the consolidated balance sheets. All balances are expected to be paid within the current fiscal year.

(In thousands)	Architectural Framing	Architectural Glass	Corporate and other	Total
Balance at March 1, 2020	$ —	$ —	$ —	$ —
Restructuring expense	4,020	325	229	4,574
Payments	(1,148)	(95)	(68)	(1,311)
Balance at February 27, 2021	2,872	230	161	3,263
Restructuring expense	1,984	884	1,221	4,089
Payments	(2,852)	(354)	(592)	(3,798)
Other adjustments	(269)	—	—	(269)
Balance at November 27, 2021	$ 1,735	$ 760	$ 790	$ 3,285

14. Subsequent Events

We have evaluated subsequent events for potential recognition and disclosure through the date of this filing. Subsequent to the end of the quarter, we purchased 484,646 shares of stock under our authorized share repurchase program, at a total cost of $22.3 million.

In December 2021, we sold all of the property and assets at the Architectural Glass segment’s Statesboro, Georgia manufacturing facility for $29.1 million. The carrying value of the building and related equipment was $9.3 million. We will recognize a gain on this sale of approximately $19.0 million, net of associated transaction costs, which will be included as a reduction of cost of sales within our consolidated statements of operations for the fourth quarter of fiscal 2022.

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

Forward-looking statements

This Quarterly Report on Form 10-Q, including the section Management’s Discussion and Analysis of Financial Condition and Results of Operations, contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect our current views with respect to future events and financial performance. The words “believe,” “expect,” “anticipate,” “intend,” “estimate,” “forecast,” “project,” “should,” "will," "continue" and similar expressions are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All forecasts and projections in this document are “forward-looking statements,” and are based on management’s current expectations or beliefs. From time to time, we may also provide oral and written forward-looking statements in other materials we release to the public, such as press releases, presentations to securities analysts or investors, or other communications by the Company. Any or all of our forward-looking statements in this report and in any public statements we make could be materially different from actual results.

Accordingly, we wish to caution investors that any forward-looking statements made by or on behalf of the Company are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. Information about factors that could materially affect our results can be found in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended February 27, 2021 and in subsequent filings with the U.S. Securities and Exchange Commission, including this Quarterly Report on Form 10-Q.

We also wish to caution investors that other factors might in the future prove to be important in affecting the Company's results of operations. New factors emerge from time to time; it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

We are a leader in the design and development of value-added glass and metal products and services for enclosing commercial buildings and framing and displays. Our four reporting segments are: Architectural Framing Systems, Architectural Glass, Architectural Services and Large-Scale Optical (LSO).

The following selected financial data should be read in conjunction with the Company's Form 10-K for the year ended February 27, 2021 and the consolidated financial statements, including the notes to consolidated financial statements, included therein.

Highlights of Third Quarter of Fiscal 2022 Compared to Third Quarter of Fiscal 2021

Net sales

Consolidated net sales increased 6.6 percent, or $20.6 million, and increased 6.9 percent, or $63.9 million, for the three- and nine-month periods ended November 27, 2021, compared to the same periods in the prior year, primarily driven by volume growth in the Architectural Services and LSO segments, as well as, flow-through from pricing actions taken to offset inflation within the Architectural Framing segment. LSO was closed for most of the first and second quarters of fiscal 2021, due to COVID-19.

The relationship between various components of operations, as a percentage of net sales, is presented below:

	Three Months Ended		Nine Months Ended	
	November 27, 2021	November 28, 2020	November 27, 2021	November 28, 2020
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	80.6	77.8	81.7	77.7
Gross margin	19.4	22.2	18.3	22.3
Selling, general and administrative expenses	14.1	6.3	15.2	13.7
Operating income	5.3	15.9	3.1	8.6
Interest expense, net	0.2	0.5	0.3	0.5
Other (expense) income, net	(0.9)	0.2	(0.3)	0.1
Earnings before income taxes	4.2	15.5	2.5	8.2
Income tax expense	0.9	3.7	0.5	2.0
Net earnings	3.3 %	11.9 %	2.0 %	6.2 %
Effective tax rate	21.7 %	23.5 %	19.6 %	23.8 %

Gross profit

Gross profit as a percent of sales (gross margin) was 19.4 percent and 18.3 percent for the three- and nine-month periods ended November 27, 2021, compared to 22.2 percent and 22.3 percent for the three- and nine-month periods ended November 28, 2020. Gross margin decreased in the current year three- and nine-month periods compared to the prior year, primarily due to $3.6 million and $22.1 million of restructuring charges included in cost of goods sold incurred during the three- and nine-month periods of the current fiscal year, as well as inflationary pressure on raw materials and freight within the Architectural Glass and Architectural Framing Systems segments. These costs were partially offset by positive impacts from continued recovery of the LSO segment (which closed for most of the first and second quarters last year, based on COVID-related government directives).

Selling, general and administrative (SG&A) expenses

SG&A expenses as a percent of sales were 14.1 percent and 15.2 percent for the three- and nine-month periods ended November 27, 2021, compared to 6.3 percent and 13.7 percent for the prior year three- and nine-month periods. SG&A expenses in the three- and nine-month periods ended November 27, 2021, included increased Corporate and other costs, primarily related to investments in transformation initiatives in the current year periods and higher health care costs in the current year compared to the prior-year periods. Additionally, SG&A expenses in the prior year third quarter were reduced by a $19.3 million gain on the sale-leaseback of a building and $7.4 million of income related to a New Markets Tax Credit transaction, driving lower SG&A expenses as a percent of sales in the prior year three- and nine-month periods. In addition, we recognized a benefit of $1.0 million and $5.5 million during the three- and nine-month periods ended November 27, 2021, respectively, compared to $4.2 million and $5.5 million in the prior year three- and nine-month periods, from a Canadian wage subsidy program offered to support Canadian businesses due to the ongoing impacts of the COVID-19 pandemic.

Income tax expense

The effective income tax rate in the third quarter of fiscal 2022 was 21.7 percent, compared to 23.5 percent in the same period last year, and 19.6 percent for the first nine months of fiscal 2022, compared to 23.8 percent in the prior year period. The rate decrease was primarily related to lower year-to-date net income, as well as, the release of a $1.2 million valuation allowance on certain state net operating losses, which is the result of a realignment and simplification of our business and legal-entity structure during the second quarter of fiscal 2022.

Segment Analysis

Architectural Framing Systems

	Three Months Ended			Nine Months Ended		
(In thousands)	November 27, 2021	November 28, 2020	% Change	November 27, 2021	November 28, 2020	% Change
Net sales	$ 151,665	$ 136,688	11.0 %	$ 453,476	$ 439,779	3.1 %
Operating income	10,689	7,218	48.1 %	27,027	26,211	3.1 %
Operating margin	7.0 %	5.3 %		6.0 %	6.0 %	

Architectural Framing Systems net sales increased $15.0 million, or 11.0 percent, and increased $13.7 million, or 3.1 percent for the three- and nine-month periods ended November 27, 2021, compared to the prior-year periods, primarily driven by flow-through from pricing actions taken to offset inflation.

Operating margin increased 170 basis points for the three-month period of the current year, compared to the same period in the prior year, primarily driven by improved pricing and the benefits from restructuring actions, which offset increased costs for materials, freight and labor. As previously announced, the segment incurred restructuring-related termination costs in the second and third quarters of the current fiscal year related to realignment of the segment to increase focus on target markets, better serve customers, improve operational execution, and reduce overall costs. Operating margin was 6.0 percent for the nine-month periods in the current and prior fiscal years. In addition, this segment benefited from a Canadian wage subsidy of $1.0 million and $5.5 million during the three- and nine-month periods ended November 27, 2021, respectively, compared to $4.2 million and $5.5 million in the prior-year three- and nine-month periods, respectively, as a result of a program to support Canadian businesses due to the ongoing impacts of the COVID-19 pandemic.

As of November 27, 2021, segment backlog was approximately $419 million, compared to approximately $406 million at the end of the prior quarter. Backlog represents the dollar amount of signed contracts or firm orders, generally as a result of a competitive bidding process, which may be expected to be recognized as revenue in the future. Backlog is not a term defined under U.S. GAAP and is not a measure of contract profitability. We view backlog as one indicator of future revenues, particularly in our longer-lead time businesses. In addition to backlog, we have a substantial amount of projects with short lead times that book-and-bill within the same reporting period and are not included in backlog. We have strong visibility beyond backlog, as projects awarded, verbal commitments and bidding activities are not included in backlog.

Architectural Glass

	Three Months Ended			Nine Months Ended		
(In thousands)	November 27, 2021	November 28, 2020	% Change	November 27, 2021	November 28, 2020	% Change
Net sales	$ 74,289	$ 84,779	(12.4)%	$ 236,693	$ 248,274	(4.7)%
Operating (loss) income	(1,277)	10,825	N/M	(16,143)	15,306	N/M
Operating margin	(1.7)%	12.8 %		(6.8)%	6.2 %	

Net sales decreased $10.5 million, or 12.4 percent, and $11.6 million, or 4.7 percent, for the three- and nine-month periods ended November 27, 2021, compared to the same periods in the prior year, primarily reflecting lower volume due to weaker order backlog from fiscal year 2021, partially offset by an improved sales mix.

In the current quarter, the segment had operating loss of $1.3 million and negative operating margin of 1.7 percent, compared to operating income of $10.8 million and operating margin of 12.8 percent in the same period of the prior year. For the nine-months ended November 27, 2021, the segment had an operating loss of $16.1 million and negative operating margin of 6.8 percent, compared to operating income of $15.3 million and operating margin of 6.2 percent in the prior year period. The results for the current year periods were primarily driven by $3.5 million and $20.9 million of restructuring costs for the three- and nine-month periods ended November 27, 2021, respectively. As previously announced, this segment incurred restructuring charges related to the closure of two operating facilities and the associated employee termination costs in the second and third quarters of the current fiscal year. This restructuring is intended to enable the segment to emphasize more premium, high-performance products in its business. The three- and nine-month periods of the prior fiscal year also included $7.4 million of operating income related to the settlement of a New Markets Tax Credit transaction during the third quarter of fiscal 2021.

Architectural Services

	Three Months Ended			Nine Months Ended		
(In thousands)	**November 27, 2021**	**November 28, 2020**	**% Change**	**November 27, 2021**	**November 28, 2020**	**% Change**
Net sales	$ 91,971	$ 76,690	19.9 %	$ 250,657	$ 213,911	17.2 %
Operating income	9,203	8,558	7.5 %	20,982	20,470	2.5 %
Operating margin	10.0 %	11.2 %		8.4 %	9.6 %	

Architectural Services net sales increased $15.3 million, or 19.9 percent, and $36.7 million, or 17.2 percent, for the three- and nine-month periods ended November 27, 2021, compared to the same periods in the prior year, driven by increased volume from executing projects in backlog.

Operating margin decreased 120 basis points in each of the three- and nine-month periods of the current year, compared to the same periods in the prior year, primarily reflecting a less favorable project mix. Additionally, the nine-month period was negatively impacted by isolated performance challenges on certain projects experienced during the first quarter of fiscal 2022.

As of November 27, 2021, segment backlog of $572 million was unchanged from the end of the prior quarter. Segment backlog at the end of the third quarter of fiscal 2021 was approximately $597 million. Backlog is described within the Architectural Framing Systems discussion above.

Large-Scale Optical (LSO)

	Three Months Ended			Nine Months Ended		
(In thousands)	**November 27, 2021**	**November 28, 2020**	**% Change**	**November 27, 2021**	**November 28, 2020**	**% Change**
Net sales	$ 27,351	$ 25,267	8.2 %	$ 75,122	$ 48,438	55.1 %
Operating income (loss)	5,996	26,114	(77.0)%	17,326	25,131	(31.1)%
Operating margin	21.9 %	103.4 %		23.1 %	51.9 %	

LSO net sales increased $2.1 million or 8.2 percent, and $26.7 million or 55.1 percent for the three- and nine-month periods ended November 27, 2021, compared to the same periods in the prior year, reflecting a more favorable sales mix, as demand recovered from the impact of COVID in the prior year nine-month period. In fiscal 2021, most of the segment's customers and the segment's manufacturing operations were closed for a large part of the first and second quarters to comply with COVID-related government directives.

The segment had operating income of $6.0 million and $17.3 million and operating margin of 21.9 percent and 23.1 percent, for the three- and nine-month periods ended November 27, 2021, respectively, compared to operating income of $26.1 million and $25.1 million, and operating margin of 103.4 percent and 51.9 percent, in the same periods of the prior year. The decreases for the fiscal 2022 periods are primarily the result of a $19.3 million gain on the sale-leaseback of a segment manufacturing facility recorded during the prior year third quarter.

Liquidity and Capital Resources

Selected cash flow data *(In thousands)*	Nine Months Ended November 27, 2021	Nine Months Ended November 28, 2020
Operating Activities		
Net cash provided by operating activities	$ 86,291	$ 120,512
Investing Activities		
Capital expenditures	(13,070)	(17,116)
Proceeds from sale of property, plant and equipment	1,347	23,724
Financing Activities		
Borrowings on line of credit	—	193,332
Payments on line of credit	—	(237,500)
Repurchase and retirement of common stock	(29,164)	(20,731)
Dividends paid	(15,050)	(14,546)

Operating Activities. Net cash provided by operating activities was $86.3 million for the first nine months of fiscal 2022, a decrease of $34.2 million compared to the prior-year period, reflecting a decline in net earnings of $38.0 million in the current-year period compared to the prior-year period, as well as, the impact of temporary actions related to COVID in the prior-year period.

Investing Activities. Net cash used by investing activities was $11.6 million for the first nine months of fiscal 2022, driven primarily by capital expenditures of $13.1 million. In the first nine months of the prior year, net cash provided by investing activities was $5.5 million, driven by proceeds of $23.7 million on the sale-leaseback of a building, offset by capital expenditures of $17.1 million. Capital expenditures in the first nine months of the current year declined $4.0 million from the prior year due to slower investments while we conducted our strategic review.

Financing Activities. Net cash used by financing activities was $44.0 million for the first nine months of fiscal 2022, compared to $85.7 million in the prior-year period, primarily driven by net debt repayments of $47.5 million in the prior year. Additionally, in the first nine months of the current year, we made share repurchases totaling $29.2 million, compared to $20.7 million in the prior year nine-month period. At November 27, 2021, we were in compliance with the financial covenants under our revolving credit facility and term loan.

We paid dividends totaling $15.1 million ($0.6000 per share) in the first nine months of fiscal 2022, compared to $14.5 million ($0.5625 per share) in the comparable prior-year period. During the first nine months of fiscal 2022, we repurchased 755,384 shares under our authorized share repurchase program, for a total cost of $28.8 million. In the first nine months of fiscal 2021, we repurchased 852,029 shares under the share repurchase program, for a total cost of $20.7 million. Since the inception of the share repurchase program in 2004, we have purchased a total of 7,888,000 shares, at a total cost of $236.1 million. We currently have remaining authority to repurchase an additional 1,362,000 shares under this program. We will continue to evaluate making future share repurchases, considering our cash flow, debt levels and market conditions, in the context of all our capital allocation options, with the goal of maximizing long-term value for our shareholders.

Other Financing Activities. The following summarizes our significant contractual obligations that impact our liquidity as of November 27, 2021:

	Payments Due by Fiscal Period						
(In thousands)	Remainder of Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026	Thereafter	Total
Debt obligations	$ —	$ 1,000	$ —	$ 150,000	$ —	$ 12,000	$ 163,000
Operating leases (undiscounted)	3,501	13,563	11,261	9,915	7,903	13,116	59,259
Purchase obligations	61,169	166,446	8,530	1,433	1,433	487	239,498
Total cash obligations	$ 64,670	$ 181,009	$ 19,791	$ 161,348	$ 9,336	$ 25,603	$ 461,757

We acquire the use of certain assets through operating leases, such as property, manufacturing equipment, vehicles and other equipment. Purchase obligations in the table above relate to raw material commitments and capital expenditures.

We expect to make contributions of $0.7 million to our defined-benefit pension plans in fiscal 2022, which will equal or exceed our minimum funding requirements.

As of November 27, 2021, we had reserves of $4.0 million for unrecognized tax benefits. We are unable to reasonably estimate in which future periods the remaining unrecognized tax benefits will ultimately be settled.

We are required, in the ordinary course of business, to provide surety or performance bonds that commit payments to our customers for any non-performance. At November 27, 2021, $1.2 billion of these types of bonds were outstanding, of which $448.0 million is in our backlog. These bonds do not have stated expiration dates. We have never been required to make payments under surety or performance bonds with respect to our existing businesses.

During calendar 2020, we took advantage of the option to defer remittance of the employer portion of Social Security tax as provided in the CARES Act. This deferral allowed us to retain cash during calendar year 2020 that would have otherwise been remitted to the federal government. At the end of fiscal 2021, we had deferred tax payments of $13.6 million, which are included within accrued payroll and other benefits and other non-current liabilities on our consolidated balance sheets. The deferred tax payments will be repaid in two equal portions in calendar years 2021 and 2022.

Due to our ability to generate strong cash from operations and our borrowing capability under our committed revolving credit facility, we believe that our sources of liquidity will continue to be adequate to fund our working capital requirements, planned capital expenditures and dividend payments for at least the next 12 months. While we believe we have adequate sources of liquidity to continue to fund our business for at least the next 12 months, the extent to which the ongoing COVID-19 pandemic may impact our results of operations or liquidity is uncertain. The extent to which COVID-19 will continue to impact our business will depend on numerous evolving factors including, but not limited to, the emergence of new variants of the coronavirus, such as the Delta and Omicron variants, and the effectiveness of ongoing public health initiatives, which have been boosted by vaccine production and distribution.

Off-balance sheet arrangements. We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

Outlook

The company has narrowed its guidance for full-year adjusted earnings to a range of $2.25 to $2.40 per diluted share, from the previous range of $2.20 to $2.40. This guidance excludes the impact of restructuring and impairment costs. The company expects to record a pre-tax gain of approximately $19.0 million in the fourth quarter, related to the previously announced sale of its Architectural Glass facility in Statesboro, Georgia. The company intends to exclude this gain from its adjusted earnings results. The company continues to expect a long-term average tax rate of approximately 24.5 percent and continues to expect full-year capital expenditures of approximately $25 million, down from the previous estimate of approximately $35 million, as the company has slowed some investments while it conducted its strategic review.

Related Party Transactions

No material changes have occurred in the disclosure with respect to our related party transactions set forth in our Annual Report on Form 10-K for the fiscal year ended February 27, 2021.

Critical Accounting Policies

There have been no material changes to our critical accounting policies from those disclosed in our Annual Report on Form 10-K for the fiscal year ended February 27, 2021, except as noted below.

Goodwill and indefinite-lived intangible asset impairment

Goodwill

During the third quarter of fiscal 2022, we combined certain reporting units to form two reporting units, following certain structural and leadership changes at the Company, specifically within the Architectural Framing Systems segment. Within this segment, as a result of integration efforts that are ongoing, leadership over our Wausau, EFCO and Sotawall reporting units have been combined to form the Window and Wall Systems reporting unit, and our Linetec and Tubelite reporting units have been combined to form the Storefront and Finishing Solutions reporting unit. With these organizational changes, Architectural Framing Systems segment management regularly reviews and evaluates the results of the Window and Wall Systems and Storefront and Finishing Solutions reporting units. Additionally, functional leaders in areas such as operations, sales, marketing and general and administrative areas are responsible for allocating resources and reviewing results of the Window and Wall Systems and Storefront and Finishing Solutions reporting units. The goodwill of the five individual pre-integration reporting units was aggregated to the respective combined reporting units. We evaluated goodwill on a qualitative basis prior to and subsequent to this change and concluded no adjustment to the carrying value of goodwill was necessary as a result of this change. In addition, for all reporting units, no qualitative indicators of impairment were identified during the third quarter, and therefore, no interim quantitative goodwill impairment evaluation was performed.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to the Company's Annual Report on Form 10-K for the fiscal year ended February 27, 2021 for a complete discussion on the Company's market risk. There have been no material changes in market risk from those disclosed in our Annual Report on Form 10-K for the fiscal year ended February 27, 2021, except as noted below.

Raw Material Pricing Risk
We are subject to market risk exposure related to volatility in the prices of aluminum and lumber, among other raw materials and supplies used in our end products. A significant amount of our cost of sales relates to materials costs. The commodities markets, which include the aluminum industry, are highly cyclical in nature. As a result, commodity costs can be volatile, as we have experienced from time to time during recent fiscal quarters, and may become more volatile in the future. Commodity costs are influenced by numerous factors beyond our control, including general economic conditions, the availability of raw materials, competition, labor costs, freight and transportation costs, production costs, import duties and other trade restrictions.

We principally manage our exposures to the market fluctuations in the aluminum industry through fixed/floating rate swaps and forward purchase agreements. Although we have the ability to purchase aluminum from a number of suppliers, a production cutback by one or more of our current suppliers could create challenges in meeting delivery schedules to our customers. The prices we offer to our customers are also impacted by changes in commodity costs. We manage the alignment of the cost of our raw materials and the prices offered to customers, and attempt to pass changes to raw material costs through to our customers. To improve our management of commodity costs, we attempt to maintain inventory levels not in excess of our production requirements.

We cannot accurately calculate the pre-tax impact a one percent change in the commodity costs of aluminum and/or lumber would have on our fiscal 2022 operating results, as the change in commodity costs would both impact the cost to purchase materials and the selling prices we offer our customers. The impact to our operating results would significantly depend on the competitive environment and the costs of other alternative products, which could impact our ability to pass commodities costs to our customers.

Item 4. Controls and Procedures

a) Evaluation of disclosure controls and procedures: As of the end of the period covered by this report (the Evaluation Date), we carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in applicable rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

b) Changes in internal controls: There was no change in the Company's internal control over financial reporting that occurred during the fiscal quarter ended November 27, 2021, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is a party to various legal proceedings incidental to its normal operating activities. In particular, like others in the construction supply and services industry, the Company is routinely involved in various disputes and claims arising out of construction projects, sometimes involving significant monetary damages or product replacement. We have in the past and are currently subject to product liability and warranty claims, including certain legal claims related to a commercial sealant product formerly incorporated into our products. The Company is also subject to litigation arising out of areas such as employment practices, workers compensation and general liability matters. Although it is very difficult to accurately predict the outcome of any such proceedings, facts currently available indicate that no matters will result in losses that would have a material adverse effect on the results of operations, cash flows or financial condition of the Company.

Item 1A. Risk Factors

There have been no material changes or additions to our risk factors discussed in our Annual Report on Form 10-K for the fiscal year ended February 27, 2021.

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

The following table provides information with respect to purchases made by the Company of its own stock during the third quarter of fiscal 2022:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs (b)
August 29, 2021 to September 25, 2021	7,400	$ 42.71	7,400	520,451
September 26, 2021 to October 23, 2021	1,707	37.76	—	1,520,451
October 24, 2021 to November 27, 2021	158,451	40.61	158,451	1,362,000
Total	167,558	$ 40.78	165,851	1,362,000

(a) The shares in this column represent the total number of shares that were repurchased by us pursuant to our publicly announced repurchase program, plus the shares surrendered to us by plan participants to satisfy withholding tax obligations related to share-based compensation.

(b) In fiscal 2004, announced on April 10, 2003, the Board of Directors authorized the repurchase of 1,500,000 shares of Company stock. The Board increased the authorization by 750,000 shares, announced on January 24, 2008; by 1,000,000 shares on each of the announcement dates of October 8, 2008, January 13, 2016, January 9, 2018, January 14, 2020, and October 7, 2021; and by 2,000,000 shares, announced on October 3, 2018. The repurchase program does not have an expiration date.

Item 6. Exhibits

3.1	Restated Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Registrant's Annual Report on Form 10-K for the year-ended February 28, 2004.)
3.2	Articles of Amendment to Restated Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K filed on January 16, 2020.)
3.3	Amended and Restated Bylaws of Apogee Enterprises, Inc. (Incorporated by reference to Exhibit 3.3 to the Registrant’s Quarterly Report on Form 10-Q for the quarter-ended May 29, 2021).
10.1	Apogee Enterprises, Inc. 2021 Deferred Compensation Plan for Non-Employee Directors (Incorporated by reference to Exhibit 4.5 to Apogee’s Registration Statement on Form S-8 filed on October 13, 2021).
31.1#	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2#	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1#	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2#	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Apogee Enterprises, Inc.’s Quarterly Report on Form 10-Q for the quarter ended November 27, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets as of November 27, 2021 and February 27, 2021, (ii) the Consolidated Results of Operations for the three- and nine-months ended November 27, 2021 and November 28, 2020, (iii) the Consolidated Statements of Comprehensive Earnings for the three- and nine-months ended November 27, 2021 and November 28, 2020, (iv) the Consolidated Statements of Cash Flows for the nine-months ended November 27, 2021 and November 28, 2020, (v) the Consolidated Statements of Shareholders' Equity for the three- and nine-months ended November 27, 2021 and November 28, 2020, and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)
	Exhibits marked with a (#) sign are filed herewith.

SIGNATURES

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

APOGEE ENTERPRISES, INC.

Date: January 6, 2022	By: /s/ Ty R. Silberhorn
	Ty R. Silberhorn President and Chief Executive Officer (Principal Executive Officer)
Date: January 6, 2022	By: /s/ Nisheet Gupta
	Nisheet Gupta Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Ty R. Silberhorn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apogee Enterprises, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: January 6, 2022

/s/ Ty R. Silberhorn

Ty R. Silberhorn
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Nisheet Gupta, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apogee Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrants most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: January 6, 2022

/s/ Nisheet Gupta

Nisheet Gupta
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Apogee Enterprises, Inc. (the “Company”) on Form 10-Q for the period ended November 27, 2021 as filed with the Securities and Exchange Commission (the “Report”), I, Ty R. Silberhorn, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

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

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

/s/ Ty R. Silberhorn

Ty R. Silberhorn
President and Chief Executive Officer
January 6, 2022

Exhibit 32.2

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

In connection with the Quarterly Report of Apogee Enterprises, Inc. (the “Company”) on Form 10-Q for the period ended November 27, 2021 as filed with the Securities and Exchange Commission (the “Report”), I, Nisheet Gupta, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

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

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

/s/ Nisheet Gupta

Nisheet Gupta
Executive Vice President and
Chief Financial Officer
January 6, 2022