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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2025

OR

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

Commission file number: 001-36557

ADVANCED DRAINAGE SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**51-0105665**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

4024 Green Stripe Lane, Hilliard, Ohio 43026
(Address of Principal Executive Offices, Including Zip Code)

(800) 733-7473
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

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

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

As of January 29, 2026, the registrant had 77,895,585 shares of common stock outstanding, which excludes 209,197 shares of unvested restricted common stock. The shares of common stock trade on the New York Stock Exchange under the ticker symbol "WMS."

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Forward-Looking Statements

This Form 10-Q includes forward-looking statements. Some of the forward-looking statements can be identified by the use of terms such as “believes,” “expects,” “may,” “will,” “would,” “should,” “could,” “seeks,” “predict,” “potential,” “target,” “outlook,” “continue,” “intends,” “plans,” “projects,” “estimates,” “anticipates” or other comparable terms or the negative of those terms or similar expressions. These forward-looking statements include all matters that are not related to present facts or current conditions or that are not historical facts. They appear in a number of places throughout this Form 10-Q and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our consolidated results of operations, financial condition, liquidity, prospects, growth strategies, and the industries in which we operate and include, without limitation, statements relating to our future performance.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which are beyond our control. We caution you that forward-looking statements are not guarantees of future performance and that our actual consolidated results of operations, financial condition, liquidity and industry development may differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. In addition, even if our actual consolidated results of operations, financial condition, liquidity and industry development are consistent with the forward-looking statements contained in this Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods. A number of important factors could cause actual results to differ materially from those contained in or implied by the forward-looking statements, including those reflected in forward-looking statements relating to our operations and business, the risks and uncertainties discussed in this Form 10-Q (including under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”), and those described from time to time in our other filings with the SEC. Factors that could cause actual results to differ from those reflected in forward-looking statements relating to our operations and business include:

- fluctuations in the price and availability of resins and other raw materials, new tariff and international trade policies and our ability to pass any increased costs of raw materials and tariffs on to our customers;
- disruption or volatility in general business, political and economic conditions in the markets in which we operate;
- cyclicality and seasonality of the non-residential and residential construction markets and infrastructure spending;
- the risks of increasing competition in our existing and future markets;
- uncertainties surrounding the integration and realization of anticipated benefits of acquisitions or doing so within the intended timeframe, including our ability to successfully integrate National Diversified Sales (“NDS”) into our business;
- risks that the acquisition of NDS may involve unexpected costs, liabilities, risks that the cost savings and synergies from the acquisition of NDS may not be fully realized;
- the effect of any claims, litigation, investigations or proceedings, including those described under “Part II - Item 1. Legal Proceedings” of this Form 10-Q;
- the effect of weather or seasonality;
- the loss of any of our significant customers;
- the risks of doing business internationally;
- the risks of conducting a portion of our operations through joint ventures;
- our ability to expand into new geographic or product markets;
- the risk associated with manufacturing processes;
- the effects of global climate change and any related regulatory responses;
- our ability to protect against cybersecurity incidents and disruptions or failures of our IT systems;
- our ability to assess and monitor the effects of artificial intelligence, machine learning, robotics and blockchain or other new approaches to data mining on our business and operations;
- our ability to manage our supply purchasing and customer credit policies;
- our ability to control labor costs and to attract, train and retain highly qualified employees and key personnel;
- our ability to protect our intellectual property rights;
- changes in laws and regulations, including environmental laws and regulations;
- our ability to appropriately address any environmental, social or governance concerns that may arise from our activities;
- the risks associated with our current levels of indebtedness, including borrowings under our existing credit agreement and outstanding indebtedness under our existing senior notes; and
- other risks and uncertainties, including those listed under “Part I - Item 1A. Risk Factors” in the Fiscal 2025 Form 10-K.

All forward-looking statements are made only as of the date of this report and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (In thousands, except par value)

	December 31, 2025	March 31, 2025
ASSETS		
Current assets:		
Cash	$ 1,008,190	$ 463,319
Receivables (less allowance for doubtful accounts of $7,954 and $7,684, respectively)	237,594	333,221
Inventories	431,245	488,269
Other current assets	28,065	39,974
Total current assets	1,705,094	1,324,783
Property, plant and equipment, net	1,153,550	1,051,040
Other assets:		
Goodwill	725,200	720,223
Intangible assets, net	410,286	448,060
Other assets	150,181	146,254
Total assets	**$ 4,144,311**	**$ 3,690,360**
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of debt obligations	$ 6,458	$ 9,934
Current maturities of finance lease obligations	36,664	33,143
Accounts payable	168,884	218,024
Other accrued liabilities	193,865	137,295
Accrued income taxes	7,506	—
Total current liabilities	413,377	398,396
Long-term debt obligations (less unamortized debt issuance costs of $6,415 and $7,715, respectively)	1,275,701	1,251,589
Long-term finance lease obligations	126,847	131,000
Deferred tax liabilities	216,786	190,416
Other liabilities	82,583	83,171
Total liabilities	2,115,294	2,054,572
Commitments and contingencies (see Note 10)		
Mezzanine equity:		
Redeemable common stock: $0.01 par value; 4,816 and 5,702 shares outstanding, respectively	78,252	92,652
Total mezzanine equity	78,252	92,652
Stockholders' equity:		
Common stock; $0.01 par value: 1,000,000 shares authorized; 85,004 and 83,750 shares issued, respectively; 73,060 and 71,864 shares outstanding, respectively	11,707	11,694
Paid-in capital	1,329,164	1,277,694
Common stock in treasury, at cost	(1,226,454)	(1,219,408)
Accumulated other comprehensive loss	(30,197)	(37,178)
Retained earnings	1,844,101	1,492,634
Total ADS stockholders' equity	1,928,321	1,525,436
Noncontrolling interest in subsidiaries	22,444	17,700
Total stockholders' equity	1,950,765	1,543,136
Total liabilities, mezzanine equity and stockholders' equity	**$ 4,144,311**	**$ 3,690,360**

See accompanying Notes to Condensed Consolidated Financial Statements.

ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited) (In thousands, except per share data)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Net sales	$ 693,354	$ 690,538	$ 2,373,615	$ 2,288,484
Cost of goods sold	434,202	448,944	1,443,893	1,420,495
Gross profit	259,152	241,594	929,722	867,989
Operating expenses:				
Selling, general and administrative	108,742	100,778	331,927	288,962
Loss (gain) on disposal of assets and costs from exit and disposal activities	87	(477)	(8,815)	432
Intangible amortization	13,500	14,429	40,746	38,140
Income from operations	136,823	126,864	565,864	540,455
Other expense:				
Interest expense	22,579	23,094	68,724	69,074
Interest income and other, net	(8,499)	(4,792)	(23,216)	(18,864)
Income before income taxes	122,743	108,562	520,356	490,245
Income tax expense	30,557	27,091	129,630	117,897
Equity in net income of unconsolidated affiliates	(1,851)	(818)	(3,902)	(3,437)
Net income	94,037	82,289	394,628	375,785
Less: net income attributable to noncontrolling interest	411	1,058	1,063	2,770
Net income attributable to ADS	$ 93,626	$ 81,231	$ 393,565	$ 373,015
Weighted average common shares outstanding:				
Basic	77,815	77,540	77,736	77,541
Diluted	78,447	78,115	78,336	78,196
Net income per share:				
Basic	$ 1.20	$ 1.05	$ 5.06	$ 4.81
Diluted	$ 1.19	$ 1.04	$ 5.02	$ 4.77

See accompanying Notes to Condensed Consolidated Financial Statements.

ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited) (In thousands)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Net income	$ 94,037	$ 82,289	$ 394,628	$ 375,785
Currency translation (loss) income	3,488	(8,221)	9,280	(12,016)
Comprehensive income	97,525	74,068	403,908	363,769
Less: other comprehensive (loss) income attributable to noncontrolling interest	437	(532)	2,299	(3,468)
Less: net income attributable to noncontrolling interest	411	1,058	1,063	2,770
Total comprehensive income attributable to ADS	**$ 96,677**	**$ 73,542**	**$ 400,546**	**$ 364,467**

See accompanying Notes to Condensed Consolidated Financial Statements.

ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In thousands)

	Nine Months Ended December 31,	
	2025	**2024**
Cash Flows from Operating Activities		
Net income	$ 394,628	$ 375,785
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	156,443	133,671
Deferred income taxes	25,054	510
(Gain) loss on disposal of assets and costs from exit and disposal activities	(8,815)	432
Stock-based compensation	25,816	21,758
Amortization of deferred financing charges	1,300	1,533
Fair market value adjustments to derivatives	569	383
Equity in net income of unconsolidated affiliates	(3,902)	(3,437)
Other operating activities	1,755	(1,849)
Changes in working capital:		
Receivables	100,183	83,059
Inventories	62,615	(179)
Prepaid expenses and other current assets	900	(2,564)
Accounts payable, accrued expenses, and other liabilities	22,587	(68,838)
Net cash provided by operating activities	779,133	540,264
Cash Flows from Investing Activities		
Capital expenditures	(196,737)	(166,410)
Proceeds from disposal of assets	32,254	831
Acquisitions, net of cash acquired	(18,558)	(237,310)
Other investing activities	(3,531)	—
Net cash used in investing activities	(186,572)	(402,889)
Cash Flows from Financing Activities		
Payments on syndicated Term Loan Facility	(5,250)	(5,250)
Payments on Equipment Financing	(2,623)	(3,909)
Proceeds from commercial loan agreement	27,200	—
Payments on finance lease obligations	(31,237)	(17,820)
Repurchase of common stock	—	(69,922)
Cash dividends paid	(42,099)	(37,324)
Proceeds from noncontrolling interest holder	3,342	—
Proceeds from exercise of stock options	5,058	8,927
Payment of withholding taxes on vesting of restricted stock units	(7,046)	(10,646)
Other financing activities	5	—
Net cash used in financing activities	(52,650)	(135,944)
Effect of exchange rate changes on cash	1,721	(2,526)
Net change in cash	541,632	(1,095)
Cash and restricted cash at beginning of period	469,271	495,848
Cash and restricted cash at end of period	**$ 1,010,903**	**$ 494,753**
RECONCILIATION TO BALANCE SHEET		
Cash	$ 1,008,190	$ 488,859
Restricted cash (included in Other current assets and Other assets, respectively, in the Condensed Consolidated Balance Sheets)	2,713	5,894
Total cash and restricted cash	**$ 1,010,903**	**$ 494,753**

See accompanying Notes to Condensed Consolidated Financial Statements.

ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY
(Unaudited) (In thousands)

	Common Stock		Paid -In	Common Stock in Treasury		Accumulated Other Compre- hensive	Retained	Total ADS Stockholders'	Non- controlling Interest in	Total Stock- holders'	Redeemable Common Stock		Total Mezzanine
	Shares	Amount	Capital	Shares	Amount	Loss	Earnings	Equity	Subsidiaries	Equity	Shares	Amount	Equity
Balance at October 1, 2024	83,359	$ 11,690	$ 1,255,794	11,896	$ (1,219,438)	$ (30,689)	$ 1,359,100	$ 1,376,457	$ 17,578	$ 1,394,035	6,045	$ 98,231	$ 98,231
Net income	—	—	—	—	—	—	81,231	81,231	1,058	82,289	—	—	—
Other comprehensive loss	—	—	—	—	—	(7,689)	—	(7,689)	(532)	(8,221)	—	—	—
Common stock dividends ($0.16 per share)	—	—	—	—	—	—	(12,440)	(12,440)	—	(12,440)	—	—	—
Share repurchases	—	—	—	—	104	—	—	104	—	104	—	—	—
KSOP redeemable common stock conversion	184	2	2,979	—	—	—	—	2,981	—	2,981	(184)	(2,981)	(2,981)
Exercise of common stock options	4	1	232	—	—	—	—	233	—	233	—	—	—
Restricted stock awards	1	—	—	—	(70)	—	—	(70)	—	(70)	—	—	—
Stock-based compensation expense	—	—	7,798	—	—	—	—	7,798	—	7,798	—	—	—
ESPP Share Issuance	25	—	2,428	—	—	—	—	2,428	—	2,428	—	—	—
Other	—	—	(1)	—	—	—	—	(1)	—	(1)	—	—	—
Balance at December 31, 2024	83,573	$ 11,693	$ 1,269,230	11,896	$ (1,219,404)	$ (38,378)	$ 1,427,891	$ 1,451,032	$ 18,104	$ 1,469,136	5,861	$ 95,250	$ 95,250
Balance at April 1, 2024	82,283	$ 11,679	$ 1,219,834	11,415	$ (1,140,578)	$ (29,830)	$ 1,092,208	$ 1,153,313	$ 18,802	$ 1,172,115	6,682	$ 108,584	$ 108,584
Net income	—	—	—	—	—	—	373,015	373,015	2,770	375,785	—	—	—
Other comprehensive loss	—	—	—	—	—	(8,548)	—	(8,548)	(3,468)	(12,016)	—	—	—
Common stock dividends ($0.48 per share)	—	—	—	—	—	—	(37,332)	(37,332)	—	(37,332)	—	—	—
Share repurchases	—	—	—	420	(68,179)	—	—	(68,179)	—	(68,179)	—	—	—
KSOP redeemable common stock conversion	821	8	13,326	—	—	—	—	13,334	—	13,334	(821)	(13,334)	(13,334)
Exercise of common stock options	227	3	8,924	—	—	—	—	8,927	—	8,927	—	—	—
Restricted stock awards	99	1	—	27	(4,710)	—	—	(4,709)	—	(4,709)	—	—	—
Performance-based restricted stock units	93	1	—	34	(5,937)	—	—	(5,936)	—	(5,936)	—	—	—
Stock-based compensation expense	—	—	21,758	—	—	—	—	21,758	—	21,758	—	—	—
ESPP Share Issuance	50	1	5,391	—	—	—	—	5,392	—	5,392	—	—	—
Other	—	—	(3)	—	—	—	—	(3)	—	(3)	—	—	—
Balance at December 31, 2024	83,573	$ 11,693	$ 1,269,230	11,896	$ (1,219,404)	$ (38,378)	$ 1,427,891	$ 1,451,032	$ 18,104	$ 1,469,136	5,861	$ 95,250	$ 95,250

See accompanying Notes to Condensed Consolidated Financial Statements.

ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY
(Unaudited) (In thousands)

	Common Stock		Paid -In Capital	Common Stock in Treasury		Accumulated Other Compre-hensive Loss	Retained Earnings	Total ADS Stockholders' Equity	Non-controlling Interest in Subsidiaries	Total Stock-holders' Equity	Redeemable Common Stock		Total Mezzanine Equity
	Shares	Amount		Shares	Amount						Shares	Amount	
Balance at October 1, 2025	84,602	$ 11,703	$ 1,309,458	11,942	$ (1,226,102)	$ (33,248)	$ 1,764,512	$ 1,826,323	$ 20,214	$ 1,846,537	5,082	$ 82,574	$ 82,574
Net income	—	—	—	—	—	—	93,626	93,626	411	94,037	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	3,051	—	3,051	437	3,488	—	—	—
Common stock dividends ($0.18 per share)	—	—	—	—	—	—	(14,037)	(14,037)	—	(14,037)	—	—	—
Dividends declared to noncontrolling interest holder	—	—	—	—	—	—	—	—	(1,960)	(1,960)	—	—	—
Contribution from noncontrolling interest holder	—	—	—	—	—	—	—	—	3,342	3,342	—	—	—
KSOP redeemable common stock conversion	266	3	4,319	—	—	—	—	4,322	—	4,322	(266)	(4,322)	(4,322)
Exercise of common stock options	99	1	3,575	—	—	—	—	3,576	—	3,576	—	—	—
Restricted stock awards	5	—	—	1	(243)	—	—	(243)	—	(243)	—	—	—
Performance-based restricted stock units	2	—	—	1	(109)	—	—	(109)	—	(109)	—	—	—
Stock-based compensation expense		—	8,835	—	—	—	—	8,835	—	8,835	—	—	—
ESPP Share Issuance	30	—	2,972	—	—	—	—	2,972	—	2,972	—	—	—
Other	—	—	5	—	—	—	—	5	—	5	—	—	—
Balance at December 31, 2025	85,004	$ 11,707	$ 1,329,164	11,944	$ (1,226,454)	$ (30,197)	$ 1,844,101	$ 1,928,321	$ 22,444	$ 1,950,765	4,816	$ 78,252	$ 78,252
Balance at April 1, 2025	83,750	$ 11,694	$ 1,277,694	11,886	$ (1,219,408)	$ (37,178)	$ 1,492,634	$ 1,525,436	$ 17,700	$ 1,543,136	5,702	$ 92,652	$ 92,652
Net income	—	—	—	—	—	—	393,565	393,565	1,063	394,628	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	6,981	—	6,981	2,299	9,280	—	—	—
Common stock dividends ($0.54 per share)	—	—	—	—	—	—	(42,098)	(42,098)	—	(42,098)	—	—	—
Dividends declared to noncontrolling interest holder	—	—	—	—	—	—	—	—	(1,960)	(1,960)	—	—	—
Contribution from noncontrolling interest holder	—	—	—	—	—	—	—	—	3,342	3,342	—	—	—
KSOP redeemable common stock conversion	886	9	14,391	—	—	—	—	14,400	—	14,400	(886)	(14,400)	(14,400)
Exercise of common stock options	120	1	5,057	—	—	—	—	5,058	—	5,058	—	—	—
Restricted stock awards	100	1	—	29	(3,470)	—	—	(3,469)	—	(3,469)	—	—	—
Performance-based restricted stock units	85	1	—	29	(3,576)	—	—	(3,575)	—	(3,575)	—	—	—
Stock-based compensation expense	—	—	25,816	—	—	—	—	25,816	—	25,816	—	—	—
ESPP Share Issuance	63	1	6,207	—	—	—	—	6,208	—	6,208	—	—	—
Other	—	—	(1)	—	—	—	—	(1)	—	(1)	—	—	—
Balance at December 31, 2025	85,004	$ 11,707	$ 1,329,164	11,944	$ (1,226,454)	$ (30,197)	$ 1,844,101	$ 1,928,321	$ 22,444	$ 1,950,765	4,816	$ 78,252	$ 78,252

See accompanying Notes to Condensed Consolidated Financial Statements.

ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business - Advanced Drainage Systems, Inc., incorporated in Delaware, and its subsidiaries (collectively referred to as “ADS” or the “Company”) designs, manufactures and markets innovative water management solutions in the stormwater and onsite septic wastewater industries, providing superior drainage solutions for use in the construction and agriculture marketplace. ADS’s products are used across a broad range of end markets and applications, including non-residential, residential, infrastructure and agriculture applications.

The Company is managed and reports results of operations in three reportable segments: Pipe, Infiltrator Water Technologies, LLC (“Infiltrator”) and International. The Company also reports the results of its Allied Products and all other business segments as Allied Products & Other.

Historically, sales of the Company’s products have been higher in the first and second quarters of each fiscal year due to favorable weather and longer daylight conditions accelerating construction activity during these periods. Seasonal variations in operating results may also be impacted by inclement weather conditions, such as cold or wet weather, which can delay projects.

Basis of Presentation - The Company prepares its Condensed Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Condensed Consolidated Balance Sheet as of March 31, 2025 was derived from audited financial statements included in the Annual Report on Form 10-K for the year ended March 31, 2025 (“Fiscal 2025 Form 10-K”). The accompanying unaudited Condensed Consolidated Financial Statements contain all adjustments, of a normal recurring nature, necessary to present fairly its financial position as of December 31, 2025, the results of operations for the three and nine months ended December 31, 2025 and cash flows for the nine months ended December 31, 2025. The interim Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements, including the notes thereto, filed in the Company’s Fiscal 2025 Form 10-K.

Presentation - Prior period segment results and related disclosures have been recast to conform to the current period segment presentation. See “Note 13. Business Segment Information” for additional information.

Principles of Consolidation - The Condensed Consolidated Financial Statements include the Company, its wholly-owned subsidiaries, its majority-owned subsidiaries and variable interest entities of which the Company is the primary beneficiary. The Company uses the equity method of accounting for equity investments where it exercises significant influence but does not hold a controlling financial interest. Such investments are recorded in Other assets in the Condensed Consolidated Balance Sheets and the related equity earnings from these investments are included in Equity in net income of unconsolidated affiliates in the Condensed Consolidated Statements of Operations. All intercompany balances and transactions have been eliminated in consolidation.

Recent Accounting Guidance

Measurement of Credit Losses for Accounts Receivable and Contract Assets - In July 2025, the FASB issued an accounting standards update (“ASU”) which amends Accounting Standards Codification (“ASC”) 326-20 to provide a practical expedient and an accounting policy election related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. An entity is required to disclose whether it has elected to use the practical expedient and, if so, whether it has also applied the accounting policy election. The ASU is effective for fiscal years beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, with early adoption permitted. The new guidance is to be applied prospectively. The Company is currently evaluating the impact this standard will have on the Condensed Consolidated Financial Statements.

Accounting for and Disclosure of Software Costs - In September 2025, the FASB issued an ASU which amends certain aspects of ASC 350-40. The amended guidance eliminates project stages and requires capitalizing software costs to begin when (1) management has authorized and committed to funding the software project and (2) it is probable that the project will be completed and the software will be used to perform the function intended. When evaluating if a project is probable to be completed, significant development uncertainty must be assessed. Additionally, disclosures for property, plant and equipment will be required for all capitalized software costs. The ASU is effective for fiscal years beginning after December 15, 2027, and interim reporting periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact this standard will have on the Condensed Consolidated Financial Statements.

Except for the pronouncements described above, there have been no new accounting pronouncements issued or adopted since the filing of the Fiscal 2025 Form 10-K that have significance, or potential significance, to the Consolidated Financial Statements.

2. RESTRUCTURING AND LOSS (GAIN) ON DISPOSAL OF ASSETS AND COSTS FROM EXIT AND DISPOSAL ACTIVITIES

In fiscal 2026, the Company undertook certain restructuring and realignment activities (the "2026 Restructuring Plan") to optimize the Company's production, recycling and distribution network. Under the 2026 Restructuring Plan, during the three and nine months ended December 31, 2025, the Company recorded expense of $1.7 million and $17.7 million, respectively, related to the closure of one of the Company's recycling facilities to optimize its recycling network, one offsite storage location and one distribution yard. The Company does not currently have an estimate of additional costs or an expected end date for the restructuring actions. The following table summarizes the activities included in Restructuring and realignment expense during the periods presented.

	Three Months Ended December 31,		Nine Months Ended December 31,	
(Amounts in thousands)	**2025**	**2024**	**2025**	**2024**
Loss (gain) on disposal of assets and costs from exit and disposal activities:				
Accelerated depreciation	$ —	$ —	$ 1,764	$ —
Severance	—	—	1,854	—
Impairment of right-of-use assets	21	—	2,141	—
Other exit and disposal costs	69	—	1,875	—
Selling, general and administrative expenses:				
Realignment expenses	1,616	—	10,038	—
Total 2026 Restructuring Plan activities	$ 1,706	—	$ 17,672	—

The costs incurred under the 2026 Restructuring Plan to date are classified as operating expenses and not allocated to a segment. During the three and nine months ended December 31, 2025, the Company recorded accelerated depreciation, severance costs, impairment of right-of-use lease assets and other exit and disposal costs. Other exit and disposal activities include legal and professional fees, inventory and equipment transfer costs and other costs.

The following table summarizes the restructuring liability for the periods presented:

(In thousands)	**2025**
Accrual balance at April 1	$ —
Costs incurred	17,672
Non-cash charges	(3,905)
Expenses paid	(13,343)
Accrual balance at end of period	$ 424

The restructuring liability is recorded in Other accrued liabilities in the Company's Condensed Consolidated Balance Sheet.

Loss (Gain) on Disposal of Assets and Costs From Exit and Disposal Activities - The Company recorded a less than $0.1 million loss and a $16.4 million gain on disposal of assets in the three and nine months ended December 31, 2025, respectively. The sale of properties previously held-for-sale resulted in the gain of $18.1 million. The remaining balance is due to the sale or disposal of other property, plant and equipment.

3. ACQUISITIONS

Acquisition of Orenco - On October 1, 2024, the Company's wholly-owned subsidiary, Infiltrator, completed the acquisition of Orenco Systems, Inc. ("Orenco"), a leading manufacturer of decentralized wastewater management products serving residential and non-residential end markets. The fair value of consideration transferred was approximately $236.3 million, which represented the purchase price of $255.0 million, net of cash acquired of $18.7 million. The purchase price excludes transactions costs. The acquisition was funded from cash on hand. Orenco will be included in the Infiltrator reportable segment.

The following table summarizes the consideration transferred and the purchase price allocation of assets acquired and liabilities assumed:

(Amounts in thousands)	Amount	Valuation Adjustments	Final Amount
Accounts receivable	$ 12,117	$ —	$ 12,117
Inventory	15,651	—	15,651
Other current assets	219	—	219
Property, plant and equipment	7,305	—	7,305
Goodwill	103,676	555	104,231
Intangible assets	148,000	—	148,000
Other assets	9,041	—	9,041
Accounts payable	(3,618)	—	(3,618)
Accrued expenses	(15,823)	—	(15,823)
Deferred tax liabilities	(34,531)	(1,572)	(36,103)
Other liabilities	(4,727)	—	(4,727)
Total fair value of consideration transferred	**$ 237,310**	**$ (1,017)**	**$ 236,293**

The goodwill of $104.2 million represents the excess of consideration transferred over the fair value of assets acquired and liabilities assumed and is attributable to expected operating efficiencies. The goodwill is not deductible for income tax purposes and is assigned to Infiltrator.

Acquisition of River Valley Pipe - On May 8, 2025, the Company completed its acquisition of the assets of River Valley Pipe LLC (“River Valley Pipe”), a privately-owned pipe manufacturing company located in the Midwest region of the United States. The preliminary fair value of consideration transferred was approximately $18.8 million. The acquisition was funded from cash on hand. River Valley Pipe is included in the Pipe reportable segment.

The following table summarizes the consideration transferred and the preliminary purchase price allocation of assets acquired and liabilities assumed. The purchase price allocation for assets acquired and liabilities assumed is preliminary and will be finalized when valuations are complete and final assessments of the fair value of acquired assets and assumed liabilities are completed. Such finalization may result in material changes from the preliminary purchase price allocation. The Company's estimates and assumptions are subject to change during the measurement period (up to one year from the closing date), as the Company continues to finalize the valuations of assets acquired and liabilities assumed.

(Amounts in thousands)	Initial Amount	Valuation Adjustments	Final Amount
Accounts receivable	$ 3,101	$ —	$ 3,101
Inventory	3,027	—	3,027
Property, plant and equipment	6,986	—	6,986
Goodwill	4,964	(1,029)	3,935
Intangible assets	2,970	—	2,970
Other assets	75		75
Accounts payable	(1,227)	—	(1,227)
Accrued expenses	(285)	236	(49)
Other liabilities	(35)	—	(35)
Total fair value of consideration transferred	**$ 19,576**	**$ (793)**	**$ 18,783**

The preliminary goodwill of $3.9 million represents the excess of consideration transferred over the preliminary fair value of assets acquired and liabilities assumed and is attributable to expected operating efficiencies. The goodwill is deductible for income tax purposes and is assigned to Pipe.

The preliminary purchase price excludes transaction costs. During the nine months ended December 31, 2025, the Company incurred $0.5 million of transaction costs related to the acquisition such as legal, accounting, valuation and other professional services. These costs are included in selling, general and administrative expenses in the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Comprehensive Income.

The identifiable intangible assets recorded in connection with the acquisition of River Valley Pipe are based on preliminary valuations including customer relationships and tradename totaling $3.0 million. The intangible assets will be amortized on a straight-line basis over their estimated useful lives.

(Amounts in thousands)	Preliminary fair value	Preliminary Useful Lives
Customer relationships	$ 2,600	10 years
Tradename	370	5 years
Total identifiable intangible assets	**$ 2,970**	

The Company has excluded certain disclosures required under ASC 805, *Business Combinations* as they are not material to the financial statements.

4. REVENUE RECOGNITION

Revenue Disaggregation - The Company disaggregates net sales by Domestic, International and Infiltrator and further disaggregates Domestic and International by product type, consistent with its reportable segment disclosure. This disaggregation level best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to "Note 13. Business Segment Information" for the Company's disaggregation of Net sales by reportable segment. The following table presents net sales (including intersegment net sales) disaggregated by product type for the Company's International segment.

	Three Months Ended December 31,		Nine Months Ended December 31,	
(Amounts in thousands)	2025	2024	2025	2024
International				
International - Pipe	$ 35,453	$ 36,909	$ 111,702	$ 125,281
International - Allied Products & Other	15,030	16,372	48,467	49,664
Total International	$ 50,483	$ 53,281	$ 160,169	$ 174,945

Contract Balances - The Company recognizes a contract asset representing the Company's right to recover products upon the receipt of returned products and a contract liability for the customer refund. The following table presents the balance of the Company's contract asset and liability as of the periods presented:

(In thousands)	December 31, 2025	March 31, 2025
Contract asset - product returns	$ 948	$ 1,381
Refund liability	2,982	4,032

5. LEASES

Nature of the Company's Leases - The Company has operating and finance leases for plants, yards, corporate offices, tractors, trailers and other equipment. The Company's leases have remaining terms of less than one year to 11 years. A portion of the Company's yard leases include an option to extend the leases for up to five years. The Company has included renewal options which are reasonably certain to be exercised in its right-of-use assets and lease liabilities.

6. INVENTORIES

Inventories as of the periods presented consisted of the following:

(In thousands)	December 31, 2025	March 31, 2025
Raw materials	$ 96,787	$ 105,146
Finished goods	334,458	383,123
Total inventories	**$ 431,245**	**$ 488,269**

7. NET INCOME PER SHARE AND STOCKHOLDERS' EQUITY

Net Income per Share - The following table presents information necessary to calculate net income per share for the periods presented, as well as potentially dilutive securities excluded from the weighted average number of diluted common shares outstanding because their inclusion would have been anti-dilutive:

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands, except per share data)	2025	2024	2025	2024
NET INCOME PER SHARE—BASIC:				
Net income available to common stockholders – Basic	$ 93,626	$ 81,231	$ 393,565	$ 373,015
Weighted average number of common shares outstanding – Basic	77,815	77,540	77,736	77,541
Net income per common share – Basic	$ 1.20	$ 1.05	$ 5.06	$ 4.81
NET INCOME PER SHARE—DILUTED:				
Net income available to common stockholders – Diluted	$ 93,626	$ 81,231	$ 393,565	$ 373,015
Weighted average number of common shares outstanding – Basic	77,815	77,540	77,736	77,541
Assumed restricted stock	70	54	48	67
Assumed exercise of stock options	433	462	424	529
Assumed performance-based restricted stock units	129	59	128	59
Weighted average number of common shares outstanding – Diluted	78,447	78,115	78,336	78,196
Net income per common share – Diluted	$ 1.19	$ 1.04	$ 5.02	$ 4.77
Potentially dilutive securities excluded as anti-dilutive	20	10	42	22

8. RELATED PARTY TRANSACTIONS

ADS Mexicana - ADS conducts business in Mexico and Central America through its joint venture, ADS Mexicana, S.A. de C.V. ("ADS Mexicana"). ADS owns 51% of the outstanding stock of ADS Mexicana and consolidates ADS Mexicana for financial reporting purposes.

On June 6, 2022, the Company and ADS Mexicana amended the Intercompany Revolving Credit Promissory Note (the "Intercompany Note") with a borrowing capacity of $9.5 million. The Intercompany Note matures on June 8, 2027. The Intercompany Note indemnifies the ADS Mexicana joint venture partner for 49% of any unpaid borrowings. The interest rates under the Intercompany Note are determined by certain base rates or Secured Overnight Financing Rate ("SOFR") plus an applicable margin based on the Leverage Ratio. As of both December 31, 2025 and March 31, 2025, there were no borrowings outstanding under the Intercompany Note.

South American Joint Venture - The Tuberias Tigre - ADS Limitada joint venture (the "South American Joint Venture") manufactures and sells HDPE corrugated pipe in certain South American markets. ADS owns 50% of the South American Joint Venture. ADS is the guarantor of 50% of the South American Joint Venture's credit arrangement, and the debt guarantee is shared equally with the joint venture partner. The Company's maximum potential obligation under this guarantee is $5.5 million as of December 31, 2025. The maximum borrowings permitted under the South American Joint Venture's credit facility are $11.0 million. The Company does not anticipate any required contributions related to the balance of this credit arrangement. As of December 31, 2025 and March 31, 2025, there was no outstanding principal balance for the South American Joint Venture's credit facility, including letters of credit.

9. DEBT

Long-term debt as of the periods presented consisted of the following:

(In thousands)	December 31, 2025	March 31, 2025
Term Loan Facility	$ 408,000	$ 413,250
Senior Notes due 2027	350,000	350,000
Senior Notes due 2030	500,000	500,000
Revolving Credit Facility	—	—
Other debt	30,574	5,988
Total	1,288,574	1,269,238
Less: Unamortized debt issuance costs	(6,415)	(7,715)
Less: Current maturities	(6,458)	(9,934)
Long-term debt obligations	**$ 1,275,701**	**$ 1,251,589**

Senior Secured Credit Facility - In May 2022, the Company entered into a Second Amendment (the "Second Amendment") to the Company's Base Credit Agreement with Barclays Bank PLC, as administrative agent under the Term Loan Facility and PNC Bank, National Association, as new administrative agent under the Revolving Credit Facility. Among other things, the Second Amendment (i) amended the Base Credit Agreement by increasing the Revolving Credit Facility (the "Amended Revolving Credit Facility") from $350 million to $600 million (including an increase of the sub-limit for the swing-line sub-facility from $50 million to $60 million), (ii) extended the maturity date of the Revolving Credit Facility to May 26, 2027, (iii) revised the "applicable margin" to provide an additional step-down to 175 basis points (for Term Benchmark based loans) and 75 basis points (for base rate loans) in the event the consolidated senior secured net leverage ratio is less than 2.00 to 1.00, and (iv) reset the "incremental amount" and the investment basket in non-guarantors and joint ventures. The Second Amendment also revised the reference interest rate from LIBOR to SOFR for both the Amended Revolving Credit Facility and the Term Loan Facility. On November 26, 2025, the Company entered into a Third Amendment to the Company's Base Credit Agreement modifying the termination date for the Amended Revolving Credit Facility. Letters of credit outstanding at December 31, 2025 and March 31, 2025 amounted to $10.1 million and $9.5 million, respectively, and reduced the availability of the Revolving Credit Facility.

The maturity date of the Term Loan Facility is September 24, 2026. As of December 31, 2025, the Company has continued to classify the Term Loan Facility as long-term debt as the Company has the intent and the ability to refinance these borrowings on a long-term basis as supported by the available capacity under the Revolving Credit Facility.

Senior Notes due 2027 - On September 23, 2019, the Company issued $350.0 million aggregate principal amount of 5.0% Senior Notes due 2027 (the "2027 Notes") pursuant to an Indenture, dated September 23, 2019 (the "2027 Indenture"), among the Company, the guarantors party thereto (the "Guarantors") and U.S. Bank National Association, as Trustee (the "Trustee").

Senior Notes due 2030 - On June 9, 2022, the Company issued $500.0 million aggregate principal amount of 6.375% Senior Notes due 2030 (the "2030 Notes") pursuant to an Indenture, dated June 9, 2022 (the "2030 Indenture"), among the Company, the Guarantors and the Trustee.

Other debt - Other debt includes equipment financing and the commercial loan related to the Company's headquarters. The assets under the Equipment Financing acquired are titled to the Company and included in Property, plant and equipment, net on the Company's Condensed Consolidated Balance Sheet. The equipment financing has an initial term of between 12 and 84 months, based on the life of the equipment, and bears a weighted average interest rate of 1.8% as of December 31, 2025. The current portion of the equipment financing is $1.2 million, and the long-term portion is $2.2 million at December 31, 2025.

The Company entered into a commercial loan agreement of $27.2 million which matures on December 5, 2028. The agreement bears interest based on SOFR plus a margin of 285 basis points, requires interest only payments through December 5, 2026, and beginning January 5, 2027 through maturity, includes principal and interest payments. As of December 31, 2025, the loan balance is classified as long-term debt in the Condensed Consolidated Balance Sheet.

Valuation of Debt - The carrying amounts of current financial assets and liabilities approximate fair value because of the immediate or short-term maturity of these items. The following table presents the carrying and fair value of the Company's 2027 Notes, 2030 Notes and Equipment Financing for the periods presented:

	December 31, 2025		March 31, 2025	
(In thousands)	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**
Senior Notes due 2027	$ 350,119	$ 350,000	$ 344,036	$ 350,000
Senior Notes due 2030	511,835	500,000	500,845	500,000
Equipment Financing	3,251	3,374	6,714	5,988
Total fair value	**$ 865,205**	**$ 853,374**	**$ 851,595**	**$ 855,988**

The fair values of the 2027 Notes and 2030 Notes were determined based on quoted market data for the Company's 2027 Notes and 2030 Notes, respectively. The fair value of the Equipment Financing was determined based on a comparison of the interest rate and terms of such borrowings to the rates and terms of similar debt available for the period. The categorization of the framework used to evaluate the 2027 Notes, 2030 Notes and Equipment Financing are considered Level 2. The Company believes the carrying amount of the remaining long-term debt, including the Term Loan Facility, Revolving Credit Facility and Commercial loan agreement, is not materially different from its fair value as the interest rates and terms of the borrowings are similar to currently available borrowings.

10. COMMITMENTS AND CONTINGENCIES

Purchase Commitments - The Company has historically secured supplies of resin raw material by agreeing to purchase quantities during a future given period at a fixed price. These purchase contracts typically ranged from 1 to 12 months and occur in the ordinary course of business. The Company does not have any outstanding purchase commitments with fixed price and quantity as of December 31, 2025. The Company also enters into equipment purchase contracts with manufacturers.

Litigation and Other Proceedings - The Company is involved from time to time in various legal proceedings that arise in the ordinary course of business, including but not limited to commercial disputes, environmental matters, employee related claims, intellectual property disputes and litigation in connection with transactions including acquisitions and divestitures. The Company does not believe that such litigation, claims, and administrative proceedings will have a material adverse impact on the Company's financial position or results of operations. The Company records a liability when a loss is considered probable, and the amount can be reasonably estimated.

11. INCOME TAXES

The Company's effective tax rate will vary based on a variety of factors, including overall profitability, the geographical mix of income before taxes and related tax rates in jurisdictions where it operates and other one-time charges, as well as the occurrence of discrete events. For the three months ended December 31, 2025 and 2024, the Company utilized an effective tax rate of 24.9% and 25.0%, respectively, to calculate its provision for income taxes. For the nine months ended December 31, 2025 and 2024, the Company utilized an effective tax rate of 24.9% and 24.0%, respectively, to calculate its provision for income taxes. State and local income taxes increased the effective rate for the three and nine months ended December 31, 2025 and 2024.

12. STOCK-BASED COMPENSATION

ADS has several programs for stock-based payments to employees and non-employee members of its Board of Directors, including stock options, performance-based restricted stock units and restricted stock. The Company recognized stock-based compensation expense in the following line items of the Condensed Consolidated Statements of Operations for the periods presented:

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands)	**2025**	**2024**	**2025**	**2024**
Component of income before income taxes:				
Cost of goods sold	$ 1,814	$ 1,335	$ 5,384	$ 4,131
Selling, general and administrative expenses	7,021	6,463	20,432	17,627
Total stock-based compensation expense	**$ 8,835**	**$ 7,798**	**$ 25,816**	**$ 21,758**

The following table summarizes stock-based compensation expense by award type for the periods presented:

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands)	**2025**	**2024**	**2025**	**2024**
Stock-based compensation expense:				
Stock Options	$ 1,705	$ 1,445	$ 5,168	$ 4,443
Restricted Stock	3,030	2,663	9,329	7,552
Performance-based Restricted Stock Units	3,268	2,888	8,492	6,996
Employee Stock Purchase Plan	404	351	1,516	1,297
Non-Employee Directors	428	451	1,311	1,470
Total stock-based compensation expense	**$ 8,835**	**$ 7,798**	**$ 25,816**	**$ 21,758**

2017 Omnibus Incentive Plan - The 2017 Incentive Plan provides for the issuance of a maximum of 5.0 million shares of the Company's common stock for awards made thereunder, which awards may consist of stock options, restricted stock, restricted stock units, stock appreciation rights, phantom stock, cash-based awards, performance awards (which may take the form of performance cash, performance units or performance shares) or other stock-based awards.

Restricted Stock - During the nine months ended December 31, 2025, the Company granted 0.1 million shares of restricted stock with a grant date fair value of $13.9 million.

Performance-based Restricted Stock Units ("Performance Units") - During the nine months ended December 31, 2025, the Company granted 0.1 million shares of performance units at a grant date fair value of $14.3 million.

Options - During the nine months ended December 31, 2025, the Company granted 0.1 million nonqualified stock options under the 2017 Incentive Plan with a grant date fair value of $7.5 million. The Company estimates the fair value of stock options using a Black-Scholes option-pricing model. The following table summarizes the assumptions used to estimate the fair value of stock-options during the period presented:

	Nine Months Ended December 31, 2025
Common stock price	$119.30
Expected stock price volatility	46.7%
Risk-free interest rate	4.2%
Weighted-average expected option life (years)	6
Dividend yield	0.60%

Employee Stock Purchase Plan ("ESPP") - In July 2022, the Company's stockholders approved the Advanced Drainage Systems, Inc. Employee Stock Purchase Plan, which provides for a maximum of 0.4 million shares of the Company's common stock. Eligible employees may purchase the Company's common stock at 85% of the lower of the fair market value of the Company's common stock on the first day or the last day of the offering period. The offering periods are six months in duration beginning either January 1 or July 1 and ending June 30 and December 31.

13. BUSINESS SEGMENT INFORMATION

The Company operates its business in three distinct reportable segments: "Pipe", "International" and "Infiltrator." "Allied Products & Other" represents the Company's Allied Products and all other business segments. The Chief Operating Decision Maker ("CODM") for ADS is the Chief Executive Officer ("CEO"). The CEO reviews financial information and makes operational decisions based on Net sales and a measure of operating profit, Segment Adjusted Gross Profit. A measure of assets is not applicable, as segment assets are not regularly reviewed by the CODM for evaluating performance or allocating resources.

In the first quarter of fiscal 2026, the Company realigned certain products used in wastewater applications to the Infiltrator reportable segment. The Company transitioned its ARC Septic Chambers from Allied Products & Other and certain pipe products used in wastewater applications from Pipe. Prior period segment information for fiscal 2025 has been recast to conform to the fiscal 2026 presentation.

The following table sets forth reportable segment information with respect to the amount of Net sales contributed by each class of similar products for the periods presented:

	Three Months Ended					
	December 31, 2025			December 31, 2024		
(In thousands)	Net Sales	Intersegment Net Sales	Net Sales from External Customers	Net Sales	Intersegment Net Sales	Net Sales from External Customers
Pipe	$ 339,175	$ (12,462)	$ 326,713	$ 352,236	$ (12,607)	$ 339,629
Infiltrator	167,666	(14,785)	152,881	160,076	(10,063)	150,013
International	50,483	(1,392)	49,091	53,281	(2,918)	50,363
Total Reportable Segments	557,324	(28,639)	528,685	565,593	(25,588)	540,005
Allied Products & Other	168,050	(3,381)	164,669	154,295	(3,762)	150,533
Intersegment Eliminations	(32,020)	32,020	—	(29,350)	29,350	—
Total Consolidated	**$ 693,354**	**$ —**	**$ 693,354**	**$ 690,538**	**$ —**	**$ 690,538**

	Nine Months Ended					
	December 31, 2025			December 31, 2024		
(In thousands)	Net Sales	Intersegment Net Sales	Net Sales from External Customers	Net Sales	Intersegment Net Sales	Net Sales from External Customers
Pipe	$ 1,194,801	$ (39,501)	$ 1,155,300	$ 1,214,367	$ (41,972)	$ 1,172,395
Infiltrator	558,996	(48,046)	510,950	481,739	(40,826)	440,913
International	160,169	(3,930)	156,239	174,945	(10,324)	164,621
Total Reportable Segments	1,913,966	(91,477)	1,822,489	1,871,051	(93,122)	1,777,929
Allied Products & Other	562,071	(10,945)	551,126	522,939	(12,384)	510,555
Intersegment Eliminations	(102,422)	102,422	—	(105,506)	105,506	—
Total Consolidated	**$ 2,373,615**	**$ —**	**$ 2,373,615**	**$ 2,288,484**	**$ —**	**$ 2,288,484**

Reconciliation of Gross Profit to Segment Adjusted Gross Profit - The Company calculates Segment Adjusted Gross Profit as Net sales less costs of goods sold excluding depreciation and amortization, stock-based compensation and certain other expenses. The following table reconciles the Segment Adjusted Gross Profit to Gross Profit:

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands)	2025	2024	2025	2024
Reconciliation of Segment Adjusted Gross Profit:				
Total Gross Profit	$ 259,152	$ 241,594	$ 929,722	$ 867,989
Depreciation and Amortization	35,141	30,754	106,672	88,502
Stock-based compensation expense	1,814	1,335	5,384	4,131
Inventory step up related to Orenco acquisition	—	2,260	—	2,260
Total Segment Adjusted Gross Profit	**$ 296,107**	**$ 275,943**	**$ 1,041,778**	**$ 962,882**

Significant Segment Expenses - The Company has identified Cost of Goods Sold as a significant expense category. The following tables set forth reportable segment information with respect to significant segment expenses and the reconciliation of Net Sales to Adjusted Gross Profit for the periods presented:

	Three Months Ended December 31, 2025			
(Amounts in thousands)	Net Sales	Cost of Goods Sold	Depreciation, Amortization and Other [(a)]	Adjusted Gross Profit
Pipe	$ 339,175	$ 268,329	$ (26,254)	$ 97,100
Infiltrator	167,666	84,381	(6,493)	89,778
International	50,483	40,685	(1,831)	11,629
Total Reportable Segments	557,324	393,395	(34,578)	198,507
Allied Products & Other	168,050	71,908	(2,377)	98,519
Intersegment Eliminations	(32,020)	(31,101)	—	(919)
Total Consolidated	**$ 693,354**	**$ 434,202**	**$ (36,955)**	**$ 296,107**

	Three Months Ended December 31, 2024			
(Amounts in thousands)	Net Sales	Cost of Goods Sold	Depreciation, Amortization and Other [(a)]	Adjusted Gross Profit
Pipe	$ 352,236	$ 284,581	$ (21,565)	$ 89,220
Infiltrator	160,076	85,105	(8,842)	83,813
International	53,281	42,815	(1,605)	12,071
Total Reportable Segments	565,593	412,501	(32,012)	185,104
Allied Products & Other	154,295	67,637	(2,337)	88,995
Intersegment Eliminations	(29,350)	(31,194)	—	1,844
Total Consolidated	**$ 690,538**	**$ 448,944**	**$ (34,349)**	**$ 275,943**

	Nine Months Ended December 31, 2025			
(Amounts in thousands)	Net Sales	Cost of Goods Sold	Depreciation, Amortization and Other [(a)]	Adjusted Gross Profit
Pipe	$ 1,194,801	$ 904,768	$ (76,477)	$ 366,510
Infiltrator	558,996	282,157	(23,389)	300,228
International	160,169	122,278	(5,217)	43,108
Total Reportable Segments	1,913,966	1,309,203	(105,083)	709,846
Allied Products & Other	562,071	235,548	(6,973)	333,496
Intersegment Eliminations	(102,422)	(100,858)	—	(1,564)
Total Consolidated	**$ 2,373,615**	**$ 1,443,893**	**$ (112,056)**	**$ 1,041,778**

	Nine Months Ended December 31, 2024			
(Amounts in thousands)	Net Sales	Cost of Goods Sold	Depreciation, Amortization and Other [(a)]	Adjusted Gross Profit
Pipe	$ 1,214,367	$ 934,654	$ (63,079)	$ 342,792
Infiltrator	481,739	234,452	(21,427)	268,714
International	174,945	130,311	(4,545)	49,179
Total Reportable Segments	1,871,051	1,299,417	(89,051)	660,685
Allied Products & Other	522,939	226,818	(5,842)	301,963
Intersegment Eliminations	(105,506)	(105,740)	—	234
Total Consolidated	**$ 2,288,484**	**$ 1,420,495**	**$ (94,893)**	**$ 962,882**

(a) Depreciation, Amortization and Other are included to reconcile to Adjusted Gross Profit and include Depreciation and Amortization, Stock-based compensation expense and Inventory step-up related to Orenco acquisition.

The following sets forth certain financial information attributable to the reportable segments for the periods presented:

(In thousands)	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	Nine Months Ended December 31, 2025	Nine Months Ended December 31, 2024
Depreciation and Amortization[a]				
Pipe	$ 24,630	$ 20,394	$ 71,672	$ 59,392
Infiltrator	6,326	6,447	22,899	18,806
International	1,823	1,611	5,169	4,532
Allied Products & Other[b]	18,743	19,314	56,703	50,941
Total	**$ 51,522**	**$ 47,766**	**$ 156,443**	**$ 133,671**
Capital Expenditures				
Pipe	$ 31,863	$ 39,501	$ 95,508	$ 114,899
Infiltrator	3,408	3,257	21,137	8,776
International	4,482	1,499	11,030	4,816
Allied Products & Other[b]	45,966	9,971	69,062	37,919
Total	**$ 85,719**	**$ 54,228**	**$ 196,737**	**$ 166,410**

(a) Includes depreciation and amortization in both Cost of goods sold and Operating expenses.

(b) Includes depreciation, amortization and capital expenditures not allocated to a reportable segment. The amortization expense of Infiltrator intangible assets is included in Allied Products & Other.

14. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Supplemental disclosures of cash flow information for the nine months ended December 31, were as follows:

(In thousands)	2025	2024
Supplemental disclosures of cash flow information - cash paid:		
Cash paid for income taxes	$ 83,411	$ 111,420
Cash paid for interest	52,436	55,086
Supplemental disclosures of noncash investing and financing activities:		
Share repurchase excise tax accrual	—	(21)
ESPP share issuance	6,208	5,392
Acquisition of property, plant and equipment under finance lease	36,570	84,274
Balance in accounts payable for the acquisition of property, plant and equipment	22,148	28,449

15. SUBSEQUENT EVENTS

Common Stock Dividend - Subsequent to the end of the quarter, the Company declared a quarterly cash dividend of $0.18 per share of common stock. The dividend is payable on March 16, 2026, to stockholders of record at the close of business on March 2, 2026.

Acquisition of National Diversified Sales ("NDS") - On February 2, 2026, the Company completed its previously announced acquisition of the outstanding capital stock of certain indirect subsidiaries of NORMA Group SE, which comprise substantially all of Norma Group's water management business known as NDS, subject to the terms and conditions set forth in the Master Share Purchase Agreement dated September 23, 2025. The acquisition is an all cash transaction for consideration of approximately $1.0 billion, subject to certain purchase price adjustments.

Share Repurchase Program - In February 2026, the Company announced that the Board approved a new $1.0 billion stock repurchase authorization (the "Repurchase Program") of ADS common stock in accordance with applicable securities laws. With the new authorization, the Repurchase Program has available capacity of $1.1 billion. The repurchase program does not obligate the Company to acquire any particular amount of common stock and may be suspended or terminated at any time at the Company's discretion.

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

Unless the context otherwise indicates or requires, as used in this Quarterly Report on Form 10-Q ("Form 10-Q"), the terms "we," "our," "us," "ADS" and the "Company" refer to Advanced Drainage Systems, Inc. and its directly- and indirectly-owned subsidiaries as a combined entity, except where it is clear that the terms mean only Advanced Drainage Systems, Inc. exclusive of its subsidiaries. We consolidate our joint ventures for purposes of GAAP, except for our South American Joint Venture.

Our fiscal year begins on April 1 and ends on March 31. Unless otherwise noted, references to "year" pertain to our fiscal year. For example, 2026 refers to fiscal 2026, which is the period from April 1, 2025 to March 31, 2026.

The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with our Condensed Consolidated Financial Statements and related footnotes included elsewhere in this Form 10-Q and with the audited Consolidated Financial Statements included in our Fiscal 2025 Form 10-K, as filed with the Securities and Exchange Commission (the "SEC") on May 15, 2025. In addition to historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. This discussion contains forward-looking statements that are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Our actual results could differ materially from those discussed in the forward-looking statements. For more information, see the section entitled "Forward-Looking Statements."

Overview

ADS is the leading manufacturer of innovative water management solutions in the stormwater and onsite septic wastewater industries, providing superior drainage solutions for use in the construction and agriculture marketplaces. Our innovative products, for which we hold many patents, are used across a broad range of end markets and applications, including non-residential, residential, infrastructure and agriculture applications. We have established a leading position in many of these end markets by leveraging our national sales and distribution platform, industry-acclaimed engineering support, overall product breadth and scale plus manufacturing excellence.

Executive Summary

Third Quarter Fiscal 2026 Results

- Net sales increased 0.4% to $693.4 million
- Net income increased 14.3% to $94.0 million
- Net income per diluted share increased 14.4% to $1.19
- Adjusted EBITDA, a non-GAAP measure, increased 9.3% to $209.2 million

Net sales increased $2.8 million, or 0.4%, to $693.4 million, as compared to $690.5 million in the prior year quarter. Domestic Pipe sales decreased $12.9 million, or 3.8%, to $326.7 million. Domestic Allied Products & Other sales increased $14.1 million, or 9.4%, to $164.7 million. Infiltrator sales increased $2.9 million, or 1.9%, to $152.9 million, primarily due to growth in tanks and advanced treatment products. The overall increase in domestic net sales was primarily driven by growth in the Company's core non-residential construction end market. International sales decreased $1.3 million, or 2.5%, to $49.1 million.

Gross profit increased $17.6 million, or 7.3%, to $259.2 million as compared to $241.6 million in the prior year. The increase in gross profit is primarily driven by volume growth, favorable price/cost, and favorable mix of Allied Products & Other and Infiltrator.

Selling, general and administrative expenses increased $8.0 million, or 7.9% to $108.7 million, as compared to $100.8 million in the prior year. As a percentage of Net sales, Selling, general and administrative expenses increased to 15.7% as compared to 14.6% in the prior year, primarily driven by transaction costs associated with the acquisition of NDS.

Adjusted EBITDA, a non-GAAP measure, increased $17.7 million, or 9.3%, to $209.2 million, as compared to $191.5 million in the prior year. As a percentage of Net sales, Adjusted EBITDA was 30.2% as compared to 27.7% in the prior year.

Year-to-date Fiscal 2026 Results

- Net sales increased 3.7% to $2,373.6 million
- Net income increased 5.0% to $394.6 million
- Net income per diluted share increased 5.2% to $5.02

- Adjusted EBITDA, a non-GAAP measure, increased 8.8% to $774.9 million

Net sales increased $85.1 million, or 3.7%, to $2,373.6 million, as compared to $2,288.5 million in the prior year. Domestic Pipe sales decreased $17.1 million to $1,155.3 million. Domestic Allied Products & Other sales increased $40.6 million, or 7.9%, to $551.1 million. Infiltrator sales increased $70.0 million, or 15.9%, to $511.0 million. The overall increase in domestic net sales was primarily driven by growth in the core non-residential and residential construction end markets. International sales decreased $8.4 million, or 5.1%, to $156.2 million.

Gross profit increased $61.7 million, or 7.1%, to $929.7 million as compared to $868.0 million in the prior year. The increase in gross profit is primarily driven by favorable volume and mix of construction market and Infiltrator sales, partially offset by unfavorable fixed cost absorption as well as the mix impact from the inclusion of Orenco.

Selling, general and administrative expenses increased $43.0 million, or 14.9% to $331.9 million, as compared to $289.0 million. As a percentage of Net sales, Selling, general and administrative expense increased to 14.0% as compared to 12.6% in the prior year. The increase was primarily driven by the acquisition of Orenco, as well as realignment expenses and transaction costs associated with the acquisition of NDS.

Adjusted EBITDA, a non-GAAP measure, increased $62.4 million, or 8.8%, to $774.9 million, as compared to $712.5 million in the prior year. As a percentage of Net sales, Adjusted EBITDA was 32.6% as compared to 31.1% in the prior year.

Results of Operations

Comparison of the Three Months Ended December 31, 2025 to the Three Months Ended December 31, 2024

The following table summarizes our operating results as a percentage of Net sales that have been derived from our Condensed Consolidated Financial Statements for the periods presented. We believe this presentation is useful to investors in comparing historical results.

Consolidated Statements of Operations data:	For the Three Months Ended December 31,			
(In thousands)	**2025**		**2024**	
Net sales	$ 693,354	100.0 %	$ 690,538	100.0 %
Cost of goods sold	434,202	62.6	448,944	65.0
Gross profit	259,152	37.4	241,594	35.0
Selling, general and administrative	108,742	15.7	100,778	14.6
Loss (gain) on disposal of assets and costs from exit and disposal activities	87	—	(477)	(0.1)
Intangible amortization	13,500	1.9	14,429	2.1
Income from operations	136,823	19.7	126,864	18.4
Interest expense	22,579	3.3	23,094	3.3
Interest income and other, net	(8,499)	(1.2)	(4,792)	(0.7)
Income before income taxes	122,743	17.7	108,562	15.7
Income tax expense	30,557	4.4	27,091	3.9
Equity in net income of unconsolidated affiliates	(1,851)	(0.3)	(818)	(0.1)
Net income	94,037	13.6	82,289	11.9
Less: net income attributable to noncontrolling interest	411	0.1	1,058	0.2
Net income attributable to ADS	$ 93,626	13.5 %	$ 81,231	11.8 %

Net sales - The following table presents Net sales to external customers by reportable segment for the three months ended December 31, 2025 and 2024.

(Amounts in thousands)	**2025**	**2024**	**$ Variance**	**% Variance**
Pipe	$ 326,713	$ 339,629	$ (12,916)	(3.8) %
Infiltrator	152,881	150,013	2,868	1.9
International	49,091	50,363	(1,272)	(2.5)
Allied Products & Other	164,669	150,533	14,136	9.4
Total Consolidated	**$ 693,354**	**$ 690,538**	**$ 2,816**	**0.4 %**

Our consolidated Net sales for the three months ended December 31, 2025 increased by $2.8 million, or 0.4%, compared to the same period in fiscal 2025. The overall decrease in Domestic Pipe Net sales was primarily driven by lower volume of sales in the residential and infrastructure end markets. Net sales of Infiltrator increased due to increased demand in the residential markets, primarily from growth in tanks and advanced treatment products. Allied Products & Other increased due to growth in the residential, non-residential and infrastructure end markets.

Cost of goods sold and Gross profit - The following table presents gross profit by reportable segment for the three months ended December 31, 2025 and 2024.

(Amounts in thousands)	2025	2024	$ Variance	% Variance
Pipe	$ 70,846	$ 67,655	$ 3,191	4.7 %
Infiltrator	83,285	74,971	8,314	11.1
International	9,798	10,466	(668)	(6.4)
Allied Products & Other	96,142	86,658	9,484	10.9
Intersegment eliminations	(919)	1,844	(2,763)	(149.8)
Total gross profit	**$ 259,152**	**$ 241,594**	**$ 17,558**	**7.3 %**

Our consolidated Cost of goods sold for the three months ended December 31, 2025 decreased by $14.7 million, or 3.3%, and our consolidated Gross profit increased by $17.6 million, or 7.3%, compared to the same period in fiscal 2025. The increase in gross profit for Domestic Pipe is primarily driven by favorable material costs partially offset by transportation costs. The increase in gross profit for both Infiltrator and Allied Products & Other was primarily driven by volume.

Selling, general and administrative expenses

	Three Months Ended December 31,	
(Amounts in thousands)	2025	2024
Selling, general and administrative expenses	$ 108,742	$ 100,778
% of Net sales	15.7 %	14.6 %

Selling, general and administrative expenses for the three months ended December 31, 2025 increased $8.0 million from the same period in fiscal 2025 and as a percentage of Net sales, increased by 1.1%. The increase in Selling, general and administrative expenses was primarily due to transaction costs of $7.2 million related to the acquisition of NDS.

Loss (gain) on disposal of assets and costs from exit and disposal activities - The loss on disposal in fiscal 2026 was due to exit and disposal activities. See “Note 2. Restructuring and Loss (Gain) on Disposal of Assets and Costs from Exit and Disposal Activities” for additional information.

Income tax expense - The following table presents the effective tax rates for the periods presented:

	Three Months Ended December 31,	
	2025	2024
Effective tax rate	24.9 %	25.0 %

See “Note 11. Income Taxes” for additional information.

Comparison of the Nine Months Ended December 31, 2025 to the Nine Months Ended December 31, 2024

The following table summarizes our operating results as a percentage of Net sales that have been derived from our Condensed Consolidated Financial Statements for the periods presented. We believe this presentation is useful to investors in comparing historical results.

Consolidated Statements of Operations data:	For the Nine Months Ended December 31,			
(In thousands)	**2025**		**2024**	
Net sales	$ 2,373,615	100.0 %	$ 2,288,484	100.0 %
Cost of goods sold	1,443,893	60.8	1,420,495	62.1
Gross profit	929,722	39.2	867,989	37.9
Selling, general and administrative	331,927	14.0	288,962	12.6
Loss (gain) on disposal of assets and costs from exit and disposal activities	(8,815)	(0.4)	432	—
Intangible amortization	40,746	1.7	38,140	1.7
Income from operations	565,864	23.8	540,455	23.6
Interest expense	68,724	2.9	69,074	3.0
Interest income and other, net	(23,216)	(1.0)	(18,864)	(0.8)
Income before income taxes	520,356	21.9	490,245	21.4
Income tax expense	129,630	5.5	117,897	5.2
Equity in net income of unconsolidated affiliates	(3,902)	(0.2)	(3,437)	(0.2)
Net income	394,628	16.6	375,785	16.4
Less: net income attributable to noncontrolling interest	1,063	—	2,770	0.1
Net income attributable to ADS	$ 393,565	16.6 %	$ 373,015	16.3 %

Net sales - The following table presents Net sales to external customers by reportable segment for the nine months ended December 31, 2025 and 2024.

(Amounts in thousands)	**2025**	**2024**	**$ Variance**	**% Variance**
Pipe	$ 1,155,300	$ 1,172,395	$ (17,095)	(1.5) %
Infiltrator	510,950	440,913	70,037	15.9
International	156,239	164,621	(8,382)	(5.1)
Allied Products & Other	551,126	510,555	40,571	7.9
Total Consolidated	**$ 2,373,615**	**$ 2,288,484**	**$ 85,131**	**3.7 %**

Our consolidated Net sales for the nine months ended December 31, 2025 increased by $85.1 million, or 3.7%, compared to the same period in fiscal 2025. The overall decrease in Domestic Pipe Net sales was primarily driven by lower demand in the residential and infrastructure end markets partially offset by improved demand in the non-residential construction market. Net sales for Infiltrator were driven by volume in the residential markets and the acquisition of Orenco. For the international segment, the decrease was driven by decreased volume. Allied Products & Other increased due to demand in the residential and non-residential construction markets.

Cost of goods sold and Gross profit - The following table presents gross profit by reportable segment for the nine months ended December 31, 2025 and 2024.

(Amounts in thousands)	**2025**	**2024**	**$ Variance**	**% Variance**
Pipe	$ 290,033	$ 279,713	$ 10,320	3.7 %
Infiltrator	276,839	247,287	29,552	12.0
International	37,891	44,634	(6,743)	(15.1)
Allied Products & Other	326,523	296,121	30,402	10.3
Intersegment eliminations	(1,564)	234	(1,798)	(768.4)
Total gross profit	**$ 929,722**	**$ 867,989**	**$ 61,733**	**7.1 %**

Our consolidated Cost of goods sold for the nine months ended December 31, 2025 increased by $23.4 million, or 1.6%, and our consolidated Gross profit increased by $61.7 million, or 7.1%, compared to the same period in fiscal 2025. The increase in gross profit for Domestic Pipe is primarily driven by favorable material cost partially offset by unfavorable fixed cost absorption. The increase in gross profit for Infiltrator was driven by volume and the acquisition of Orenco. For the International segment, the decrease was driven by decreased volume. The increase in gross profit for Allied Products & Other was driven by volume.

Selling, general and administrative expenses

	Nine Months Ended December 31,	
(Amounts in thousands)	**2025**	**2024**
Selling, general and administrative expenses	$ 331,927	$ 288,962
% of Net sales	14.0 %	12.6 %

Selling, general and administrative expenses for nine months ended December 31, 2025 increased $43.0 million from the same period in fiscal 2025 and as a percentage of Net sales, increased by 1.4%. The increase in Selling, general and administrative expenses was due to realignment expenses of $10.0 million, transaction costs of $17.3 million and operating expenses for Orenco.

Loss (gain) on disposal of assets and costs from exit and disposal activities - The gain on disposal in fiscal 2026 was due to the sale of properties held-for-sale partially offset by exit and disposal activities. See “Note 2. Restructuring and (Loss) Gain on Disposal of Assets and Costs from Exit and Disposal Activities” for additional information.

Income tax expense - The following table presents the effective tax rates for the nine months ended December 31, 2025 and 2024.

	Nine Months Ended December 31,	
	2025	**2024**
Effective tax rate	24.9 %	24.0 %

The change in the effective tax rate for the nine months ended December 31, 2025 was primarily driven by the decrease of the discrete income tax benefit related to the stock-based compensation windfall. See “Note 11. Income Taxes” for additional information.

Adjusted EBITDA and Adjusted EBITDA Margin - Adjusted EBITDA and Adjusted EBITDA Margin, which are non-GAAP financial measures, have been presented in this Form 10-Q as supplemental measures of financial performance that are not required by, or presented in accordance with GAAP and should not be considered as alternatives to net income as measures of financial performance or cash flows from operations or any other performance measure derived in accordance with GAAP. We calculate Adjusted EBITDA as net income before interest, income taxes, depreciation and amortization, stock-based compensation expense, non-cash charges and certain other expenses. We calculate Adjusted EBITDA Margin as Adjusted EBITDA divided by Net sales.

Adjusted EBITDA and Adjusted EBITDA Margin are included in this Form 10-Q because they are key metrics used by management and our board of directors to assess our consolidated financial performance. These non-GAAP financial measures are frequently used by analysts, investors and other interested parties to evaluate companies in our industry. In addition to covenant compliance and executive performance evaluations, we use these non-GAAP financial measures to supplement GAAP measures of performance to evaluate the effectiveness of our consolidated business strategies, to make budgeting decisions and to compare our performance against that of other peer companies using similar measures. We use Adjusted EBITDA Margin to evaluate our ability to generate profitable sales.

Adjusted EBITDA and Adjusted EBITDA Margin contain certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs, cash expenditures to replace assets being depreciated and amortized and interest expense, or the cash requirements necessary to service interest on principal payments on our indebtedness. In evaluating Adjusted EBITDA and Adjusted EBITDA Margin, you should be aware that in the future we will incur expenses that are the same as or similar to some of the adjustments in this presentation, such as stock-based compensation expense, derivative fair value adjustments, and foreign currency transaction losses. Management compensates for these limitations by relying on our GAAP results and using non-GAAP measures on a supplemental basis.

The following table presents a reconciliation of Adjusted EBITDA to Net income, the most comparable GAAP measure, for each of the periods presented.

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands)	**2025**	**2024**	**2025**	**2024**
Net income	$ 94,037	$ 82,289	$ 394,628	$ 375,785
Depreciation and amortization	51,522	47,766	156,443	133,671
Interest expense	22,579	23,094	68,724	69,074
Income tax expense	30,557	27,091	129,630	117,897
EBITDA	198,695	180,240	749,425	696,427
Restructuring and realignment expense[a]	1,706	—	17,672	—
(Gain) loss on disposal of assets	(3)	(477)	(16,449)	432
Stock-based compensation expense	8,835	7,798	25,816	21,758
Transaction costs[b]	7,172	5,924	17,296	8,619
Interest income	(8,450)	(4,545)	(21,195)	(18,478)
Other adjustments[c]	1,262	2,545	2,351	3,775
Adjusted EBITDA	**$ 209,217**	**$ 191,485**	**$ 774,916**	**$ 712,533**
Adjusted EBITDA Margin	30.2 %	27.7 %	32.6 %	31.1 %

(a) Includes costs associated with closure of one recycling facility, one offsite storage location and one distribution yard, as well as professional fees incurred in connection with supporting enterprise-wide restructuring and realignment initiatives. Excludes gain on sale of properties previously held-for-sale and equipment. See “Note 2. Restructuring and (Loss) Gain on Disposal of Assets and Costs from Exit and Disposal Activities” for additional information.

(b) Represents expenses recorded related to legal, accounting and other professional fees incurred in connection with business or asset acquisitions and dispositions.

(c) Includes derivative fair value adjustments, foreign currency transaction (gains) losses, legal settlements, inventory step-up costs, and the proportionate share of interest, income taxes, depreciation and amortization related to the South American Joint Venture, which is accounted for under the equity method of accounting and executive retirement expense.

Liquidity and Capital Resources

Historically, we have funded our operations through internally generated cash flow supplemented by debt financings, equity issuance and finance and operating leases. These sources have been sufficient historically to fund our primary liquidity requirements, including working capital, capital expenditures, debt service and dividend payments for our common stock. From time to time, we may explore additional financing methods and other means to raise capital. There can be no assurance that any additional financing will be available to us on acceptable terms or at all.

Free Cash Flow - Free cash flow is a non-GAAP financial measure that comprises cash flow from operations less capital expenditures and is used by management and our Board of Directors to assess our ability to generate cash. Accordingly, free cash flow has been presented as a supplemental measure of liquidity that is not required by, or presented in accordance with GAAP, because management believes that free cash flow provides useful information to investors and others in understanding and evaluating our ability to generate cash flow from operations after capital expenditures. Free cash flow is not a GAAP measure of our liquidity and should not be considered as an alternative to cash flow from operating activities as a measure of liquidity or any other liquidity measure derived in accordance with GAAP. Our measure of free cash flow is not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation.

The following table presents a reconciliation of free cash flow to cash provided by operating activities, the most comparable GAAP measure, for each of the periods presented:

	Nine Months Ended December 31,	
(Amounts in thousands)	**2025**	**2024**
Net cash provided by operating activities	$ 779,133	$ 540,264
Capital expenditures	(196,737)	(166,410)
Free Cash Flow	**$ 582,396**	**$ 373,854**

The following table presents key liquidity metrics utilized by management including the leverage ratio which is calculated as net debt divided by the trailing twelve months Adjusted EBITDA:

(Amounts in thousands)	**December 31, 2025**
Total debt (debt and finance lease obligations)	$ 1,445,670
Cash	1,008,190
Net debt (total debt less cash)	437,480
Leverage Ratio	0.5

The following table summarizes our available liquidity for the period presented:

(Amounts in thousands)	**December 31, 2025**
Revolver capacity	$ 600,000
Less: outstanding borrowings	—
Less: letters of credit	(10,133)
Revolver available liquidity	**$ 589,867**

In addition to the available liquidity above, we have the ability to borrow up to $1.3 billion under our Senior Secured Credit Facility, subject to leverage ratio restrictions.

As of December 31, 2025, we had $41.1 million in cash that was held by our foreign subsidiaries, including $26.1 million held by our Canadian subsidiaries. We continue to evaluate our strategy regarding foreign cash, but our earnings in foreign subsidiaries still remain indefinitely reinvested, except for Canada. We plan to repatriate earnings from Canada and believe that there will be no additional tax costs associated with the repatriation of such earnings other than any potential non-U.S. withholding taxes.

Working Capital and Cash Flows

As of December 31, 2025, we had $1,598.1 million in liquidity, including $1,008.2 million of cash and $589.9 million in borrowings available under our Revolving Credit Agreement, net of outstanding letters of credit. We believe that our cash on hand, together with the availability of borrowings under our Credit Agreement and other financing arrangements and cash generated from operations, will be sufficient to meet our working capital requirements, anticipated capital expenditures, and scheduled principal and interest payments on our indebtedness for at least the next twelve months.

As disclosed in "Note 15. Subsequent Events", we primarily funded our acquisition of NDS in the fourth fiscal quarter of 2026 with cash on hand and the remainder with availability under our Revolving Credit Facility.

Working Capital - Working capital increased to $1,291.7 million as of December 31, 2025, from $926.4 million as of March 31, 2025. The increase in working capital is primarily due to increased cash on hand offset by changes in inventory and accounts receivable due to seasonality.

	Nine Months Ended December 31,	
(Amounts in thousands)	**2025**	**2024**
Net cash provided by operating activities	$ 779,133	$ 540,264
Net cash used in investing activities	(186,572)	(402,889)
Net cash used in financing activities	(52,650)	(135,944)

Operating Cash Flows - Cash flows from operating activities increased $238.9 million during the nine months ended December 31, 2025 primarily driven by changes in working capital.

Investing Cash Flows - Cash flows used in investing activities during the nine months ended December 31, 2025 decreased by $216.3 million compared to the same period in fiscal 2025. The decrease in cash used in investing activities was due to the proceeds from the sale of properties held-for-sale and the acquisition of Orenco in the prior year offset by the acquisition of River Valley Pipe.

Capital expenditures totaled $196.7 million and $166.4 million for the nine months ended December 31, 2025 and 2024, respectively. Our capital expenditures for the nine months ended December 31, 2025 were used primarily to support facility expansions, equipment replacements and technology improvement initiatives. We also acquired $36.6 million of property, plant and equipment under finance leases, which includes material handling transportation equipment to update our fleet of forklifts, trucks and trailers.

We currently anticipate that we will make capital expenditures of approximately $250 million in fiscal year 2026, including approximately $95 million of open orders as of December 31, 2025. Such capital expenditures are expected to be financed using funds generated by operations.

Financing Cash Flows - During the nine months ended December 31, 2025, cash used in financing activities included $42.1 million of dividend payments, $31.2 million of payments of finance lease obligations and $7.0 million for shares withheld for tax purposes. Cash provided by financing activities includes proceeds from the commercial loan agreement of $27.2 million.

During the nine months ended December 31, 2024, cash used in financing activities included the repurchase of common stock of $69.9 million, $37.3 million of dividend payments, $17.8 million of payments of finance lease obligations and $10.6 million for shares withheld for tax purposes.

Financing Transactions - There have been no changes in our debt disclosures from those disclosed in “Liquidity and Capital Resources” in our Fiscal 2025 Form 10-K. We are in compliance with our debt covenants as of December 31, 2025.

As of December 31, 2025, we have $408.0 million of debt under our Term Loan facility maturing within twelve months on its scheduled maturity. We have classified this debt as long-term debt as we have the intent and the ability to refinance these borrowings on a long-term basis as supported by the available capacity under the Revolving Credit Facility.

Off-Balance Sheet Arrangements

Excluding the guarantees of 50% of certain debt of our unconsolidated South American Joint Venture as further discussed in “Note 8. Related Party Transactions” to the Condensed Consolidated Financial Statements, we do not have any other off-balance sheet arrangements. As of December 31, 2025, our South American Joint Venture had no outstanding debt subject to our guarantees. We do not believe that this guarantee will have a current or future effect on our financial condition, results of operations, liquidity or capital resources.

Critical Accounting Policies and Estimates

There have been no changes in critical accounting policies from those disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Fiscal 2025 Form 10-K, except as disclosed in “Note 1. Background and Summary of Significant Accounting Policies.”

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to various market risks, primarily related to changes in interest rates, credit, raw material supply prices and, to a lesser extent, foreign currency exchange rates. Our financial position, results of operations or cash flows may be negatively impacted in the event of adverse movements in the respective market rates or prices in each of these risk categories. Our exposure in each category is limited to those risks that arise in the normal course of business, as we do not engage in speculative, non-operating transactions. Our exposure to market risk has not materially changed from what we previously disclosed in Part II. Item 7A. “Quantitative and Qualitative Disclosures about Market Risk” of our Fiscal 2025 Form 10-K except as disclosed below.

Interest Rate Risk - We are subject to interest rate risk associated with our bank debt. A 1.0% increase in interest rates on our variable-rate debt would increase our annual forecasted interest expense by approximately $4.0 million based on our borrowings as of December 31, 2025. Assuming the Revolving Credit Facility is fully drawn, each 1.0% increase or decrease in the applicable interest rate would change our interest expense by approximately $10.0 million, for the twelve months ended December 31, 2025.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures - The Company's CEO and Chief Financial Officer ("CFO") are responsible for evaluating the effectiveness of our disclosure controls and procedures as defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act"), rules 13a-15(e) and 15d-15(e). The Company's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in the Company's reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of our disclosure controls and procedures, our CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting - There were no changes in the Company's internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act that occurred during the three months ended December 31, 2025 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved from time to time in various legal proceedings that arise in the ordinary course of business, including but not limited to commercial disputes, environmental matters, employee related claims, intellectual property disputes and litigation in connection with transactions including acquisitions and divestitures. The Company does not believe that such litigation, claims, and administrative proceedings will have a material adverse impact on the Company's financial position or results of operations.

Please see "Note 10. Commitments and Contingencies," of the Condensed Consolidated Financial Statements of this Form 10-Q for more information regarding legal proceedings.

Item 1A. Risk Factors

The following risk factors are related to the acquisition of NDS. Additional important risk factors that could affect our operations and financial performance, or that could cause results or events to differ from current expectations, are described in "Part I, Item 1A — Risk Factors" of our Fiscal 2025 Form 10-K. These factors are further supplemented by those discussed in "Part II, Item 7A — Quantitative and Qualitative Disclosures about Market Risk" of our Fiscal 2025 Form 10-K and in "Part I, Item 3 — Quantitative and Qualitative Disclosures about Market Risk" and "Part II, Item 1 — Legal Proceedings" of this Quarterly Report on Form 10-Q.

Risks Relating to Our Acquisition of NDS

We may be unable to successfully integrate our and NDS' businesses in order to realize the anticipated benefits of the acquisition or do so within the intended timeframe.

We will be required to devote significant management attention and resources to integrating the business practices and operations of NDS with our business. We may be unable to realize the planned synergies from the acquisition or other benefits in the timeframe that we expect or at all. We continue to assess synergies that we may realize as a combined company, the realization of which will depend on a number of factors.

The success of the acquisition, including anticipated synergies, benefits and cost savings, will depend, in part, on our ability to successfully combine and integrate our current operations with NDS' business. If we experience difficulties with the integration process or other unforeseen costs, the anticipated benefits and cost savings of the acquisition may not be realized fully or at all, or may take longer to realize than expected. The integration planning and implementation process will result in significant costs and divert management attention and resources. These integration matters could have an adverse effect on our combined company for an undetermined period after completion of the acquisition. In addition, the actual cost savings of the acquisition could be less than anticipated, or otherwise offset by other factors.

Additional difficulties we may encounter as part of the integration process include the following:

- the costs of integration and compliance and the possibility that the full benefits anticipated to result from our acquisition of NDS will not be realized;
- any delay in the integration of management teams, strategies, operations, products and services;
- diversion of the attention of each company's management as a result of our acquisition of NDS;
- differences in business backgrounds, corporate cultures and management philosophies that may delay successful integration;
- operating in foreign jurisdictions where we have no prior operating experience, including compliance, workforce and operational challenges;
- the ability to retain key employees;
- the ability to create and enforce uniform standards, controls, procedures, policies and information systems;
- the challenge of integrating complex systems, technology, networks and other assets of NDS into those of ours in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;
- potential unknown liabilities and unforeseen increased expenses or delays associated with the acquisition, including costs to integrate NDS beyond current estimates and operating in; or
- the disruption of, or the loss of momentum in, each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies.

Any of these factors could adversely affect each company's ability to maintain relationships with customers, suppliers, employees and other constituencies or our ability to achieve the anticipated benefits of the acquisition or could reduce each company's earnings or otherwise adversely affect our business and financial results after the acquisition. These risks are not limited to our acquisition of NDS and could also apply to our future acquisitions.

Uncertainties associated with our acquisition of NDS may cause a loss of management personnel and other key employees, which could adversely affect our future business, operations and financial results.

The acquisition of NDS could disrupt our and NDS' businesses. We are dependent on the experience and industry knowledge of senior management and other key employees to execute our business plans, which could be disrupted by the unanticipated departure of any key member of our management team or employee base, as well as management or key employees of NDS. Our and NDS' current and prospective employees may experience uncertainty about their roles within our company, which may have an adverse effect on the ability of each of us to attract or retain key management and other key personnel.

Accordingly, no assurance can be given that we will be able to attract or retain our and NDS' key management personnel and other key employees to the same extent that our companies have previously been able to attract or retain such employees. In addition, because of the specialized and technical nature of our business, our future performance is dependent on the continued service of, and on our ability to attract and retain, qualified management, engineering, technical, marketing and support personnel. Competition for such personnel is intense, and we may be unable to continue to attract or retain such personnel.

Our results after our acquisition of NDS may suffer if we do not effectively manage our expanded operations following the acquisition or the business of NDS may underperform relative to our expectations.

Following our acquisition of NDS, the size and complexity of our business will increase significantly beyond the current size of either our or NDS' existing business. Our future success depends, in part, upon our ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and new types of manufacturing processes and products and associated increased costs and complexity. There can be no assurances that we will be successful after completion of the acquisition or that we will realize the expected benefits currently anticipated from our acquisition of NDS.

Additionally, we may not be able to maintain the levels of revenue, earnings or operating efficiency that we and NDS have achieved or might achieve separately. The business and financial performance of NDS is subject to certain risks and uncertainties, including the risk of the loss of, or changes to, its relationships with its customers. We may be unable to achieve the same growth, revenues and profitability that NDS has achieved in the past.

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

In February 2022, our Board of Directors authorized a $1.0 billion common stock repurchase program and authorized an additional $1.0 billion in February 2026. Repurchases of common stock will be made in accordance with applicable securities laws. During the three months ended December 31, 2025, the Company did not repurchase any shares of common stock. As of December 31, 2025, approximately $147.7 million of common stock may be repurchased under the authorization. The stock repurchase program does not obligate us to acquire any particular amount of common stock and may be suspended or terminated at any time at our discretion.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On December 12, 2025, Craig Taylor, Executive Vice President of the Company, adopted a Rule 10b5-1 trading arrangement, as such term is defined in Item 408(a) of Regulation S-K, for the potential exercise and sale of shares of the Company's common stock underlying 4,240 of Mr. Taylor's outstanding option awards, from March 16, 2026, at the earliest, until December 1, 2026, at the latest.

Except as described above, during the three months ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as such terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed herewith or incorporated herein by reference.

Exhibit Number	Exhibit Description
2.1	Master Share Purchase Agreement between NORMA Group SE and Advanced Drainage Systems, Inc. (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on September 23, 2025).
10.1 *	Third Amendment to Credit Agreement, by and among the Advanced Drainage Systems, Inc., the banks and other financial institutions or entities parties thereto, constituting the Required Lenders under the Credit Agreement and all the Revolving Lenders under the Credit Agreement, the Issuing Lenders party thereto, Barclays Bank PLC, as administrative agent under the Term Loan Facility and PNC Bank, National Association, as administrative agent under the Revolving Facility.
31.1*	Certification of President and Chief Executive Officer of Advanced Drainage Systems, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Executive Vice President and Chief Financial Officer of Advanced Drainage Systems, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer of Advanced Drainage Systems, Inc. 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 Principal Financial Officer of Advanced Drainage Systems, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104	The cover page for the Company’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2025, has been formatted in Inline XBRL and contained in Exhibit 101.

* 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.

Date: February 5, 2026
ADVANCED DRAINAGE SYSTEMS, INC.

By: /s/ D. Scott Barbour
D. Scott Barbour
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Scott A. Cottrill
Scott A. Cottrill
Executive Vice President, Chief Financial Officer and Secretary
(Principal Financial Officer)

By: /s/ Tim A. Makowski
Tim A. Makowski
Vice President, Controller, and Chief Accounting Officer

THIRD AMENDMENT TO CREDIT AGREEMENT

This THIRD AMENDMENT to the Credit Agreement referred to below, dated as of November 26, 2025 (this "Third Amendment") by and among Advanced Drainage Systems, Inc., a Delaware corporation (the "Borrower"), the Subsidiary Guarantors party hereto, the banks and other financial institutions listed on its signature page hereto as a Revolving Lender constituting all the Revolving Lenders under the Credit Agreement, the Issuing Lenders party hereto, Barclays Bank PLC, as administrative agent (in such capacity, the "Administrative Agent") and PNC Bank, National Association, as administrative agent under the Revolving Facility (in such capacity, the "Revolving Administrative Agent"). Capitalized terms not otherwise defined in this Third Amendment have the same meanings as specified in the Credit Agreement, as amended by this Third Amendment (the "Amended Credit Agreement").

RECITALS

WHEREAS, the Borrower, the several banks and other financial institutions or entities parties from time to time, as lender (the "Lenders") and the Issuing Lenders from time to time parties thereto and the Administrative Agent, entered into that certain Credit Agreement, dated as of July 31, 2019 (as amended by the First Amendment to Credit Agreement, dated as of September 24, 2019, as amended by the Second Amendment to Credit Agreement, dated as of May 26, 2022, and as further amended, restated, amended and restated, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement");

WHEREAS, in accordance with Section 11.1 of the Credit Agreement, the Borrower, the Administrative Agent, the Revolving Administrative Agent, the Lenders constituting all the Revolving Lenders under the Credit Agreement, and the Issuing Lenders are willing to effect the amendments set forth herein and agree to the terms of the Amended Credit Agreement, in each case, on the terms and subject to the terms and conditions in this Third Amendment; and

WHEREAS, each Loan Party party hereto (collectively, the "Reaffirming Parties", and each, a "Reaffirming Party") expects to realize substantial direct and indirect benefits as a result of this Third Amendment becoming effective and the consummation of the transactions contemplated hereby and agrees to reaffirm its obligations pursuant to the Guarantee and Collateral Agreement, the Security Documents, and the other Loan Documents to which it is a party.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

AMENDMENTS TO CREDIT AGREEMENT

SECTION 1.1 Amended Credit Agreement. Subject to the occurrence of the Third Amendment Effective Date, the Credit Agreement shall hereby be amended by amending and restating the definition of "Revolving Termination Date" to read as follows: ""Revolving Termination Date": the earlier of (a) May 26, 2027 and (b) the date on which the Revolving Commitments are terminated pursuant to any provision of this Agreement."

ARTICLE II

CONDITIONS TO EFFECTIVENESS

The effectiveness of this Third Amendment will occur as set forth below.

SECTION 2.1 Third Amendment. The effectiveness of this Amendment is subject to the satisfaction (or written waiver) of the following conditions (the date of satisfaction of such conditions being referred to herein as the "Third Amendment Effective Date"):

(a) The Revolving Administrative Agent shall have received this Third Amendment, executed and delivered by the Borrower, the Subsidiary Guarantors, the Administrative Agent, the Revolving Administrative Agent, each Revolving Lender and each Issuing Lender.

(b) All fees and expenses required to be paid hereunder, pursuant to the Credit Agreement and otherwise in the amounts and on the dates agreed to in writing in connection with this Third Amendment, shall have been paid in full in cash or will be paid in full in cash on the Third Amendment Effective Date, including all reasonable and documented out-of-pocket expenses (including reasonable fees, charges and disbursements of Latham & Watkins LLP) incurred by the Lenders, the Issuing Lenders, the Revolving Administrative Agent and their respective Affiliates in connection with the execution and delivery of this Third Amendment.

(c) No Default or Event of Default has occurred and is continuing on the Third Amendment Effective Date both before and after giving effect to the transactions contemplated hereunder.

(d) Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of the Third Amendment Effective Date as if made on and as of the Third Amendment Effective Date, except to the extent that such representations and warranties refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; provided that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof.

(e) The Revolving Administrative Agent shall have received (i) a certificate executed on behalf of the Borrower by a Responsible Officer of the Borrower dated as of the Third Amendment Effective Date, substantially in the form of Exhibit J of the Credit Agreement, and certifying as to the matters set forth in paragraphs (c) and (d) above, and (ii) a good standing certificate for the Borrower from its jurisdiction of organization.

(f) The Revolving Administrative Agent shall have received (i) a certificate of each Subsidiary Guarantor, dated the Third Amendment Effective Date, substantially in the form of Exhibit C of the Credit Agreement, and (ii) a good standing certificate for each Subsidiary Guarantor from its jurisdiction of organization.

(g) The Revolving Lenders shall have received from the Loan Parties, at least three Business Days prior to the Third Amendment Effective Date, (i) to the extent reasonably requested by the Revolving Administrative Agent or any Revolving Lender prior to the Third Amendment Effective Date, all documentation and other information required by bank regulatory authorities under applicable “know-your-customer” and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation and (ii) if the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, a Beneficial Ownership Certificate in relation to the Borrower.

(h) The Revolving Administrative Agent shall have received updated flood certifications with respect to each Mortgaged Property and evidence of flood insurance with respect to each Mortgaged Property located in an area designated by the Federal Emergency Management Agency as having special flood or mud slide hazards in a community that participates in the National Flood Insurance Program, in each case in compliance with any applicable regulations of the Board, in form and substance reasonably satisfactory to the Revolving Administrative Agent.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

To induce the other parties hereto to enter into this Third Amendment, the Borrower represents and warrants to each of the Lenders and the Revolving Administrative Agent that, as of the Third Amendment Effective Date:

(a) this Third Amendment has been duly authorized, executed and delivered by the Borrower and constitutes, and the Amended Credit Agreement constitutes, the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law);

(b) each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of the Third Amendment Effective Date as if made on and as of the Third Amendment Effective Date, except to the extent that such representations and warranties refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; provided that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and

(c) no Default or Event of Default shall have occurred and be continuing on the Incremental Amendment Effective Date both before and after giving effect to the transactions contemplated hereunder.

ARTICLE IV

EFFECTS ON LOAN DOCUMENTS

Except as specifically amended herein or contemplated hereby, all Loan Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Except as specifically amended herein or contemplated hereby, the execution, delivery and effectiveness of this Third Amendment shall not operate as a waiver of any right, power or remedy of any Lender, the Administrative Agent or the Revolving Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of the Loan Documents or in any way limit, impair or otherwise affect the rights and remedies of the Lenders, the Administrative Agent or the Revolving Administrative Agent under the Loan Documents. The Borrower acknowledges and agrees that, on and after the Third Amendment Effective Date, this Third Amendment shall constitute a Loan Document for all purposes of the Amended Credit Agreement. On and after the Third Amendment Effective Date, each reference in the Amended Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Amended Credit Agreement, and this Third Amendment and the Amended Credit Agreement shall be read together and construed as a single instrument. Nothing herein shall be deemed to entitle the Borrower to a further consent to, or a further waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Amended Credit Agreement or any other Loan Document in similar or different circumstances.

ARTICLE V

MISCELLANEOUS

SECTION 5.1 Execution by the Administrative Agent and Revolving Administrative Agent. (a) The Revolving Administrative Agent is entering into, and signing, this Third Amendment in respect of the amendments set forth in Article I hereof, as directed by the Revolving Lenders and (b) the Administrative Agent is entering into, and signing, this Third Amendment in respect of the reaffirmation set forth in Section 5.3.

SECTION 5.2 Indemnification. The Borrower hereby confirms that the indemnification provisions set forth in Sections 4.11, 10.7 and 11.5 of the Amended Credit Agreement shall apply to this Third Amendment and the transactions contemplated hereby.

SECTION 5.3 Reaffirmation. Each of the Reaffirming Parties, as party to the Credit Agreement, the Security Documents and the other Loan Documents to which it is a party, in each case as amended, supplemented or otherwise modified from time to time, hereby (i) reaffirms (A) each Lien granted by it to the Administrative Agent for the benefit of the Secured Parties and (B) any guaranties made by it pursuant to the Credit Agreement, and (ii) acknowledges and agrees that the grants of security interests by the Loan Parties contained in the Security Documents shall remain in full force and effect after giving effect to the Third Amendment. Nothing contained in this Third Amendment shall be construed as substitution or novation of the obligations outstanding under the Credit Agreement or the other Loan Documents, which shall remain in full force and effect, except to any extent modified hereby.

SECTION 5.4 Amendments; Execution in Counterparts; Severability.

(a) This Third Amendment may not be amended nor may any provision hereof be waived except pursuant to a writing signed by the Borrower, the Lenders party hereto, the Issuing Lenders party hereto, the Administrative Agent and the Revolving Administrative Agent, in each case to the extent required by the Amended Credit Agreement; and

(b) Any provision of this Third Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 5.5 Governing Law; Waiver of Jury Trial; Jurisdiction. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY IRREVOCABLY ABD UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS THIRD AMENDMENT, THE AMENDED CREDIT AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN. The provisions of Sections 11.11 and 11.12 of the Amended Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

SECTION 5.6 Headings. Section headings in this Third Amendment are included herein for convenience of reference only, are not part of this Third Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Third Amendment.

SECTION 5.7 Counterparts. This Third Amendment may be executed by one or more of the parties to this Third Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Third Amendment by facsimile transmission or electronic transmission (e.g., “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Third Amendment. Without limitation of the foregoing, the words “execution”, “executed”, “signed”, “signature” and words of like import shall be deemed to include electronic signatures, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transaction Act.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be duly executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

Borrower:

ADVANCED DRAINAGE SYSTEMS, INC.

By:	/s/ Scott A. Cottrill
Name:	Scott A. Cottrill
Title:	Executive Vice President, Chief Financial Officer, and Secretary

Guarantors:

STORMTECH LLC

By:	/s/ Dean G. Bruno
Name:	Dean G. Bruno
Title:	Treasurer

INFILTRATOR WATER TECHNOLOGIES, LLC

By:	/s/ Dean G. Bruno
Name:	Dean G. Bruno
Title:	Treasurer

ORENCO SYSTEMS, INC.

By:	/s/ Dean G. Bruno
Name:	Dean G. Bruno
Title:	Treasurer

PNC BANK, NATIONAL ASSOCIATION,
as Revolving Administrative Agent, Swingline Lender, Revolving Lender and Issuing Lender

By:	/s/ Anthony Irwin
Name:	Anthony Irwin
Title:	Senior Vice President

BARCLAYS BANK, PLC,
as Administrative Agent, a Revolving Lender and Issuing Lender

By:	/s/ Charlene Saldanha
Name:	Charlene Saldanha
Title:	Director

BANK OF AMERICA, N.A.,
as a Revolving Lender

By:	/s/ Gregg Bush
Name:	Gregg Bush
Title:	Senior Vice President

MORGAN STANLEY BANK, N.A.,
as a Revolving Lender and Issuing Lender

By:	/s/ Margaret Stock
Name:	Margaret Stock
Title:	Authorized Signatory

BMO BANK, N.A.,
as a Revolving Lender

By:	/s/ James Stephens
Name:	James Stephens
Title:	Director

FIFTH THIRD BANK, NATIONAL ASSOCIATION,
as a Revolving Lender

By:	/s/ Andrew C. Glenn
Name:	Andrew C. Glenn
Title:	Senior Vice President

HSBC BANK USA, N.A.,
as a Revolving Lender

By: /s/ Sandy Centa
Name: Sandy Centa
Title: SVP

CITIZENS BANK, N.A.,
as a Revolving Lender

By: /s/ Jennifer Rotariz
Name: Jennifer Rotariz
Title: Vice President

JPMORGAN CHASE BANK, N.A.,
as a Revolving Lender

By: /s/ Kody J. Nerios
Name: Kody J. Nerios
Title: Authorized Officer

NORTHWEST BANK,
as a Revolving Lender

By: /s/ Jeffrey Dears
Name: Jeffrey Dears
Title: Senior Vice President

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, D. Scott Barbour, certify that:

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

Date: February 5, 2026

By: /s/ D. Scott Barbour
D. Scott Barbour
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Scott A. Cottrill, certify that:

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

Date: February 5, 2026

By: /s/ Scott A. Cottrill
Scott A. Cottrill
Executive Vice President,
Chief Financial Officer and
Secretary
(Principal Financial Officer)

Exhibit 32.1

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

The undersigned hereby certifies, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as the principal executive officer of Advanced Drainage Systems, Inc. (the "Company"), that, to the best of his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended December 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

February 5, 2026

/s/ D. Scott Barbour
D. Scott Barbour
President and Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate document. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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

The undersigned hereby certifies, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as the principal financial officer of Advanced Drainage Systems, Inc. (the “Company”), that, to the best of his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended December 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

February 5, 2026

/s/ Scott A. Cottrill

Scott A. Cottrill
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate document. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.