

Quanex Building Products Announces Fourth Quarter and Full Year 2023 Results

Another Record Quarter for Earnings
Margin Expansion Across All Operating Segments
Repaid \$40 Million in Bank Debt in Quarter
Balance Sheet and Liquidity Remain Strong
Record Year for Cash Provided by Operating Activities

HOUSTON, TEXAS – December 14, 2023 - [Quanex Building Products Corporation](#) (NYSE:NX) (“Quanex” or the “Company”) today announced its results for the three months and twelve months ended October 31, 2023.

The Company reported the following selected financial results:

| (\$ in millions, except per share data) | Three Months Ended October 31, | | Twelve Months Ended October 31, | |
|-----------------------------------------|--------------------------------|--------------|---------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net Sales | \$295.5 | \$307.5 | \$1,130.6 | \$1,221.5 |
| Gross Margin | \$80.0 | \$67.5 | \$277.5 | \$268.5 |
| <i>Gross Margin %</i> | <i>27.1%</i> | <i>21.9%</i> | <i>24.5%</i> | <i>22.0%</i> |
| Net Income | \$27.4 | \$24.7 | \$82.5 | \$88.3 |
| Diluted EPS | \$0.83 | \$0.75 | \$2.50 | \$2.66 |
| Adjusted Net Income | \$31.2 | \$25.0 | \$90.9 | \$88.9 |
| Adjusted Diluted EPS | \$0.95 | \$0.75 | \$2.75 | \$2.68 |
| Adjusted EBITDA | \$50.8 | \$38.7 | \$159.6 | \$152.5 |
| <i>Adjusted EBITDA Margin %</i> | <i>17.2%</i> | <i>12.6%</i> | <i>14.1%</i> | <i>12.5%</i> |
| Cash Provided by Operating Activities | \$44.5 | \$48.1 | \$147.1 | \$98.0 |
| Free Cash Flow | \$29.6 | \$34.5 | \$109.7 | \$64.8 |

(See Non-GAAP Terminology Definitions and Disclaimers section, Non-GAAP Financial Measure Disclosure table, Selected Segment Data table and reconciliation tables for additional information)

George Wilson, President and Chief Executive Officer, commented, “We reported another record quarter for earnings and our balance sheet and liquidity remain strong. Despite pressure on revenue due to market volume softness related to ongoing macroeconomic challenges, and some pricing pressure as raw material costs declined, we converted very well and realized margin expansion across all operating segments in both the fourth quarter and the full year. Our continued focus on controlling what we can control helped drive our improved results and we believe we are hitting our stride from an operational standpoint. Overall, we are proud of what we were able to accomplish in 2023.

“Managing working capital and generating cash is a core focus of ours, which enabled us to pay down our bank debt by \$40 million during the fourth quarter alone. In fact, we generated record free cash flow in 2023.” (See Non-GAAP Terminology Definitions and Disclaimers section and Free Cash Flow reconciliation table for additional information)

Fourth Quarter and Fiscal 2023 Results Summary

Quanex reported net sales of \$295.5 million during the three months ended October 31, 2023, which represents a decrease of 3.9% compared to \$307.5 million for the same period of 2022. The Company reported net sales of \$1.13 billion during the twelve months ended October 31, 2023, which represents a decrease of 7.4% compared to \$1.22 billion for the same period of 2022. The decreases were primarily attributable to softer market demand and lower pricing in North America. Quanex reported net sales growth of 1.3% for the fourth quarter of 2023 and a decline of 2.9% in net sales for the full year in its North American Fenestration segment. Excluding the contribution from the LMI Custom Mixing assets the Company acquired on November 1, 2022, net sales in the North American Fenestration segment would have declined by 10.7% for the fourth quarter and 13.9% for the full year. In its North American Cabinet Components segment, Quanex reported a decline of 23.7% in net sales for the fourth quarter and a decline of 21.9% in net sales for the full year. Excluding foreign exchange impact, the Company realized a decrease in net sales of 3.7% for the fourth quarter and a decrease of 2.8% in net sales for the full year in its European Fenestration segment. (See Sales Analysis table for additional information)

The increase in adjusted earnings for the three months and twelve months ended October 31, 2023 was largely attributable to effective cost control, real price increases, a decline in raw material costs and a decrease in income tax expense. As such, Quanex was able to realize margin expansion in the fourth quarter and full year in each of its operating segments and on a consolidated basis.

Balance Sheet Update

As of October 31, 2023, Quanex had total debt of \$70.0 million (\$18.5 million excluding real-estate leases that are considered “finance” leases under U.S. GAAP) and the Company’s leverage ratio of Net Debt to LTM Adjusted EBITDA decreased to 0.1x (Net Debt free excluding these real-estate leases). As of October 31, 2023, Quanex’s LTM Adjusted EBITDA was \$159.6 million and LTM Net Income, the most directly comparable GAAP measure, was \$82.5 million. (See Non-GAAP Terminology Definitions and Disclaimers section, Net Debt Reconciliation table and Last Twelve Months Adjusted EBITDA Reconciliation table for additional information)

Outlook

Mr. Wilson stated, “We enter fiscal 2024 with a somewhat cautious outlook for the first half due to the ongoing macroeconomic challenges combined with typical seasonality in our business, but we are optimistic that demand for our products will improve in the second half as consumer confidence is restored over time. However, consistent with the last two years, based on current macro indicators, recent conversations with our customers, limited transparency, and varying opinions on the outlook for 2024, we are taking a thoughtful approach to guidance for 2024. As such, we believe it would be premature to give guidance at this time and intend to re-visit guidance for 2024 when we report earnings for the first quarter. Our long-term view continues to be optimistic as the underlying fundamentals for the residential housing market remain positive.”

Conference Call and Webcast Information

The Company has also scheduled a conference call for Friday, December 15, 2023 at 11:00 a.m. ET (10:00 a.m. CT) to discuss the release. A link to the live audio webcast will be available on Quanex's website at <http://www.quanex.com> in the Investors section under Presentations & Events.

Participants can pre-register for the conference call using the following link:

<https://register.vevent.com/register/BI8c21998a92f24071bb721ad032dd7661>

Registered participants will receive an email containing conference call details for dial-in options. To avoid delays, it is recommended that participants dial into the conference call ten minutes ahead of the scheduled start time. A replay will be available for a limited time on the Company's website at <http://www.quanex.com> in the Investors section under Presentations & Events.

About Quanex

Quanex is a global manufacturer with core capabilities and broad applications across various end markets. The Company currently collaborates and partners with leading OEMs to provide innovative solutions in the window, door, vinyl fencing, solar, refrigeration, custom mixing and cabinetry markets. Looking ahead, Quanex plans to leverage its material science expertise and process engineering to expand into adjacent markets.

For more information contact Scott Zuehlke, Senior Vice President, Chief Financial Officer & Treasurer, at 713-877-5327 or scott.zuehlke@quanex.com.

Non-GAAP Terminology Definitions and Disclaimers

Adjusted Net Income (defined as net income further adjusted to exclude purchase price accounting inventory step-ups, transaction costs, certain severance charges, gain/loss on the sale of certain fixed assets, restructuring charges, asset impairment charges, other net adjustments related to foreign currency transaction gain/loss and effective tax rates reflecting impacts of adjustments on a with and without basis) and Adjusted EPS are non-GAAP financial measures that Quanex believes provide a consistent basis for comparison between periods and more accurately reflects operational performance, as they are not influenced by certain income or expense items not affecting ongoing operations. EBITDA (defined as net income or loss before interest, taxes, depreciation and amortization and other, net) and Adjusted EBITDA (defined as EBITDA further adjusted to exclude purchase price accounting inventory step-ups, transaction costs, certain severance charges, gain/loss on the sale of certain fixed assets, restructuring charges and asset impairment charges) are non-GAAP financial measures that the Company uses to measure operational performance and assist with financial decision-making. Net Debt is defined as total debt (outstanding balance on the revolving credit facility plus financial lease obligations) less cash and cash equivalents. The leverage ratio of Net Debt to LTM Adjusted EBITDA is a financial measure that the Company believes is useful to investors and financial analysts in evaluating Quanex's leverage. In addition, with certain limited adjustments, this leverage ratio is the basis for a key covenant in the Company's credit agreement.

Free Cash Flow is a non-GAAP measure calculated using cash provided by operating activities less capital expenditures. Quanex uses the Free Cash Flow metric to measure operational and cash management performance and assist with financial decision-making. Free Cash Flow is measured before application of certain contractual commitments (including capital lease obligations), and accordingly is not a true

measure of the Company's residual cash flow available for discretionary expenditures. Quanex believes Free Cash Flow is useful to investors in understanding and evaluating the Company's financial and cash management performance.

Quanex believes that the presented non-GAAP measures provide a consistent basis for comparison between periods and will assist investors in understanding the Company's financial performance when comparing results to other investment opportunities. The presented non-GAAP measures may not be the same as those used by other companies. Quanex does not intend for this information to be considered in isolation or as a substitute for other measures prepared in accordance with U.S. GAAP.

Forward Looking Statements

Statements that use the words "estimated," "expect," "could," "should," "believe," "will," "might," or similar words reflecting future expectations or beliefs are forward-looking statements. The forward-looking statements include, but are not limited to, the following: impacts from public health issues (including pandemics, such as the recent COVID-19 pandemic) on the economy and the demand for Quanex's products, the Company's future operating results, future financial condition, future uses of cash and other expenditures, expenses and tax rates, expectations relating to Quanex's industry, and the Company's future growth, including any guidance discussed in this press release. The statements and guidance set forth in this release are based on current expectations. Actual results or events may differ materially from this release. For a complete discussion of factors that may affect Quanex's future performance, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2022, and the Company's Quarterly Reports on Form 10-Q under the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors". Any forward-looking statements in this press release are made as of the date hereof, and Quanex undertakes no obligation to update or revise any forward-looking statements to reflect new information or events.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended October 31, | | Twelve Months Ended October, 31 | |
|---------------------------------------------|---------------------------------------|------------------|----------------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net sales | \$ 295,492 | \$ 307,532 | \$ 1,130,583 | \$ 1,221,502 |
| Cost of sales | 215,473 | 240,073 | 853,059 | 953,004 |
| Selling, general and administrative | 29,326 | 29,334 | 123,957 | 117,108 |
| Depreciation and amortization | 11,194 | 9,555 | 42,866 | 40,109 |
| Operating income | 39,499 | 28,570 | 110,701 | 111,281 |
| Interest expense | (1,565) | (710) | (8,136) | (2,559) |
| Other, net | (6,110) | 136 | (5,519) | 1,041 |
| Income before income taxes | 31,824 | 27,996 | 97,046 | 109,763 |
| Income tax expense | (4,442) | (3,329) | (14,545) | (21,427) |
| Net income | <u>\$ 27,382</u> | <u>\$ 24,667</u> | <u>\$ 82,501</u> | <u>\$ 88,336</u> |
| Earnings per common share, basic | \$ 0.84 | \$ 0.75 | \$ 2.51 | \$ 2.67 |
| Earnings per common share, diluted | \$ 0.83 | \$ 0.75 | \$ 2.50 | \$ 2.66 |
| Weighted average common shares outstanding: | | | | |
| Basic | 32,753 | 32,916 | 32,819 | 33,048 |
| Diluted | 32,991 | 33,082 | 33,026 | 33,205 |
| Cash dividends per share | \$ 0.08 | \$ 0.08 | \$ 0.32 | \$ 0.32 |

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

| | October 31, 2023 | October 31, 2022 |
|---------------------------------------------|-------------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 58,474 | \$ 55,093 |
| Accounts receivable, net | 97,311 | 96,018 |
| Inventories, net | 97,959 | 120,890 |
| Income taxes receivable | 8,298 | - |
| Prepaid and other current assets | 11,558 | 8,664 |
| Total current assets | 273,600 | 280,665 |
| Property, plant and equipment, net | 250,664 | 180,400 |
| Operating lease right-of-use assets | 46,620 | 56,000 |
| Goodwill | 182,956 | 137,855 |
| Intangible assets, net | 74,115 | 65,035 |
| Other assets | 3,188 | 4,662 |
| Total assets | \$ 831,143 | \$ 724,617 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 74,371 | \$ 77,907 |
| Accrued liabilities | 50,319 | 52,114 |
| Income taxes payable | 384 | 1,049 |
| Current maturities of long-term debt | 2,365 | 1,046 |
| Current operating lease liabilities | 7,224 | 7,727 |
| Total current liabilities | 134,663 | 139,843 |
| Long-term debt | 66,435 | 29,628 |
| Noncurrent operating lease liabilities | 40,361 | 49,286 |
| Deferred pension benefits | - | 3,917 |
| Deferred income taxes | 29,133 | 22,277 |
| Liabilities for uncertain tax positions | 250 | 1,361 |
| Other liabilities | 14,747 | 13,470 |
| Total liabilities | 285,589 | 259,782 |
| Stockholders' equity: | | |
| Common stock | 372 | 372 |
| Additional paid-in-capital | 251,576 | 251,947 |
| Retained earnings | 409,318 | 337,456 |
| Accumulated other comprehensive loss | (38,141) | (49,422) |
| Treasury stock at cost | (77,571) | (75,518) |
| Total stockholders' equity | 545,554 | 464,835 |
| Total liabilities and stockholders' equity | \$ 831,143 | \$ 724,617 |

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(In thousands)

(Unaudited)

| | Twelve Months Ended October, 31 | |
|-------------------------------------------------------------------------------|----------------------------------------|-------------|
| | 2023 | 2022 |
| Operating activities: | | |
| Net income | \$ 82,501 | \$ 88,336 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization | 42,866 | 40,109 |
| Loss on the disposition of capital assets | 278 | 109 |
| Stock-based compensation | 2,521 | 2,291 |
| Deferred income tax | 5,147 | 2,097 |
| Other, net | 1,529 | 1,905 |
| Changes in assets and liabilities: | | |
| Decrease in accounts receivable | 6,969 | 6,945 |
| Decrease (increase) in inventory | 30,024 | (32,035) |
| Increase in other current assets | (1,880) | (970) |
| Decrease in accounts payable | (11,611) | (3,047) |
| Decrease in accrued liabilities | (4,249) | (3,159) |
| Decrease in income taxes payable | (9,009) | (5,192) |
| (Decrease) increase in deferred pension benefits | (359) | 77 |
| Increase in other long-term liabilities | 683 | 305 |
| Other, net | 1,642 | 194 |
| Cash provided by operating activities | 147,052 | 97,965 |
| Investing activities: | | |
| Business acquisition | (91,302) | - |
| Capital expenditures | (37,390) | (33,121) |
| Proceeds from disposition of capital assets | 253 | 159 |
| Cash used for investing activities | (128,439) | (32,962) |
| Financing activities: | | |
| Borrowings under credit facilities | 102,000 | 70,500 |
| Repayments of credit facility borrowings | (100,000) | (95,500) |
| Debt issuance costs | - | (1,210) |
| Repayments of other long-term debt | (2,567) | (1,747) |
| Common stock dividends paid | (10,639) | (10,598) |
| Issuance of common stock | 1,215 | 689 |
| Payroll tax paid to settle shares forfeited upon vesting of stock | (567) | (1,413) |
| Purchase of treasury stock | (5,593) | (6,600) |
| Cash used for financing activities | (16,151) | (45,879) |
| Effect of exchange rate changes on cash and cash equivalents | 919 | (4,092) |
| Increase in cash and cash equivalents | 3,381 | 15,032 |
| Cash and cash equivalents at beginning of period | 55,093 | 40,061 |
| Cash and cash equivalents at end of period | \$ 58,474 | \$ 55,093 |

QUANEX BUILDING PRODUCTS CORPORATION
FREE CASH FLOW AND NET DEBT RECONCILIATION

(In thousands)

(Unaudited)

The following table reconciles the Company's calculation of Free Cash Flow, a non-GAAP measure, to its most directly comparable GAAP measure. The Company defines Free Cash Flow as cash provided by operating activities less capital expenditures.

| | Three Months Ended October 31, | | Twelve Months Ended October, 31 | |
|---------------------------------------|--------------------------------|-----------------|---------------------------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Cash provided by operating activities | \$44,493 | \$48,111 | \$147,052 | \$97,965 |
| Capital expenditures | (14,940) | (13,633) | (37,390) | (33,121) |
| Free Cash Flow | \$29,553 | \$34,478 | \$109,662 | \$64,844 |

The following table reconciles the Company's Net Debt which is defined as total debt principal of the Company plus finance lease obligations minus cash.

| | As of October 31, | |
|------------------------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| Revolving credit facility | \$15,000 | \$13,000 |
| Finance lease obligations ⁽¹⁾ | 55,000 | 19,202 |
| Total debt ⁽²⁾ | 70,000 | 32,202 |
| Less: Cash and cash equivalents | 58,474 | 55,093 |
| Net Debt | \$11,526 | (\$22,891) |

(1) Includes \$51.5 million and \$17.7 million in real estate lease liabilities considered finance leases under U.S. GAAP as of October 31, 2023 and October 31, 2022, respectively.

(2) Excludes outstanding letters of credit.

QUANEX BUILDING PRODUCTS CORPORATION
NON-GAAP FINANCIAL MEASURE DISCLOSURE
LAST TWELVE MONTHS ADJUSTED EBITDA RECONCILIATION
(In thousands, except per share data)
(Unaudited)

| Reconciliation of Last Twelve Months Adjusted EBITDA | Three Months Ended October 31, 2023 | Three Months Ended July 31, 2023 | Three Months Ended April 30, 2023 | Three Months Ended January 31, 2023 | Total |
|--------------------------------------------------------|----------------------------------------|-------------------------------------|--------------------------------------|----------------------------------------|----------------|
| | Reconciliation | Reconciliation | Reconciliation | Reconciliation | Reconciliation |
| Net income as reported | \$ 27,382 | \$ 31,698 | \$ 21,512 | \$ 1,909 | \$ 82,501 |
| Income tax expense | 4,442 | 4,099 | 5,551 | 453 | 14,545 |
| Other, net | 6,110 | (402) | 29 | (218) | 5,519 |
| Interest expense | 1,565 | 2,068 | 2,244 | 2,259 | 8,136 |
| Depreciation and amortization | 11,194 | 10,596 | 10,456 | 10,620 | 42,866 |
| EBITDA | 50,693 | 48,059 | 39,792 | 15,023 | 153,567 |
| Cost of sales ⁽¹⁾ | (35) | - | 48 | - | 13 |
| Selling, general and administrative ^{(1),(2)} | 109 | 395 | 63 | 5,448 | 6,015 |
| Adjusted EBITDA | \$ 50,767 | \$ 48,454 | \$ 39,903 | \$ 20,471 | \$ 159,595 |

(1) Loss on damage to manufacturing facilities caused by weather.

(2) Transaction and advisory fees.

QUANEX BUILDING PRODUCTS CORPORATION
NON-GAAP FINANCIAL MEASURE DISCLOSURE
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended October 31, 2023 | | Three Months Ended October 31, 2022 | | Twelve Months Ended October 31, 2023 | | Twelve Months Ended October 31, 2022 | |
|---------------------------------------------------------------|----------------------------------------|----------------------|----------------------------------------|----------------------|-----------------------------------------|----------------------|-----------------------------------------|----------------------|
| | Net Income | Diluted EPS | Net Income | Diluted EPS | Net Income | Diluted EPS | Net Income | Diluted EPS |
| Reconciliation of Adjusted Net Income and Adjusted EPS | | | | | | | | |
| Net income as reported | \$ 27,382 | \$ 0.83 | \$ 24,667 | \$ 0.75 | \$ 82,501 | \$ 2.50 | \$ 88,336 | \$ 2.66 |
| Net income reconciling items from below | 3,851 | 0.12 | 290 | - | 8,401 | 0.25 | 581 | 0.02 |
| Adjusted net income and adjusted EPS | <u>\$ 31,233</u> | <u>\$ 0.95</u> | <u>\$ 24,957</u> | <u>\$ 0.75</u> | <u>\$ 90,902</u> | <u>\$ 2.75</u> | <u>\$ 88,917</u> | <u>\$ 2.68</u> |
| Reconciliation of Adjusted EBITDA | | | | | | | | |
| Net income as reported | \$ 27,382 | | \$ 24,667 | | \$ 82,501 | | \$ 88,336 | |
| Income tax expense | 4,442 | | 3,329 | | 14,545 | | 21,427 | |
| Other, net | 6,110 | | (136) | | 5,519 | | (1,041) | |
| Interest expense | 1,565 | | 710 | | 8,136 | | 2,559 | |
| Depreciation and amortization | 11,194 | | 9,555 | | 42,866 | | 40,109 | |
| EBITDA | 50,693 | | 38,125 | | 153,567 | | 151,390 | |
| EBITDA reconciling items from below | 74 | | 564 | | 6,028 | | 1,114 | |
| Adjusted EBITDA | <u>\$ 50,767</u> | | <u>\$ 38,689</u> | | <u>\$ 159,595</u> | | <u>\$ 152,504</u> | |
| Reconciling Items | | | | | | | | |
| | Income | Reconciling Items | Income | Reconciling Items | Income | Reconciling Items | Income | Reconciling Items |
| Net sales | \$ 295,492 | \$ - | \$ 307,532 | \$ - | \$ 1,130,583 | \$ - | \$ 1,221,502 | \$ - |
| Cost of sales | 215,473 | 35 | 240,073 | - | 853,059 | (13) | 953,004 | - |
| Selling, general and administrative | 29,326 | (109) | 29,334 | (564) | 123,957 | (6,015) | 117,108 | (1,114) |
| EBITDA | 50,693 | 74 | 38,125 | 564 | 153,567 | 6,028 | 151,390 | 1,114 |
| Depreciation and amortization | 11,194 | - | 9,555 | - | 42,866 | - | 40,109 | - |
| Operating income | 39,499 | 74 | 28,570 | 564 | 110,701 | 6,028 | 111,281 | 1,114 |
| Interest expense | (1,565) | - | (710) | - | (8,136) | - | (2,559) | - |
| Other, net | (6,110) | 5,232 | 136 | (222) | (5,519) | 5,196 | 1,041 | (386) |
| Income before income taxes | 31,824 | 5,306 | 27,996 | 342 | 97,046 | 11,224 | 109,763 | 728 |
| Income tax expense | (4,442) | (1,455) | (3,329) | (52) | (14,545) | (2,823) | (21,427) | (147) |
| Net income | <u>\$ 27,382</u> | <u>\$ 3,851</u> | <u>\$ 24,667</u> | <u>\$ 290</u> | <u>\$ 82,501</u> | <u>\$ 8,401</u> | <u>\$ 88,336</u> | <u>\$ 581</u> |
| Diluted earnings per share | \$ 0.83 | | \$ 0.75 | | \$ 2.50 | | \$ 2.66 | |

(1) Loss on damage to manufacturing facilities caused by weather.

(2) Transaction and advisory fees.

(3) Foreign currency translation losses (gains) and pension settlement expense.

(4) Tax impact of net income reconciling items.

QUANEX BUILDING PRODUCTS CORPORATION
SELECTED SEGMENT DATA
(In thousands)
(Unaudited)

This table provides gross margin, operating (loss) income, EBITDA, and Adjusted EBITDA by reportable segment. Non-operating expense and income tax expense are not allocated to the reportable segments.

| | NA Fenestration | EU Fenestration | NA Cabinet Components | Unallocated Corp & Other | Total |
|------------------------------------------------------------|------------------|------------------|--------------------------|-----------------------------|-------------------|
| Three months ended October 31, 2023 | | | | | |
| Net sales | \$ 180,446 | \$ 64,170 | \$ 51,868 | \$ (992) | \$ 295,492 |
| Cost of sales | 135,490 | 39,070 | 41,488 | (575) | 215,473 |
| Gross Margin | 44,956 | 25,100 | 10,380 | (417) | 80,019 |
| Gross Margin % | 24.9% | 39.1% | 20.0% | | 27.1% |
| Selling, general and administrative | 15,272 | 8,354 | 5,135 | 565 | 29,326 |
| Depreciation and amortization | 5,211 | 2,714 | 3,220 | 49 | 11,194 |
| Operating income (loss) | 24,473 | 14,032 | 2,025 | (1,031) | 39,499 |
| Depreciation and amortization | 5,211 | 2,714 | 3,220 | 49 | 11,194 |
| EBITDA | 29,684 | 16,746 | 5,245 | (982) | 50,693 |
| Loss on damage to manufacturing facilities (Cost of sales) | (35) | - | - | - | (35) |
| Loss on damage to manufacturing facilities (SG&A) | - | - | (131) | - | (131) |
| Transaction and advisory fees | - | - | - | 240 | 240 |
| Adjusted EBITDA | <u>\$ 29,649</u> | <u>\$ 16,746</u> | <u>\$ 5,114</u> | <u>\$ (742)</u> | <u>\$ 50,767</u> |
| Adjusted EBITDA Margin % | 16.4% | 26.1% | 9.9% | | 17.2% |
| Three months ended October 31, 2022 | | | | | |
| Net sales | \$ 178,175 | \$ 62,104 | \$ 67,993 | \$ (740) | \$ 307,532 |
| Cost of sales | 141,395 | 42,121 | 56,904 | (347) | 240,073 |
| Gross Margin | 36,780 | 19,983 | 11,089 | (393) | 67,459 |
| Gross Margin % | 20.6% | 32.2% | 16.3% | | 21.9% |
| Selling, general and administrative | 15,636 | 7,686 | 6,111 | (99) | 29,334 |
| Depreciation and amortization | 4,032 | 2,256 | 3,177 | 90 | 9,555 |
| Operating income (loss) | 17,112 | 10,041 | 1,801 | (384) | 28,570 |
| Depreciation and amortization | 4,032 | 2,256 | 3,177 | 90 | 9,555 |
| EBITDA | 21,144 | 12,297 | 4,978 | (294) | 38,125 |
| Transaction and advisory fees | - | - | - | 564 | 564 |
| Adjusted EBITDA | <u>\$ 21,144</u> | <u>\$ 12,297</u> | <u>\$ 4,978</u> | <u>\$ 270</u> | <u>\$ 38,689</u> |
| Adjusted EBITDA Margin % | 11.9% | 19.8% | 7.3% | | 12.6% |
| Twelve months ended October 31, 2023 | | | | | |
| Net sales | \$ 667,482 | \$ 250,774 | \$ 215,445 | \$ (3,118) | \$ 1,130,583 |
| Cost of sales | 517,805 | 158,491 | 178,210 | (1,447) | 853,059 |
| Gross Margin | 149,677 | 92,283 | 37,235 | (1,671) | 277,524 |
| Gross Margin % | 22.4% | 36.8% | 17.3% | | 24.5% |
| Selling, general and administrative | 56,979 | 32,350 | 21,074 | 13,554 | 123,957 |
| Depreciation and amortization | 20,539 | 9,849 | 12,208 | 270 | 42,866 |
| Operating income (loss) | 72,159 | 50,084 | 3,953 | (15,495) | 110,701 |
| Depreciation and amortization | 20,539 | 9,849 | 12,208 | 270 | 42,866 |
| EBITDA | 92,698 | 59,933 | 16,161 | (15,225) | 153,567 |
| Loss on damage to manufacturing facilities (Cost of sales) | - | - | 13 | - | 13 |
| Loss on damage to manufacturing facilities (SG&A) | - | - | 69 | - | 69 |
| Transaction and advisory fees | - | - | - | 5,946 | 5,946 |
| Adjusted EBITDA | <u>\$ 92,698</u> | <u>\$ 59,933</u> | <u>\$ 16,243</u> | <u>\$ (9,279)</u> | <u>\$ 159,595</u> |
| Adjusted EBITDA Margin % | 13.9% | 23.9% | 7.5% | | 14.1% |
| Twelve months ended October 31, 2022 | | | | | |
| Net sales | \$ 687,458 | \$ 262,058 | \$ 275,704 | \$ (3,718) | \$ 1,221,502 |
| Cost of sales | 537,900 | 180,268 | 236,695 | (1,859) | 953,004 |
| Gross Margin | 149,558 | 81,790 | 39,009 | (1,859) | 268,498 |
| Gross Margin % | 21.8% | 31.2% | 14.1% | | 22.0% |
| Selling, general and administrative | 58,735 | 31,846 | 21,934 | 4,593 | 117,108 |
| Depreciation and amortization | 16,253 | 9,674 | 13,830 | 352 | 40,109 |
| Operating income (loss) | 74,570 | 40,270 | 3,245 | (6,804) | 111,281 |
| Depreciation and amortization | 16,253 | 9,674 | 13,830 | 352 | 40,109 |
| EBITDA | 90,823 | 49,944 | 17,075 | (6,452) | 151,390 |
| Transaction and advisory fees | - | - | - | 1,114 | 1,114 |
| Adjusted EBITDA | <u>\$ 90,823</u> | <u>\$ 49,944</u> | <u>\$ 17,075</u> | <u>\$ (5,338)</u> | <u>\$ 152,504</u> |
| Adjusted EBITDA Margin % | 13.2% | 19.1% | 6.2% | | 12.5% |

QUANEX BUILDING PRODUCTS CORPORATION
SALES ANALYSIS
(In thousands)
(Unaudited)

| | <u>Three Months Ended October 31,</u> | | <u>Twelve Months Ended October, 31</u> | |
|-------------------------------------------|---------------------------------------|-------------------|----------------------------------------|---------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| NA Fenestration: ⁽¹⁾ | | | | |
| United States - fenestration | \$ 138,783 | \$ 162,147 | \$ 518,396 | \$ 609,572 |
| International - fenestration | 8,081 | 4,954 | 30,100 | 35,906 |
| United States - non-fenestration | 29,267 | 6,922 | 103,090 | 29,039 |
| International - non-fenestration | 4,315 | 4,152 | 15,896 | 12,941 |
| | <u>\$ 180,446</u> | <u>\$ 178,175</u> | <u>\$ 667,482</u> | <u>\$ 687,458</u> |
| EU Fenestration: ⁽²⁾ | | | | |
| International - fenestration | \$ 49,862 | \$ 46,329 | \$ 191,871 | \$ 194,854 |
| International - non-fenestration | 14,308 | 15,775 | 58,903 | 67,204 |
| | <u>\$ 64,170</u> | <u>\$ 62,104</u> | <u>\$ 250,774</u> | <u>\$ 262,058</u> |
| NA Cabinet Components: | | | | |
| United States - fenestration | \$ 4,286 | \$ 4,408 | \$ 16,899 | \$ 17,696 |
| United States - non-fenestration | 47,092 | 62,818 | 195,866 | 254,726 |
| International - non-fenestration | 490 | 767 | 2,680 | 3,282 |
| | <u>\$ 51,868</u> | <u>\$ 67,993</u> | <u>\$ 215,445</u> | <u>\$ 275,704</u> |
| Unallocated Corporate & Other: | | | | |
| Eliminations | \$ (992) | \$ (740) | \$ (3,118) | \$ (3,718) |
| | <u>\$ (992)</u> | <u>\$ (740)</u> | <u>\$ (3,118)</u> | <u>\$ (3,718)</u> |
| Net Sales | <u>\$ 295,492</u> | <u>\$ 307,532</u> | <u>\$ 1,130,583</u> | <u>\$ 1,221,502</u> |

(1) Includes the net sales from the acquisition of LMI of \$21.4 million and \$75.6 million for the three and twelve months ended October 31, 2023, respectively.

(2) Reflects an increase of \$4.5 million and a reduction of \$4.1 million in revenue associated with foreign currency exchange rate impacts for the three and twelve months ended October 31, 2023, respectively.