

**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 July 31, 2025
OR

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

For the transition period from to
Commission File Number 1-33913

QUANEX BUILDING PRODUCTS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-1561397
(I.R.S. Employer
Identification No.)

945 Bunker Hill Road, Suite 900, Houston, Texas 77024

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (713) 961-4600

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	NX	New York Stock Exchange

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

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

Indicate by 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Securities Act.

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

The number of shares outstanding of the registrant's Common Stock as of August 31, 2025 was 45,876,838.

QUANEX BUILDING PRODUCTS CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	July 31, 2025	October 31, 2024
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 66,272	\$ 97,744
Restricted cash	1,654	5,251
Accounts receivable, net of allowance for credit losses of \$3,025 and \$254	201,837	197,689
Inventories	272,222	275,550
Income taxes receivable	—	5,937
Prepaid and other current assets	41,339	29,097
Total current assets	583,324	611,268
Property, plant and equipment, net of accumulated depreciation of \$404,974 and \$391,851	405,510	402,466
Operating lease right-of-use assets	147,829	126,715
Deferred income tax assets	3,654	3,845
Goodwill	271,459	574,711
Intangible assets, net	558,768	597,909
Other assets	2,133	2,874
Total assets	<u>\$ 1,972,677</u>	<u>\$ 2,319,788</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 126,486	\$ 124,404
Accrued liabilities	95,378	103,623
Income taxes payable	1,273	6,620
Current maturities of long-term debt	26,313	25,745
Current operating lease liabilities	15,243	12,475
Total current liabilities	264,693	272,867
Long-term debt	695,605	737,198
Noncurrent operating lease liabilities	138,246	117,560
Deferred income taxes liabilities	143,576	162,304
Other liabilities	13,166	19,113
Total liabilities	1,255,286	1,309,042
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value, shares authorized 1,000,000; issued and outstanding - none	—	—
Common stock, \$0.01 par value, shares authorized 125,000,000; issued 51,213,869 and 51,266,501, respectively; outstanding 45,876,838 and 47,252,070, respectively	512	513
Additional paid-in-capital	699,106	701,008
Retained earnings	148,795	430,405
Accumulated other comprehensive loss	(30,501)	(46,428)
Less: Treasury stock at cost, 5,337,031 and 4,014,431 shares, respectively	(100,521)	(74,752)
Total stockholders' equity	717,391	1,010,746
Total liabilities and stockholders' equity	<u>\$ 1,972,677</u>	<u>\$ 2,319,788</u>

The accompanying notes are an integral part of the financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2025	2024	2025	2024
	(In thousands, except per share amounts)			
Net sales	\$ 495,273	\$ 280,345	\$ 1,347,795	\$ 785,701
Cost and expenses:				
Cost of sales (excluding depreciation and amortization)	357,305	209,441	986,129	597,127
Selling, general and administrative	71,270	36,509	208,253	103,579
Restructuring charges	1,367	—	10,207	—
Depreciation and amortization	33,882	10,953	77,814	32,999
Asset impairment charges	302,284	—	302,284	—
Operating (loss) income	(270,835)	23,442	(236,892)	51,996
Non-operating (expense) income:				
Interest expense	(14,218)	(878)	(42,344)	(2,896)
Other, net	855	9,474	1,925	10,520
(Loss) income before income taxes	(284,198)	32,038	(277,311)	59,620
Income tax benefit (expense)	8,191	(6,688)	6,934	(12,644)
Net (loss) income	\$ (276,007)	\$ 25,350	\$ (270,377)	\$ 46,976
(Loss) earnings per common share	\$ (6.04)	\$ 0.77	\$ (5.83)	\$ 1.43
Diluted (loss) earnings per common share	\$ (6.04)	\$ 0.77	\$ (5.83)	\$ 1.42
Weighted-average common shares outstanding:				
Basic	45,691	32,876	46,395	32,857
Diluted	45,691	33,106	46,395	33,087
Cash dividends per share	\$ 0.08	\$ 0.08	\$ 0.24	\$ 0.24

The accompanying notes are an integral part of the financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2025	2024	2025	2024
	(In thousands)			
Net (loss) income	\$ (276,007)	\$ 25,350	\$ (270,377)	\$ 46,976
<i>Other comprehensive income:</i>				
Foreign currency translation (loss) gain, net of tax	(3,467)	4,500	15,927	8,010
Other comprehensive (loss) income, net of tax	(3,467)	4,500	15,927	8,010
Comprehensive (loss) income	\$ (279,474)	\$ 29,850	\$ (254,450)	\$ 54,986

The accompanying notes are an integral part of the financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	July 31,	
	2025	2024
	(In thousands)	
Operating activities:		
Net (loss) income	\$ (270,377)	\$ 46,976
Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Depreciation and amortization	77,814	32,999
Stock-based compensation	2,762	2,159
Deferred income tax	(26,440)	(2,321)
Asset impairment charges	302,284	—
Gain on deal contingent foreign exchange forward currency contract	—	(9,200)
Other, net	9,203	886
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,727)	11,114
Decrease (increase) in inventory	5,261	(183)
(Increase) decrease in other current assets	(7,228)	1,646
Increase (decrease) in accounts payable	144	(9,634)
(Decrease) increase in accrued liabilities	(9,725)	948
(Decrease) increase in income taxes payable	(21)	6,659
(Decrease) increase in other long-term liabilities	(5,395)	707
Other, net	88	577
Cash provided by operating activities	76,643	83,333
Investing activities:		
Capital expenditures	(40,996)	(23,435)
Proceeds from disposition of capital assets	361	115
Cash used for investing activities	(40,635)	(23,320)
Financing activities:		
Borrowings under credit facilities	170,000	—
Repayments of credit facility borrowings	(213,750)	(15,000)
Repayments of other long-term debt	(1,962)	(1,893)
Common stock dividends paid	(11,233)	(7,943)
Issuance of common stock	214	573
Payroll tax paid to settle shares forfeited upon vesting of stock	(1,400)	(1,193)
Purchase of treasury stock	(29,248)	—
Cash used for financing activities	(87,379)	(25,456)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	16,302	935
(Decrease) increase in cash, cash equivalents and restricted cash	(35,069)	35,492
Cash, cash equivalents and restricted cash at beginning of period	102,995	58,474
Cash, cash equivalents and restricted cash at end of period	\$ 67,926	\$ 93,966

The accompanying notes are an integral part of the financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

<u>Nine Months Ended July 31, 2025</u>	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
(In thousands, no per share amounts shown except in verbiage)						
Balance at October 31, 2024	\$ 513	\$ 701,008	\$ 430,405	\$ (46,428)	\$ (74,752)	\$ 1,010,746
Net loss	—	—	(14,885)	—	—	(14,885)
Foreign currency translation adjustment	—	—	—	(15,951)	—	(15,951)
Common dividends (\$0.08 per share)	—	—	(3,812)	—	—	(3,812)
Purchase of treasury stock	—	—	—	—	(3,698)	(3,698)
<i>Stock-based compensation activity:</i>						
Expense related to stock-based compensation	—	902	—	—	—	902
Stock options exercised	—	41	—	—	173	214
Restricted stock awards granted	—	(1,894)	—	—	1,894	—
Performance restricted stock units vested	—	(1,300)	—	—	1,300	—
Other	(1)	(1,399)	—	—	—	(1,400)
Balance at January 31, 2025	\$ 512	\$ 697,358	\$ 411,708	\$ (62,379)	\$ (75,083)	\$ 972,116
Net income	—	—	20,515	—	—	20,515
Foreign currency translation adjustment	—	—	—	35,345	—	35,345
Common dividends (\$0.08 per share)	—	—	(3,740)	—	—	(3,740)
Purchase of treasury stock	—	—	—	—	(23,496)	(23,496)
<i>Stock-based compensation activity:</i>						
Expense related to stock-based compensation	—	923	—	—	—	923
Restricted stock awards granted	—	(43)	—	—	43	—
Balance at April 30, 2025	\$ 512	\$ 698,238	\$ 428,483	\$ (27,034)	\$ (98,536)	\$ 1,001,663
Net income	—	—	(276,007)	—	—	(276,007)
Foreign currency translation adjustment	—	—	—	(3,467)	—	(3,467)
Common dividends (\$0.08 per share)	—	—	(3,681)	—	—	(3,681)
Purchase of treasury stock	—	—	—	—	(2,054)	(2,054)
<i>Stock-based compensation activity:</i>						
Expense related to stock-based compensation	—	937	—	—	—	937
Restricted stock awards granted	—	(69)	—	—	69	—
Balance at July 31, 2025	<u>\$ 512</u>	<u>\$ 699,106</u>	<u>\$ 148,795</u>	<u>\$ (30,501)</u>	<u>\$ (100,521)</u>	<u>\$ 717,391</u>

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Nine Months Ended July 31, 2024	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
	(In thousands, no per share amounts shown except in verbiage)					
Balance at October 31, 2023	\$ 372	\$ 251,576	\$ 409,318	\$ (38,141)	\$ (77,571)	\$ 545,554
Net income	—	—	6,249	—	—	6,249
Foreign currency translation adjustment	—	—	—	6,081	—	6,081
Common dividends (\$0.08 per share)	—	—	(2,645)	—	—	(2,645)
<i>Stock-based compensation activity:</i>						
Expense related to stock-based compensation	—	583	—	—	—	583
Stock options exercised	—	22	—	—	378	400
Restricted stock awards granted	—	(1,357)	—	—	1,357	—
Performance restricted stock units vested	—	(917)	—	—	917	—
Other	(1)	(1,192)	—	—	—	(1,193)
Balance at January 31, 2024	\$ 371	\$ 248,715	\$ 412,922	\$ (32,060)	\$ (74,919)	\$ 555,029
Net income	—	—	15,377	—	—	15,377
Foreign currency translation adjustment	—	—	—	(2,571)	—	(2,571)
Common dividends (\$0.08 per share)	—	—	(2,649)	—	—	(2,649)
<i>Stock-based compensation activity:</i>						
Expense related to stock-based compensation	—	782	—	—	—	782
Stock options exercised	—	5	—	—	149	154
Balance at April 30, 2024	\$ 371	\$ 249,502	\$ 425,650	\$ (34,631)	\$ (74,770)	\$ 566,122
Net income	—	—	25,350	—	—	25,350
Foreign currency translation adjustment	—	—	—	4,500	—	4,500
Common dividends (\$0.08 per share)	—	—	(2,649)	—	—	(2,649)
<i>Stock-based compensation activity:</i>						
Expense related to stock-based compensation	—	794	—	—	—	794
Stock options exercised	—	1	—	—	18	19
Balance at July 31, 2024	<u>\$ 371</u>	<u>\$ 250,297</u>	<u>\$ 448,351</u>	<u>\$ (30,131)</u>	<u>\$ (74,752)</u>	<u>\$ 594,136</u>

The accompanying notes are an integral part of the financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations and Basis of Presentation

Quanex Building Products Corporation is a leading manufacturer and component supplier to original equipment manufacturers (OEMs) in various industries, including window, door, solar, refrigeration, custom mixing, building access, and cabinetry markets. We have organized our business into three reportable business segments: Hardware Solutions, which manufactures window and door hardware and screens; Extruded Solutions, which manufactures insulating glass spacers, vinyl window and door profiles, seals, and weatherstripping; and Custom Solutions, which manufactures wood, mixing, and building access solutions. For additional discussion of our reportable business segments, see Note 14, “Segment Information.” We leverage efficient production and distribution processes and engineering expertise to provide our customers with specialized products for their specific hardware, extrusion, and custom applications. We believe these capabilities enhance our ability to provide value to our customers. We serve a primary customer base in North America and the United Kingdom (U.K.), and also serve customers in international markets through our operating locations in the U.K., Germany, Mexico, Canada, and Italy, as well as through sales and marketing efforts in other countries.

Unless the context indicates otherwise, references to “Quanex,” the “Company,” “we,” “us,” and “our” refer to the consolidated business operations of Quanex Building Products Corporation and its subsidiaries.

Basis of Presentation and Principles of Consolidation

The accompanying interim unaudited condensed consolidated financial statements include the accounts of Quanex Building Products Corporation. All intercompany accounts and transactions have been eliminated in consolidation. These unaudited financial statements have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations. The condensed consolidated balance sheet as of October 31, 2024 was derived from audited financial information but does not include all disclosures required by U.S. GAAP. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto, included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024. In our opinion, the accompanying financial statements contain all adjustments (which consist of normal recurring adjustments, except as disclosed herein) necessary to fairly present our financial position, results of operations and cash flows for the interim periods. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year or for any future periods.

Use of Estimates

In preparing financial statements, we make informed judgments and estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements and affect the reported amounts of revenues and expenses during the reporting period. We review our estimates on an on-going basis, including those related to impairment of long-lived assets and goodwill, contingencies and income taxes. Changes in facts and circumstances may result in revised estimates and actual results may differ from these estimates.

Revenue from Contracts with Customers

Revenue recognition

We recognize revenue that reflects the consideration we expect to receive for product sales upon transfer to customers. Revenue for product sales is recognized when control of the promised products is transferred to our customers, and we are entitled to consideration in exchange for such transfer. We account for a contract when a customer provides us with a firm purchase order that identifies the products to be provided, the payment terms for those products, and when collectability of the consideration due is probable.

Performance obligations

A performance obligation is a promise to provide the customer with a good or service. Our performance obligations include product sales, with each product included in a customer contract being recognized as a separate performance obligation. For contracts with multiple performance obligations, the standalone selling price of each product is generally readily observable.

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Revenue from product sales is recognized at a point in time when the product is transferred to the customer, in accordance with the shipping terms, which is generally upon shipment. We estimate a provision for sales returns and warranty allowances to account for product returns related to general returns and product nonconformance.

We generally expense incremental costs of obtaining a contract when incurred because the amortization period would be less than one year. Additionally, we do not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

Pricing and sales incentives

Pricing is established at or prior to the time of sale with our customers and we record sales at the agreed-upon net selling price, reflective of current and prospective discounts.

Shipping and handling costs

We account for shipping and handling services as fulfillment services; accordingly, freight revenue is combined with the product deliverable rather than being accounted for as a distinct performance obligation within the terms of the agreement. Shipping and handling costs incurred by us for the delivery of goods to customers are considered a cost to fulfill the contract and are included in cost of sales in the accompanying condensed consolidated statements of income.

Contract assets and liabilities

Deferred revenue, which is not significant, is recorded when we have remaining unsatisfied performance obligations for which we have received consideration.

Disaggregation of revenue

We manufacture and distribute a diverse portfolio of products for OEMs operating in hardware, extrusion, and custom markets worldwide. Our broad geographic reach exposes us to diverse economic conditions, which can impact demand, currency fluctuations, and supply chain dynamics.

The following table summarizes our product sales for the three and nine months ended July 31, 2025 and 2024, categorized by segment, to depict how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by economic factors. For further details regarding our results by segment, refer to Note 14, "Segment Information."

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2025	2024	2025	2024
(In thousands)				
Hardware Solutions:				
Window and door hardware	\$ 150,307	\$ —	\$ 411,522	\$ —
Screens	76,809	75,460	203,269	204,127
	<u>\$ 227,116</u>	<u>\$ 75,460</u>	<u>\$ 614,791</u>	<u>\$ 204,127</u>
Extruded Solutions:				
Window profiles	\$ 68,165	\$ 67,802	182,273	193,758
Seals and gaskets	29,865	16,513	84,915	42,714
Spacers	54,743	37,868	146,544	104,047
Solar	5,250	5,198	17,835	16,074
Flashing Tape	3,038	4,905	6,751	13,512
Window and door hardware	10,044	—	29,694	—
Other	3,322	2,266	10,012	9,755
	<u>\$ 174,427</u>	<u>\$ 134,552</u>	<u>\$ 478,024</u>	<u>\$ 379,860</u>
Custom Solutions:				
Wood solutions	\$ 53,409	\$ 51,448	\$ 148,456	\$ 145,663
Access solutions	27,370	—	74,158	—
Mixing solutions	21,485	21,219	62,195	62,538
	<u>\$ 102,264</u>	<u>\$ 72,667</u>	<u>\$ 284,809</u>	<u>\$ 208,201</u>
Unallocated Corporate & Other:				
Eliminations	\$ (8,534)	\$ (2,334)	\$ (29,829)	\$ (6,487)
	<u>\$ (8,534)</u>	<u>\$ (2,334)</u>	<u>\$ (29,829)</u>	<u>\$ (6,487)</u>
Net sales	<u>\$ 495,273</u>	<u>\$ 280,345</u>	<u>\$ 1,347,795</u>	<u>\$ 785,701</u>

Allowance for Credit Losses

We have established an allowance for credit losses to estimate the risk of losses, which represents an estimate of expected losses over the remaining contractual life of our receivables. The allowance is determined using two methods. The amounts calculated from each of these methods are combined to determine the total amount reserved. First, a specific reserve is established for individual accounts where information indicates the customers may have an inability to meet financial obligations. Second, a reserve is determined for all customers based on a range of percentages applied to aging categories. These percentages are based on historical collection rates, write-off experience, and forecasts of future economic conditions. Actual write-offs are charged against the allowance when collection efforts have been unsuccessful.

Related Parties

Net sales to a customer which is a related party with one of our non-employee directors for the three and nine months ended July 31, 2025 was \$0.4 million and \$1.4 million, respectively, and \$0.3 million and \$0.8 million for comparable prior year periods. Purchases from a customer which is a related party with one of our non-employee directors for the three and nine months ended July 31, 2025 was \$0.1 million, respectively, and zero for comparable prior year periods. We performed a review of these transactions, of which no single transaction or series of related transactions exceeded \$120,000 in amount, and determined that these transactions were enacted independently of each other. We are not aware of any other related party transactions with any of our current non-employee directors or officers outside of their normal business functions or expected contractual duties.

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Restructuring

We accrue one-time severance costs pursuant to an approved plan of restructuring at the communication date, when affected employees have been formally notified and the severance arrangement is legally enforceable, with no realistic possibility of withdrawal. In addition, we accrue costs associated with the termination of contractual commitments including leases at the time the lease is terminated pursuant to the lease provisions or in accordance with another agreement with the landlord. Otherwise, we continue to recognize lease expense through the cease-use date. After the cease-use date, we determine if our operating lease payments are at market. We assume sublet of the facility at the market rate. To the extent our lease obligations exceed the fair value rentals, we discount to arrive at the present value and record a liability. If the facility is not sublet, we expense the amount of the assumed sublet in the current period. For other costs directly related to the restructuring effort, such as equipment moving costs, we expense in the period incurred.

During the three months ended July 31, 2025, we restructured our reportable operating segments to integrate the acquisition of Tyman plc with our legacy Quanex operations. This restructuring aligns our business into three operating segments: Hardware Solutions, Extruded Solutions, and Custom Solutions, which is how our Chief Operating Decision Maker (“CODM”) assesses the performance of our business, makes key operating decisions and allocates resources. Prior period amounts have been recast to conform to the new segment structure. For additional discussion of our acquisition of Tyman plc, see Note 2, “Acquisition.” For additional discussion of our reportable business segments, see Note 14, “Segment Information.”

During the three and nine months ended July 31, 2025, we incurred \$1.4 million and \$10.2 million, respectively, in restructuring charges including \$1.4 million, and \$6.3 million, respectively, related to workforce alignment costs, primarily severance and employee-related expenses. As of July 31, 2025, we have paid \$5.1 million in workforce alignment costs, with a remaining accrual of \$1.2 million. Additionally, we recognized \$3.9 million related to the disposal of software which no longer supports our business. We may incur additional restructuring charges in future periods. The nature and amount of any such charges will depend on further developments in the restructuring process.

Goodwill impairment

During the three months ended July 31, 2025, as a result of the restructuring, we tested goodwill for impairment. The testing of our goodwill resulted in an asset impairment of \$302.3 million. Of the goodwill impairment amount recorded during the three months ended July 31, 2025, \$44.8 million relates to tax-deductible goodwill. The remaining charge was not deductible for tax purposes, and no deferred tax asset was recognized. For additional discussion of our goodwill, see Note 6, “Goodwill and Intangibles.” For additional information and discussion of change in reporting units and a summary of the change in the carrying amount of goodwill by segment, see Note 14, “Segment Information.”

2. Acquisition

On August 1, 2024, we completed the acquisition of Tyman plc (“Tyman”), a company incorporated in England and Wales (“Tyman Acquisition”). The aggregate consideration due pursuant to the Tyman Acquisition at closing comprised 14,139,477 newly issued Quanex common shares (“New Quanex Shares”) and cash consideration of approximately \$504.1 million (being the Pound Sterling amount of cash consideration of £392.2 million in respect of all of the Tyman Shares converted to U.S. Dollars at an exchange rate of 1.2855). New Quanex Shares issued in connection with the Tyman Acquisition on the New York Stock Exchange took effect on August 2, 2024 and Tyman’s shares on the London Stock Exchange were canceled.

On June 12, 2024, in connection with the Tyman Acquisition, the Company, Wells Fargo Bank, National Association (“Wells Fargo Bank”, acting as agent, swingline lender and issuing lender, the “Agent”), the other entities therein specified in the capacities therein specified, and the lenders parties thereto, entered into an amendment to the Company’s Second Amended and Restated Credit Agreement, dated as of July 6, 2022 (the “Existing Credit Agreement”, and the Existing Credit Agreement as so amended, the “Amended Credit Agreement”). The Amended Credit Agreement did not become effective until August 1, 2024 upon the completion of the Tyman Acquisition.

The Amended Credit Agreement (i) increased the senior secured revolving credit facility to an aggregate principal amount of \$475 million (the “Revolving Credit Facility”) and (ii) provided for a senior secured term loan A facility in an aggregate principal amount of \$500 million (the “Term Loan A Facility” and together with the Revolving Credit Facility, the “Facilities”). The Revolving Credit Facility includes alternative currency, letter of credit, and swing-line sub-facilities of \$100 million, \$30 million, and \$15 million, respectively. The maturity date of the Facilities is five years after the acquisition effective date, maturing on August 1, 2029.

The purchase price for the Tyman Acquisition was initially allocated on a preliminary basis as of the acquisition date.

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Despite basing our initial estimates on the information available on August 1, 2024, further data and evidence obtained during the third quarter of 2025 prompted several measurement period adjustments. These adjustments primarily affected deferred income taxes, fixed assets, inventories, accounts payable, and other assets, resulting in a 4.1 million reduction in the preliminary goodwill we initially recognized.

The revised allocation of the purchase price, reflecting the fair value of the assets acquired and liabilities assumed, including the identified measurement period adjustments, and the final purchase price allocation is detailed in the table below.

	<u>As of Date of Opening Balance Sheet</u>	<u>Measurement Period Adjustments</u>	<u>Final Purchase Price Allocation</u>
	(In thousands)		
Net assets acquired:			
Accounts receivable	\$ 99,574	\$ —	\$ 99,574
Inventories	211,617	(286)	211,331
Prepaid and other assets	21,516	(1,754)	19,762
Property, plant and equipment	157,981	(130)	157,851
Operating lease right-of-use assets	65,414	—	65,414
Goodwill	385,045	(4,104)	380,941
Intangible assets	539,285	—	539,285
Accounts payable	(66,769)	(595)	(67,364)
Accrued liabilities	(41,958)	—	(41,958)
Long-term debt	(300,684)	—	(300,684)
Operating lease liabilities	(66,228)	—	(66,228)
Deferred income taxes	(145,677)	6,869	(138,808)
Other liabilities	(10,502)	—	(10,502)
Net assets acquired	<u>\$ 848,614</u>	<u>\$ —</u>	<u>\$ 848,614</u>
Consideration:			
Total consideration, net of cash and cash equivalents	<u>\$ 848,614</u>	<u>\$ —</u>	<u>\$ 848,614</u>

We used recognized valuation techniques to determine the preliminary fair value of the assets and liabilities, including the multi period excess earnings method for customer relationships and relief from royalty method for trade names and other technology with a discount rate that reflects the risk of the expected future cash flows. Tyman's results are allocated to our Hardware Solutions, Extruded Solutions, and Custom Solutions segments in accordance with the nature of operations. For additional discussion of our reportable business segments, see Note 14, "Segment Information."

Pro Forma Results

We calculated the pro forma impact of the Tyman acquisition and the associated debt financing on our operating results for the three and nine months ended July 31, 2024. The following pro forma results give effect to this acquisition, assuming the transaction occurred on November 1, 2023.

	<u>Three Months Ended July 31, 2024</u>	<u>Nine Months Ended July 31, 2024</u>
	(In thousands, except per share amounts)	
	(Unaudited)	
Net sales	\$ 493,804	\$ 1,395,632
Net income	\$ 17,283	\$ 48,846
Basic earnings per share	\$ 0.37	\$ 1.04
Diluted earnings per share	\$ 0.37	\$ 1.03

We derived the pro forma results for the Tyman acquisition based on historical financial information obtained from the sellers and certain management assumptions. Our Tyman pro forma adjustments relate to the impact of preliminary fair value

QUANEX BUILDING PRODUCTS CORPORATION**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

adjustments on the underlying assets and liabilities of Tyman, transaction costs and the financing of the Tyman Acquisition, and the conversion of Tyman's financial information prepared in accordance with IFRS to Quanex accounting policies in accordance with U.S. GAAP.

3. Inventories

Inventories consisted of the following at July 31, 2025 and October 31, 2024 (in thousands):

	July 31, 2025	October 31, 2024
Raw materials	\$ 88,257	\$ 81,330
Finished goods and work in process	181,374	192,448
Supplies and other	2,591	1,772
Total	<u>\$ 272,222</u>	<u>\$ 275,550</u>

Fixed costs related to excess manufacturing capacity, if any, have been expensed in the period they were incurred and, therefore, are not capitalized into inventory.

4. Leases

We recognize a right-of-use (ROU) asset and lease liability for each operating and finance lease with a contractual term greater than 12 months at the time of lease inception. We include ROU assets and lease liabilities for leases that exist within other contracts. Leases with an original term of 12 months or less are not recognized on the balance sheet, and the rent expense related to those short-term leases is recognized over the lease term. We do not account for lease and non-lease (e.g., common area maintenance) components of contracts separately for any underlying asset class.

We lease certain manufacturing plants, warehouses, office space, vehicles and equipment under finance and operating leases. Lease commencement occurs on the date we take possession or control of the property or equipment. Original terms for our real estate-related leases are generally between five years and twenty years. Original terms for equipment-related leases, primarily manufacturing equipment and vehicles, are generally between one year and ten years. Some of our leases also include rental escalation clauses. Renewal options are included in the determination of lease payments when management determines the options are reasonably certain of exercise, considering financial performance, strategic importance and/or invested capital.

If readily determinable, the rate implicit in the lease is used to discount lease payments to present value; however, substantially all of our leases do not provide a readily determinable implicit rate. When the implicit rate is not determinable, our estimated incremental borrowing rate is utilized, determined on a collateralized basis, to discount lease payments based on information available at lease commencement.

Total lease costs recorded include fixed operating lease costs and variable lease costs. Most of our real estate leases require we pay certain expenses, such as common area maintenance costs, of which the fixed portion is included in operating lease costs. We recognize operating lease costs on a straight-line basis over the lease term. In addition to the above costs, variable lease costs are recognized when probable and are not included in determining the present value of our lease liability.

The ROU asset is measured at the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date and initial direct costs. For operating leases, ROU assets are reduced over the lease term by the recognized straight-line lease expense less the amount of accretion of the lease liability determined using the effective interest method. For finance leases, ROU assets are amortized on a straight-line basis over the shorter of the useful life of the leased asset or the lease term. Interest expense on each finance lease liability is recognized utilizing the effective interest method. ROU assets are tested for impairment in the same manner as long-lived assets. Additionally, we monitor for events or changes in circumstances that may require a reassessment of one of our leases and determine if a remeasurement is required.

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The table below presents the lease-related assets and liabilities recorded on the balance sheet at July 31, 2025 and October 31, 2024 (in thousands):

Leases	Classification	July 31, 2025	October 31, 2024
Assets			
Operating lease assets	Operating lease right-of-use assets	\$ 147,829	\$ 126,715
Finance lease assets	Property, plant and equipment (less accumulated depreciation of \$14,406 and \$10,362)	71,521	67,046
Total lease assets		<u>\$ 219,350</u>	<u>\$ 193,761</u>
Liabilities			
Current			
Operating	Current operating lease liabilities	\$ 15,243	\$ 12,475
Finance	Current maturities of long-term debt	4,257	3,688
Noncurrent			
Operating	Noncurrent operating lease liabilities	138,246	117,560
Finance	Long-term debt	56,769	56,988
Total lease liabilities		<u>\$ 214,515</u>	<u>\$ 190,711</u>

The table below presents the components of lease costs for the three and nine months ended July 31, 2025 and 2024 (in thousands):

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2025	2024	2025	2024
Operating lease cost	\$ 8,112	\$ 3,722	\$ 17,181	\$ 7,720
Finance lease cost				
Amortization of leased assets	1,697	1,237	3,666	2,706
Interest on lease liabilities	992	839	2,190	1,863
Variable lease costs	899	523	2,360	1,461
Total lease cost	<u>\$ 11,700</u>	<u>\$ 6,321</u>	<u>\$ 25,397</u>	<u>\$ 13,750</u>

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The table below presents supplemental cash flow information related to leases for the nine months ended July 31, 2025 and 2024 (in thousands):

	Nine Months Ended	
	July 31,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Finance leases - financing cash flows	\$ 2,952	\$ 2,112
Finance leases - operating cash flows	\$ 2,190	\$ 1,863
Operating leases - operating cash flows	\$ 15,084	\$ 6,826
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ 30,701	\$ 22,025
Finance leases	\$ 2,092	\$ 1,308

The table below presents the weighted-average remaining lease terms and weighted-average discount rates for the Company's leases as of July 31, 2025 and October 31, 2024:

	July 31, 2025	October 31, 2024
Weighted-average remaining lease term (in years)		
Operating leases	11.5	11.5
Financing leases	15.4	16.3
Weighted-average discount rate		
Operating leases	5.56 %	5.31 %
Financing leases	4.90 %	4.84 %

The table below presents the maturity of the lease liabilities as of July 31, 2025 (in thousands):

	Operating Leases	Finance Leases
2025 (remaining three months)	\$ 5,823	\$ 1,783
2026	22,290	7,077
2027	19,689	6,928
2028	18,032	6,698
2029	16,998	6,365
Thereafter	127,654	57,665
Total lease payments	210,486	86,516
Less: present value discount	56,997	25,490
Total lease liabilities	\$ 153,489	\$ 61,026

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Property, Plant and Equipment

Property, plant and equipment consisted of the following as of July 31, 2025 and October 31, 2024 (in thousands):

	July 31, 2025	October 31, 2024
Land and land improvements	\$ 21,632	\$ 99,068
Buildings and building improvements	192,456	186,087
Machinery and equipment	530,829	462,628
Construction in progress	65,567	46,534
Property, plant and equipment, gross	810,484	794,317
Less: Accumulated depreciation	404,974	391,851
Property, plant and equipment, net	<u>\$ 405,510</u>	<u>\$ 402,466</u>

Depreciation expense, including amortization of finance leases, for the three and nine months ended July 31, 2025 was \$21.6 million and \$48.2 million, respectively, and \$8.1 million and \$24.0 million for the comparable prior year periods. As a result of push-down accounting related to the assets acquired in the Tyman acquisition, we recorded a one-time depreciation charge of \$7.3 million to reflect the application on useful lives on an asset by asset basis thus requiring an adjustment during the three months ended July 31, 2025.

The reported balances of our property, plant and equipment as of July 31, 2025 have been updated to incorporate reclassifications of balances between categories of assets and between gross and accumulated depreciation values. These reclassifications are immaterial to the current and prior period financial statements.

If there are indicators of potential impairment, we evaluate our property, plant and equipment for recoverability over the remaining useful lives of the assets.

As discussed in the Restructuring section of our Nature of Operations and Basis of Presentation in Note 1, we restructured our reportable operating segments during the third quarter of 2025, which triggered the requirement to assess our goodwill for potential impairment. We did not record any impairment charges related to property, plant and equipment or intangible assets as a result of the analysis for the periods ended July 31, 2025 and October 31, 2024.

6. Goodwill and Intangible Assets

Goodwill

The change in the carrying amount of goodwill for the nine months ended July 31, 2025 was as follows (in thousands):

	Nine Months Ended July 31, 2025
Beginning balance as of November 1, 2024	\$ 574,711
Measurement period adjustments	(3,989)
Goodwill impairment charge	(302,284)
Foreign currency translation adjustment	3,021
Balance as of the end of the period	<u>\$ 271,459</u>

At our last annual test date, August 31, 2024, we evaluated the recoverability of goodwill at each of our seven reporting units with goodwill balances and determined that our goodwill was not impaired.

In connection with our restructuring, we reassigned goodwill among certain of our reporting units using a relative fair value approach and performed a quantitative goodwill impairment test on all reporting units to determine if any impairment existed.

To estimate the fair value of our reporting units, we applied the discounted cash flow method under the income approach. The resulting fair value was lower than the carrying value for certain reporting units, as a result of the prolonged decline in our market price driven by weaker consumer confidence and high levels of uncertainty across the industry, necessitating the

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

recognition of a non-cash goodwill impairment charge of \$302.3 million, which has been recorded in the consolidated statements of income within “Asset impairment charges” for the three months ended July 31, 2025.

As a result of the restructuring, as of July 31, 2025, we have ten reporting units, nine of which comprised our goodwill balance prior to the goodwill impairment. These ten reporting units are aggregated into our three operating reportable segments. After the goodwill impairment, seven of the reporting units comprise the remaining goodwill balance. For additional information and discussion of change in reporting units and a summary of the change in the carrying amount of goodwill by segment, see Note 14, “Segment Information.” For additional discussion of our acquisition of Tyman plc and for further details on the measurement period adjustments, see Note 2, “Acquisition.”

Identifiable Intangible Assets

Amortizable intangible assets consisted of the following as of July 31, 2025 and October 31, 2024 (in thousands):

	July 31, 2025		October 31, 2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	\$ 506,524	\$ 134,838	\$ 512,131	\$ 112,748
Trademarks and trade names	240,667	56,947	243,434	47,685
Patents and other technology	26,050	22,688	25,164	22,387
Total	<u>\$ 773,241</u>	<u>\$ 214,473</u>	<u>\$ 780,729</u>	<u>\$ 182,820</u>

We had amortization expense related to intangible assets for the three and nine months ended July 31, 2025 of \$12.3 million and \$29.4 million, respectively, and \$2.8 million and \$9.0 million for the comparable prior year periods. During the nine months ended July 31, 2025, we recorded a one-time adjustment to amortization expense of \$3.5 million.

As discussed in the Restructuring section of our Nature of Operations and Basis of Presentation in Note 1, we restructured our reportable operating segments during the third quarter of 2025, which triggered the requirement to assess our goodwill for potential impairment. We did not record any impairment charges related to property, plant and equipment or intangible assets as a result of the analysis for the periods ended July 31, 2025 and October 31, 2024.

Estimated remaining amortization expense, assuming current intangible balances and no new acquisitions, for future fiscal years as of July 31, 2025 (in thousands):

	Estimated Amortization Expense
2025 (remaining three months)	\$ 9,760
2026	38,874
2027	38,874
2028	33,641
2029	33,623
Thereafter	403,996
Total	<u>\$ 558,768</u>

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Debt and Finance Lease Obligations

Long-term debt consisted of the following at July 31, 2025 and October 31, 2024 (in thousands):

	July 31, 2025	October 31, 2024
Term Loan A Facility	475,000	493,750
Revolving Credit Facility	197,500	222,500
Finance lease obligations and other	61,194	60,676
Unamortized deferred financing fees	(11,776)	(13,983)
Total debt	\$ 721,918	\$ 762,943
Less: Current maturities of long-term debt	26,313	25,745
Long-term debt	\$ 695,605	\$ 737,198

Revolving Credit Facility and Term A Facility

On June 12, 2024, in connection with the Tyman Acquisition, the Company, Wells Fargo Bank, National Association (“Wells Fargo Bank”, acting as agent, swingline lender and issuing lender, the “Agent”), the other entities therein specified in the capacities therein specified, and the lenders parties thereto, entered into an amendment to the Company’s Second Amended and Restated Credit Agreement, dated as of July 6, 2022 (the “Existing Credit Agreement”, and the Existing Credit Agreement as so amended, the “Amended Credit Agreement”). The Amended Credit Agreement did not become effective until August 1, 2024 upon the completion of the Tyman Acquisition. Our previous credit facility is more fully described in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024.

The Amended Credit Agreement (i) increased the senior secured revolving credit facility to an aggregate principal amount of \$475 million (the “Revolving Credit Facility”) and (ii) provided for a senior secured term loan A facility in an aggregate principal amount of \$500 million (the “Term Loan A Facility” and together with the Revolving Credit Facility, the “Facilities”). The Revolving Credit Facility includes alternative currency, letter of credit, and swing-line sub-facilities of \$100 million, \$30 million, and \$15 million, respectively. We capitalized \$13.8 million of deferred financing fees related to the Amended Credit Agreement. The maturity date of the Facilities is five years after the acquisition effective date, maturing on August 1, 2029.

The Term A Facility amortizes on a quarterly basis at 5% per annum of the original principal amount of the Term A Facility, with the remainder due at maturity. The Term A Facility must be prepaid with 100% of the net cash proceeds of the issuance or incurrence of debt and 100% of the net cash proceeds of all asset sales, insurance and condemnation recoveries, and other asset dispositions.

Borrowings under the Facilities bear interest, at our option, at (1) the Base Rate plus an applicable margin or (2) Adjusted Term SOFR plus an applicable margin. The applicable margin will range from 1.0% to 1.75% for Base Rate loans and 2.0% to 2.75% for Adjusted Term SOFR loans. In addition, we are subject to commitment fees for the unused portion of the Revolving Credit Facility.

The applicable margin and commitment fees are outlined in the following table:

Pricing Level	Consolidated Net Leverage Ratio	Commitment Fee	Term SOFR Loans, Eurocurrency Rate Loans and RFR Loans	
				Base Rate Loans
I	Less than or equal to 1.50 to 1.00	0.150%	2.00%	1.00%
II	Greater than 1.50 to 1.00, but less than or equal to 2.25 to 1.00	0.175%	2.25%	1.25%
III	Greater than 2.25 to 1.00, but less than or equal to 3.00 to 1.00	0.200%	2.50%	1.50%
IV	Greater than 3.00 to 1.00	0.250%	2.75%	1.75%

In the event of default, outstanding borrowings would accrue interest at the Default Rate, as defined, whereby the obligations will bear interest at a per annum rate equal to 2% above the total per annum rate otherwise applicable.

The Amended Credit Agreement provides for incremental revolving credit commitments for a minimum principal amount of (1) \$310.0 million and (2) 100% of Consolidated EBITDA, subject to the lender's discretion to elect or decline the

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

incremental increase. We can also borrow up to the lesser of \$15.0 million or the revolving credit commitment, as defined, under a Swingline feature of the Amended Credit Agreement.

The Amended Credit Agreement contains a: (1) Consolidated Interest Coverage Ratio requirement whereby we must not permit the Consolidated Interest Coverage Ratio, as defined, to be less than 3.00 to 1.00, and (2) Consolidated Net Leverage Ratio requirement, whereby we must not permit the Consolidated Net Leverage Ratio, as defined, to be greater than 3.25 to 1.00. The consolidated Net Leverage Ratio following a Permitted Acquisition, such as Tyman, must not be greater than 3.75 to 1.00 each fiscal quarter ending during the four fiscal quarter period immediately following such acquisition.

In addition to maintaining these financial covenants, the Facilities also limit our ability to enter into certain business transactions, such as to incur indebtedness or liens, to acquire businesses or dispose of material assets, make restricted payments, pay dividends (limited to \$35.0 million per year) and other transactions as further defined in the Amended Credit Agreement. Some of these limitations, however, do not take effect so long as Consolidated Net Leverage Ratio is less than or equal to 2.75 to 1.00 and available liquidity exceeds \$25.0 million. Substantially all of our domestic assets, with the exception of real property, are used as collateral for the Amended Credit Agreement.

As of July 31, 2025, we had \$672.5 million borrowings outstanding under the Facilities, \$11.8 million of unamortized debt issuance costs, \$6.1 million of outstanding letters of credit, and \$61.2 million outstanding primarily under finance leases and other debt. We had \$271.4 million available for use under the Facilities at July 31, 2025. The borrowings outstanding as of July 31, 2025 under the Facilities accrue interest at 6.96% per annum, and our weighted-average borrowing rate for borrowings outstanding during the nine months ended July 31, 2025 and 2024 was 6.81% and 6.69%, respectively. We were in compliance with our debt covenants as of July 31, 2025.

8. Retirement Plans

We maintain a non-qualified deferred compensation plan covering members of the Board of Directors and certain key employees. As of July 31, 2025 and October 31, 2024, the liability associated with the deferred compensation plan was approximately \$4.1 million and \$4.7 million, respectively. We record the current portion of liabilities associated with these plans under the caption “Accrued liabilities,” and the long-term portion under the caption “Other liabilities” in the accompanying condensed consolidated balance sheets.

9. Income Taxes

To determine our income tax expense or benefit for interim periods, consistent with accounting standards, we apply the estimated annual effective income tax rate to year-to-date results, plus any applicable discrete items, which are recorded in the period in which they occur. Discrete items include, among others, such events as changes in estimates due to the finalization of tax returns, tax audit settlements, expiration of statutes of limitations, tax benefits on equity compensation, and increases or decreases in valuation allowances on deferred tax assets. Our estimated annual effective tax rates from continuing operations for the nine months ended July 31, 2025 and 2024 were 2.5% and 21.2%, respectively. The difference between our estimated annual effective income tax rate and the U.S. federal statutory rate of 21% principally results from discrete tax items, U.S. state taxes, a non-U.S. tax rate differential and other permanent differences. The primary discrete item affecting the 2025 effective rate was the benefit of \$10.8 million related to the goodwill impairment. The primary discrete items affecting the 2024 effective rate were the benefit of \$0.4 million related to the vesting or exercise of equity-based compensation awards and a charge of \$0.7 million related to the true up of the deferred tax rate.

We evaluate the likelihood of realization of our deferred tax assets by considering both positive and negative evidence. We maintain a valuation allowance for certain state net operating losses which totaled \$0.2 million and \$0.8 million as of July 31, 2025 and October 31, 2024, respectively. We also maintain a valuation allowance for capital losses which totaled \$3.5 million and \$3.3 million as of July 31, 2025 and October 31, 2024, respectively.

On July 4, 2025, the One Big Beautiful Bill Act was enacted. There were multiple business tax provisions that have an impact to the company, including a reclass of our income tax payable and deferred tax liability related to the timing differences on fixed assets depreciation.

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Contingencies

Remediation and Environmental Compliance Costs

Under applicable state and federal laws, we may be responsible for, among other things, all or part of the costs required to remove or remediate wastes or hazardous substances at locations we, or our predecessors, have owned or operated. From time to time, we also have been alleged to be liable for all or part of the costs incurred to clean up third-party sites where there might have been an alleged improper disposal of hazardous substances. Currently, we are not involved in any such matters.

From time to time, we incur routine expenses and capital expenditures associated with compliance with existing environmental regulations, including control of air emissions and water discharges, and plant decommissioning costs. We have not incurred any material expenses or capital expenditures related to environmental matters during the past three fiscal years, and do not expect to incur a material amount of such costs in fiscal 2025. While we will continue to have future expenditures related to environmental matters, any such amounts are impossible to reasonably estimate at this time. Based upon our experience to date, we do not believe that our compliance with environmental requirements will have a material adverse effect on our operations, financial condition or cash flows.

Litigation

From time to time, we, along with our subsidiaries, are involved in various litigation matters arising in the ordinary course of our business, including those arising from or related to contractual matters, commercial disputes, intellectual property, personal injury, environmental matters, product performance or warranties, product liability, insurance coverage and personnel and employment disputes. We regularly review with legal counsel the status of all ongoing proceedings, and we maintain insurance against these risks to the extent deemed prudent by our management and to the extent such insurance is available. However, there is no assurance that we will prevail in these matters or that our insurers will accept full coverage of these matters, and we could, in the future, incur judgments, enter into settlements of claims, or revise our expectations regarding the outcome or insurability of matters we face, which could materially impact our results of operations.

We have been and are currently party to multiple claims, some of which are in litigation, relating to alleged defects in a commercial sealant product that was manufactured and sold during the 2000's. While we believe that our product was not defective and that we would prevail in these commercial sealant product claims if taken to trial, the timing, ultimate resolution and potential impact of these claims is not currently determinable. Nevertheless, after taking into account all currently available information, including our defenses, the advice of our counsel, and the extent and currently-expected availability of our existing insurance coverage, we believe that the eventual outcome of these commercial sealant claims will not have a material adverse effect on our overall financial condition, results of operations or cash flows, and we have not recorded any accrual with regard to these claims.

11. Fair Value Measurement of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market data developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to Level 1 and the lowest priority to Level 3. The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates) and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Carrying amounts reported on the balance sheet for cash, cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term maturity of these instruments. Our outstanding debt is variable rate debt that re-prices frequently, thereby limiting our exposure to significant change in interest rate risk. As a result, the fair value of our debt instrument approximates carrying value at July 31, 2025, and October 31, 2024 (Level 2 measurement).

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

During the nine months ended July 31, 2025, we used forward foreign exchange contracts to hedge our foreign currency exposures against the U.S. Dollar (“USD”) to Great British Pound (“GBP”) and Mexican Peso (“MXN”) to USD. We did not apply hedge accounting to our forward exchange contracts. During the nine months ended July 31, 2025 and 2024, we recognized a net gain of \$0.3 million and zero, respectively, related to our forward foreign exchange contracts. As of July 31, 2025, we do not have any foreign exchange contracts outstanding.

During the nine months ended July 31, 2025, we subscribed to Bonds for the Reconstruction for a Free Argentina (“BOPREAL”) issued by the Argentine Central Banks. The BOPREAL bond subscriptions were denominated in Argentine Pesos (“ARS”) and settled in USD during the three months ended July 31, 2025, resulting in total proceeds of the BOPREAL bonds to be approximately \$2.6 million after \$0.1 million deduction of taxes and transaction fees. As of July 31, 2025, we do not have any BOPREAL bond subscriptions outstanding.

12. Stock-Based Compensation

We have established and maintain an Omnibus Incentive Plan (2020 Plan) that provides for the granting of restricted stock awards, stock options, restricted stock units, performance share awards, performance restricted stock units, and other stock-based and cash-based awards. The 2020 Plan is administered by the Compensation and Management Development Committee of the Board of Directors.

The aggregate number of shares of common stock authorized for grant under the 2020 Plan is 3,139,895 as approved by shareholders. Any officer, key employee and/or non-employee director is eligible for awards under the 2020 Plan. We grant restricted stock units to non-employee directors on the first business day of each fiscal year. As approved by the Compensation & Management Development Committee of our Board of Directors annually, we grant a mix of restricted stock awards, performance shares and performance restricted stock units to officers, management and key employees. We also historically granted stock options to certain officers, directors and key employees. Occasionally, we may make additional grants to key employees at other times during the year.

Restricted Stock Awards

Restricted stock awards are granted to key employees and officers annually, and typically cliff vest over a three-year period with service and continued employment as the only vesting criteria. The recipient of the restricted stock award is entitled to all of the rights of a shareholder, except that the award is nontransferable during the vesting period and quarterly dividends are not paid until the award vests. The fair value of the restricted stock award is established on the grant date and then expensed over the vesting period resulting in an increase in additional paid-in-capital. Shares are generally issued from treasury stock at the time of grant.

A summary of non-vested restricted stock awards activity during the nine months ended July 31, 2025 is presented below:

	Restricted Stock Awards	Weighted-Average Grant Date Fair Value per Share
Non-vested at October 31, 2024	236,800	\$ 25.85
Granted	107,682	29.19
Vested	(84,100)	22.95
Non-vested at July 31, 2025	260,382	\$ 28.16

The total weighted-average grant-date fair value of restricted stock awards that vested during each of the nine months ended July 31, 2025 and 2024 was \$1.9 million and \$1.4 million, respectively. As of July 31, 2025, total unrecognized compensation cost related to unamortized restricted stock awards was \$3.7 million. We expect to recognize this expense over the remaining weighted-average vesting period of 2.0 years.

Stock Options

Historically, stock options have been awarded to key employees, officers and non-employee directors. In December 2017, the Compensation & Management Development Committee of the Board of Directors approved a change to the long-term incentive award program eliminating the grant of stock options and replacing this award with a grant of performance restricted stock units and performance shares as further described below. As a result, the final stock options were granted during the fiscal year ended October 31, 2017. Stock options typically vested ratably over a three-year period with service and continued employment as the vesting conditions. Our stock options may be exercised up to a maximum of ten years from the date of grant. The fair value of the stock options was determined on the grant date and expensed over the vesting period resulting in an

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

increase in additional paid-in-capital. For employees who were nearing retirement-eligibility, we recognize stock option expense ratably over the shorter of the vesting period or the period from the grant-date to the retirement-eligibility date.

We use a Black-Scholes pricing model to estimate the fair value of stock options. A description of the methodology for the valuation assumptions was disclosed in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024.

The following table summarizes our stock option activity for the nine months ended July 31, 2025:

	Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (000s)
Outstanding at October 31, 2024	78,250	\$ 19.45		
Exercised	(9,300)	19.97		
Outstanding at July 31, 2025	<u>68,950</u>	\$ 19.38	0.8	\$ 7
Vested at July 31, 2025	<u>68,950</u>	\$ 19.38	0.8	\$ 7
Exercisable at July 31, 2025	<u>68,950</u>	\$ 19.38	0.8	\$ 7

Intrinsic value is the amount by which the market price of the common stock on the date of exercise exceeds the exercise price of the stock option. The total intrinsic value of stock options exercised during the nine months ended July 31, 2025 and 2024 was \$0.1 million and \$0.4 million, respectively.

Restricted Stock Units

Restricted stock units may be awarded to key employees and officers from time to time, and annually to non-employee directors. The non-employee director restricted stock units vest immediately but are payable only upon the director's cessation of service unless an election is made by the non-employee director to settle and pay the award on an earlier specified date. Restricted stock units awarded to employees and officers typically cliff vest after a three-year period with service and continued employment as the vesting conditions. Restricted stock units are not considered outstanding shares and do not have voting rights, although the holder does receive a cash payment equivalent to the dividend paid, on a one-for-one basis, on our outstanding common shares. Once the criteria is met, each restricted stock unit is payable to the holder in cash based on the market value of one share of our common stock. Accordingly, we record a liability for the restricted stock units on our balance sheet and recognize any changes in the market value during each reporting period as compensation expense.

During the nine months ended July 31, 2025 and 2024, non-employee directors received 28,240 and 26,215 restricted stock units, respectively, at a weighted-average grant date fair value of \$29.02 per share and \$20.70 per share, respectively, which vested immediately. During the nine months ended July 31, 2025 and 2024, 61,206 and zero restricted stock units, which were awarded to key employees, vested, respectively, and 1,998 and zero restricted stock units were forfeited for the same periods, respectively. During the nine months ended July 31, 2025, we paid \$1.4 million and \$0.6 million for the comparable prior year to settle vested restricted stock units awarded to key employees and \$0.6 million to a non-employee director who retired from the Board of Directors during the nine months ended July 31, 2025.

Performance Share Awards

We have awarded annual grants of performance shares to key employees and officers. The performance share awards granted in December 2022 and December 2023 vest with return on net assets (RONA) as the vesting condition and pay out 100% in cash, and are accounted for as liability. The performance share awards granted in December 2024 vest with adjusted earnings per share performance as the vesting condition and RONA as a performance modifier and pay out 100% in cash, and are accounted for as a liability.

The expected cash settlement of the performance share award is recorded as a liability and is being marked to market over the three-year term of the award and can fluctuate depending on the number of shares ultimately expected to vest. Depending on the achievement of the performance conditions, 0% to 200% of the December 2022 and December 2023 awarded performance shares may ultimately vest and 0% to 250% of the December 2024 performance share may ultimately vest.

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table summarizes our performance share grants and the grant date fair value for the performance metrics:

Grant Date	Shares Awarded	Grant Date Fair Value	Shares Forfeited
December 7, 2022	89,300	\$ 23.49	4,600
December 7, 2023	72,200	\$ 32.15	—
December 4, 2024	88,900	\$ 29.75	—
March 1, 2025	3,000	\$ 12.48	—

In December 2024, 78,589 shares vested pursuant to the December 2021 grant, which were settled with a cash payment of \$2.4 million.

Performance share awards are payable in cash based upon the number of performance shares ultimately earned, and are therefore not considered outstanding shares.

Performance Restricted Stock Units

We award performance restricted stock units to key employees and officers. These awards cliff vest upon a three-year service period with the absolute total shareholder return of our common stock over this three-year term as the vesting criteria. The number of shares earned is variable depending on the metric achieved, and the settlement method is 100% in our common stock, with accrued dividends paid in cash at the time of vesting, assuming the shares had been outstanding throughout the performance period.

To value the performance restricted stock units, we used a Monte Carlo simulation model to arrive at a grant-date fair value. This amount will be adjusted for forfeitures and expensed over the three-year term of the award with a credit to additional paid-in-capital. Depending on the achievement of the performance conditions, a minimum of 0% and a maximum of 150% of the awarded performance restricted stock units may vest. Specifically, the awards vest on a continuum with the following Absolute Total Shareholder Return (A-TSR) milestones:

Vesting Level	Vesting Criteria	Percentage of Award Vested
Level 1	A-TSR greater than or equal to 50%	150%
Level 2	A-TSR less than 50% and greater than or equal to 20%	100%
Level 3	A-TSR less than 20% and greater than or equal to -20%	50%
Level 4	A-TSR less than -20%	—%

The following table summarizes our performance restricted stock unit grants and the grant date fair value for the A-TSR performance metric:

Grant Date	Shares Awarded	Grant Date Fair Value	Shares Forfeited
December 7, 2022	51,500	\$ 23.22	3,100
December 7, 2023	40,700	\$ 30.35	—
December 4, 2024	50,900	\$ 29.97	—
March 1, 2025	2,200	\$ 18.89	—

During the nine months ended July 31, 2025, 69,825 performance restricted stock units vested.

The performance restricted stock units are not considered outstanding shares, do not have voting rights, and are excluded from diluted weighted-average shares used to calculate earnings per share until the performance criteria is probable to result in the issuance of contingent shares. As of July 31, 2025, we have deemed 31,189 shares related to the December 2022 grant of performance restricted stock units as probable to vest.

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table summarizes amounts expensed as selling, general and administrative expense related to restricted stock awards, stock options, restricted stock units, performance share awards and performance restricted stock units for the three and nine months ended July 31, 2025 and 2024 (in thousands):

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2025	2024	2025	2024
Restricted stock awards	\$ 607	\$ 514	\$ 1,795	\$ 1,333
Restricted stock units	700	39	41	1,815
Performance share awards	163	444	753	1,372
Performance restricted stock units	330	280	967	826
Total compensation expense	<u>\$ 1,800</u>	<u>\$ 1,277</u>	<u>\$ 3,556</u>	<u>\$ 5,346</u>

Treasury Shares

We record treasury stock purchases under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Shares are generally issued from treasury stock at the time of grant of restricted stock awards, upon the exercise of stock options, and upon the vesting of performance restricted stock units. On the subsequent issuance of treasury shares, we record proceeds in excess of cost as an increase in additional paid in capital. A deficiency of such proceeds relative to costs would be applied to reduce paid-in-capital associated with prior issuances to the extent available, with the remainder recorded as a charge to retained earnings. There were no charges to retained earnings during the nine months ended July 31, 2025.

The following table summarizes the treasury stock activity during the nine months ended July 31, 2025:

	Nine Months Ended
	July 31, 2025
Beginning Balance as of November 1, 2024	4,014,431
Restricted stock awards granted	(107,682)
Performance restricted stock units vested	(69,825)
Stock options exercised	(9,300)
Treasury stock repurchases	1,509,407
Balance at July 31, 2025	<u>5,337,031</u>

13. Other, net

Other, net on the condensed consolidated statements of income consisted of the following for the three and nine months ended July 31, 2025 and 2024 (in thousands):

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2025	2024	2025	2024
Foreign currency transaction gains (losses)	\$ 949	\$ (38)	\$ 118	\$ (94)
Foreign currency derivative gains (losses)	(546)	9,200	289	9,200
Pension service (costs) benefit	(50)	—	(39)	903
Interest income	591	300	1,678	772
Other	(89)	12	(121)	(261)
Other, net	<u>\$ 855</u>	<u>\$ 9,474</u>	<u>\$ 1,925</u>	<u>\$ 10,520</u>

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Segment Information

In our Annual Report on Form 10-K as of October 31, 2024 and our Quarterly Reports on Form 10-Q as of January 31, 2025 and April 30, 2025, respectively, we presented four reportable segments in accordance with ASC Topic 280-10-50, “Segment Reporting” (ASC 280): (1) NA Fenestration, comprising four operating segments primarily focused on the fenestration market in North America including vinyl profiles, insulating glass spacers, screens, custom compound mixing, and other fenestration components; (2) EU Fenestration, comprising our U.K.-based vinyl extrusion business, manufacturing vinyl profiles and conservatories, and the European insulating glass business manufacturing insulating glass spacers; (3) NA Cabinet Components, comprising our cabinet door and components segment; and (4) Tyman, which was acquired on August 1, 2024, comprising a leading international supplier of engineered fenestration components and access solutions to the construction industry.

During the third quarter of 2025, we restructured our reportable segments due to changes in our organizational structure and how our CODM makes key operating decisions, allocates resources and assesses the performance of our business. As a result, we now report in three operating segments: Hardware Solutions, which provides window and door hardware and screens; Extruded Solutions, which supplies insulating glass spacers, vinyl window and door profiles, seals, and weatherstripping; and Custom Solutions, which provides wood, mixing, and building access solutions. We continue to maintain a grouping called Unallocated Corporate & Other, which includes transaction expenses, stock-based compensation, long-term incentive awards based on the performance of our common stock and other factors, certain severance and legal costs not deemed to be allocable to all segments, depreciation of corporate assets, interest expense, other, net, income taxes and inter-segment eliminations, and executive incentive compensation and medical expense fluctuations relative to planned costs as determined during the annual planning process. Other general and administrative costs associated with the corporate office are allocated to the reportable segments, based upon a relative measure of profitability in order to more accurately reflect each reportable business segment's administrative costs. The accounting policies of our operating segments are the same as those used to prepare the accompanying condensed consolidated financial statements. Corporate general and administrative expense allocated during the three and nine month periods ended July 31, 2025 was \$11.5 million and \$29.4 million, respectively, and \$6.6 million and \$20.8 million for the comparable prior year periods.

ASC Topic 280-10-50, “Segment Reporting” (ASC 280) permits aggregation of operating segments based on factors including, but not limited to: (1) similar nature of products serving the building products industry, primarily the fenestration business; (2) similar production processes, although there are some differences in the amount of automation amongst operating plants; (3) similar types or classes of customers, namely the primary OEMs; (4) similar distribution methods for product delivery, although the extent of the use of third-party distributors will vary amongst the businesses; (5) similar regulatory environment; and (6) converging long-term economic similarities.

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Segment information for the three and nine months ended July 31, 2025 and 2024, and total assets as of July 31, 2025 and October 31, 2024 are summarized in the following table (in thousands):

	Hardware Solutions	Extruded Solutions	Custom Solutions	Unallocated Corp. & Other	Total
<u>Three Months Ended July 31, 2025</u>					
Net sales	\$ 227,116	\$ 174,427	\$ 102,264	\$ (8,534)	495,273
Depreciation and amortization	16,987	6,989	4,716	5,190	33,882
Operating loss	(157,445)	(24,867)	(76,093)	(12,430)	(270,835)
Capital expenditures	6,009	4,981	3,258	204	14,452
<u>Three Months Ended July 31, 2024</u>					
Net sales	\$ 75,460	\$ 134,552	\$ 72,667	\$ (2,334)	\$ 280,345
Depreciation and amortization	1,225	5,460	4,211	57	10,953
Operating income (loss)	8,237	20,654	1,924	(7,373)	23,442
Capital expenditures	2,278	2,728	1,204	42	6,252
<u>Nine Months Ended July 31, 2025</u>					
Net sales	\$ 614,791	\$ 478,024	\$ 284,809	\$ (29,829)	\$ 1,347,795
Depreciation and amortization	38,818	22,066	15,693	1,237	77,814
Operating (loss) income	(160,550)	14,155	(68,973)	(21,524)	(236,892)
Capital expenditures	16,305	15,004	7,519	2,168	40,996
<u>Nine Months Ended July 31, 2024</u>					
Net sales	\$ 204,127	\$ 379,860	\$ 208,201	\$ (6,487)	\$ 785,701
Depreciation and amortization	3,531	16,616	12,685	167	32,999
Operating income (loss)	15,940	54,404	1,695	(20,043)	51,996
Capital expenditures	9,874	7,739	5,398	424	23,435

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following tables reconcile our segment presentation, as previously reported in our Quarterly Report on Form 10-Q for the three and nine months ended July 31, 2024, to the current presentation (in thousands):

	<u>NA Fenestration</u>	<u>EU Fenestration</u>	<u>NA Cabinet Components</u>	<u>Unallocated Corp. & Other</u>	<u>Total</u>
<u>Three Months Ended July 31, 2024</u>					
Net sales	\$ 170,258	\$ 59,617	\$ 51,448	\$ (978)	\$ 280,345
Depreciation and amortization	5,194	2,609	3,093	57	10,953
Operating income (loss)	17,845	12,688	282	(7,373)	23,442
Capital expenditures	4,339	847	1,024	42	6,252

	<u>Hardware Solutions⁽¹⁾</u>	<u>Extruded Solutions⁽²⁾</u>	<u>Custom Solutions⁽³⁾</u>	<u>Unallocated Corp. & Other</u>	<u>Total</u>
<u>Three Months Ended July 31, 2024</u>					
Net sales	\$ 75,460	\$ 134,552	\$ 72,667	\$ (2,334)	\$ 280,345
Depreciation and amortization	1,225	5,460	4,211	57	10,953
Operating income (loss)	8,237	20,654	1,924	(7,373)	23,442
Capital expenditures	2,278	2,728	1,204	42	6,252

	<u>NA Fenestration</u>	<u>EU Fenestration</u>	<u>NA Cabinet Components</u>	<u>Unallocated Corp. & Other</u>	<u>Total</u>
<u>Nine Months Ended July 31, 2024</u>					
Net sales	\$ 478,027	\$ 165,637	\$ 145,663	\$ (3,626)	\$ 785,701
Depreciation and amortization	15,887	7,705	9,240	167	32,999
Operating income (loss)	44,652	30,597	(3,209)	(20,044)	51,996
Capital expenditures	15,799	3,253	3,959	424	23,435

	<u>Hardware Solutions⁽¹⁾</u>	<u>Extruded Solutions⁽²⁾</u>	<u>Custom Solutions⁽³⁾</u>	<u>Unallocated Corp. & Other</u>	<u>Total</u>
<u>Nine Months Ended July 31, 2024</u>					
Net sales	\$ 204,127	\$ 379,860	\$ 208,201	\$ (6,487)	\$ 785,701
Depreciation and amortization	3,531	16,616	12,685	167	32,999
Operating income (loss)	15,940	54,404	1,695	(20,043)	51,996
Capital expenditures	9,874	7,739	5,398	424	23,435

(1) The Hardware Solutions segment contains a portion of the previously reported NA Fenestration segment.

(2) The Extruded Solutions segment contains a portion of the NA Fenestration segment and the EU Fenestration segment.

(3) The Custom Solutions segment contains a portion of the NA Fenestration segment and the NA Cabinet Components segment.

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table summarizes the change in the carrying amount of goodwill by reportable business segment for the nine months ended July 31, 2025 (in thousands):

	Hardware Solutions	Extruded Solutions	Custom Solutions	Unallocated Corp. & Other	Total
Balance as of October 31, 2024	\$ 170,367	\$ 243,633	\$ 160,711	\$ —	\$ 574,711
Measurement period adjustment	6,984	(9,986)	(987)	—	(3,989)
Asset impairment charge	(163,198)	(54,934)	(84,152)	—	(302,284)
Foreign currency translation adjustment	428	2,366	227	—	3,021
Balance as of July 31, 2025	<u>\$ 14,581</u>	<u>\$ 181,079</u>	<u>\$ 75,799</u>	<u>\$ —</u>	<u>\$ 271,459</u>

As a result of the impairment test performed during the three months ended July 31, 2025, we recognized non-cash goodwill impairment losses totaling \$302.3 million. Of this amount, \$163.2 million pertains to two out of the three reporting units within the Hardware Solutions reportable segment, \$54.9 million relates to one of the four reporting units within Extruded Solutions, and \$84.2 million impacts all three reporting units within the Custom Solutions reportable segment. One of the reporting units within Hardware Solutions and one reporting unit within Custom Solutions were fully impaired, resulting in seven reporting units remaining with goodwill. For further details of Goodwill, see Note 6, “Goodwill & Intangible Assets,” located herewith. See Note 2, “Acquisition”, for further details on the measurement period adjustments.

We did not allocate non-operating amounts or income tax impacts to the reportable segments. The following table reconciles operating income as reported above to net income for the three and nine months ended July 31, 2025 and 2024 (in thousands):

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2025	2024	2025	2024
Operating (loss) income	\$ (270,835)	\$ 23,442	\$ (236,892)	\$ 51,996
Interest expense	(14,218)	(878)	(42,344)	(2,896)
Other, net	855	9,474	1,925	10,520
Income tax benefit (expense)	8,191	(6,688)	6,934	(12,644)
Net (loss) income	<u>\$ (276,007)</u>	<u>\$ 25,350</u>	<u>\$ (270,377)</u>	<u>\$ 46,976</u>

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Earnings Per Share

We compute basic earnings per share by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per common and potential common shares include the weighted-average of additional shares associated with the incremental effect of dilutive employee stock options, non-vested restricted stock as determined using the treasury stock method prescribed by U.S. GAAP and contingent shares associated with performance share awards, if dilutive.

Basic and diluted earnings per share for the three and nine months ended July 31, 2025 and 2024 were calculated as follows (in thousands, except per share data):

	<u>Net (Loss) Income</u>	<u>Weighted- Average Shares</u>	<u>Per Share</u>
<u>Three Months Ended July 31, 2025</u>			
Basic and diluted loss per common share	\$ (276,007)	45,691	\$ (6.04)
<u>Three Months Ended July 31, 2024</u>			
Basic earnings per common share	\$ 25,350	32,876	\$ 0.77
<i>Effect of dilutive securities:</i>			
Stock options	—	29	—
Restricted stock awards	—	133	—
Performance restricted stock units	—	68	—
Diluted earnings per common share	<u>\$ 25,350</u>	<u>33,106</u>	\$ 0.77
<u>Nine Months Ended July 31, 2025</u>			
Basic and diluted loss per common share	\$ (270,377)	46,395	\$ (5.83)
<u>Nine Months Ended July 31, 2024</u>			
Basic earnings per common share	\$ 46,976	32,857	\$ 1.43
<i>Effect of dilutive securities:</i>			
Stock options	—	34	—
Restricted stock awards	—	128	—
Performance restricted stock units	—	68	—
Diluted earnings per common share	<u>\$ 46,976</u>	<u>33,087</u>	\$ 1.42

We do not include equity instruments in our calculation of diluted earnings per share if those instruments would be anti-dilutive. We had anti-dilutive restricted stock award equivalents for the three and nine months ended July 31, 2025 of 37,142 and 21,538, respectively, and zero and 1,364 for the comparable prior year periods. Such dilution is dependent on the excess of the market price of our stock over the exercise price and other components of the treasury stock method.

QUANEX BUILDING PRODUCTS CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. New Accounting Guidance

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) or other standards setting bodies that we adopt as of the specified effective date. We did not adopt any new accounting pronouncements during the three and nine months ended July 31, 2025.

Accounting Standards Not Yet Adopted

In November 2024, the FASB issued “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,” which requires expanded disclosures of expense information, including the amounts of inventory purchases, employee compensation, depreciation and amortization within commonly presented expense captions during the period. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which includes updates to the income tax disclosures related to the rate reconciliation and disaggregation of income taxes paid by jurisdiction. The amendments are effective for fiscal years beginning after December 15, 2024 with early adoption permitted. The amendments should be applied prospectively, however retrospective application is permitted. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 with early adoption is permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

Unless the context indicates otherwise, references to “*Quanex*,” the “*Company*,” “*we*,” “*us*,” and “*our*” refer to the consolidated business operations of *Quanex Building Products Corporation* and its subsidiaries.

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained in this document and in documents incorporated by reference herein, including those made under the caption “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” include “forward-looking” statements as defined under the Private Securities Litigation Reform Act of 1995. Generally, the words “expect,” “believe,” “intend,” “estimate,” “anticipate,” “project,” “will,” and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are statements as to matters that are not historical facts, and include statements about our plans, objectives, expectations and intentions, including (1) all statements which address future operating performance, (2) events or developments that we expect or anticipate will occur in the future, including statements relating to the Tyman Acquisition and statements relating to volume, sales, operating income, and earnings per share, and (3) statements expressing general outlook about future operating results. Forward-looking statements also include any statements relating to future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses, future prospects or business or management strategies, and the expansion and/or growth of the operations of the Company. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our current projections or expectations. As and when made, we believe that the assumptions and expectations reflected in such forward-looking statements are reasonable, provided, that we cannot give any assurance that such expectations will prove to be correct. However, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to the following:

- impacts from public health issues on the economy, demand for our products or our operations, including the responses of governmental authorities to contain such public health issues;
- our ability to integrate and implement our plans, forecasts and other expectations with respect to Tyman;
- changes in foreign trade relations and associated tariffs could result in a global trade war;
- changes in market conditions, particularly in the new home construction, and residential remodeling and replacement (R&R) activity markets in the United States, United Kingdom, Germany, Italy and elsewhere;
- changes in non-pass-through raw material costs;
- changes in domestic and international economic conditions;
- changes in availability and prices of raw material including inflationary pressures and supply chain challenges, which could be exacerbated by political or global unrest such as the current military conflicts in Ukraine and Gaza;
- our ability to attract and retain skilled labor;
- changes in purchases by our principal customers;
- fluctuations in foreign currency exchange rates;
- our ability to maintain an effective system of internal controls;
- our ability to successfully implement our internal operating plans and acquisition strategies;
- our ability to successfully implement our plans with respect to information technology (IT) systems and processes;
- our ability to control costs and increase profitability;
- changes in environmental laws and regulations;
- changes in warranty obligations;
- changes in energy costs and the availability of energy;
- changes in tax laws, and interpretations thereof;
- changes in interest rates;
- our ability to service our debt facilities and remain in good standing with our lenders;
- our ability to remediate our material weakness, or any other material weakness that we may identify in the future that could result in material misstatements in our financial statements;
- changes in the availability or applicability of our insurance coverage;
- our ability to maintain good relationships with our suppliers, subcontractors, and key customers;

- the impairment of goodwill or our long-lived assets; and
- the resolution of litigation and other legal proceedings.

For information on additional factors that could cause actual results to differ materially, please refer to the section entitled “*Item 1A. Risk Factors*” within this Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024.

About Third-Party Information

In this report, we rely on and refer to information regarding industry data obtained from market research, publicly available information, industry publications, U.S. government sources and other third parties. Although we believe this information is reliable, we cannot guarantee the accuracy or completeness of the information and have not independently verified it.

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

The following discussion and analysis should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes as of July 31, 2025, and for the three and nine months ended July 31, 2025 and 2024, included elsewhere herein. For additional information pertaining to our business, including risk factors which should be considered before investing in our common stock, refer to our Annual Report on Form 10-K for the fiscal year ended October 31, 2024.

Our Business

We are a leading manufacturer and component supplier to original equipment manufacturers (OEMs) in various industries, including window, door, solar, refrigeration, custom mixing, building access, and cabinetry markets. We have organized our business into three reportable business segments: Hardware Solutions, which manufactures window and door hardware and screens; Extruded Solutions, which manufactures insulating glass spacers, vinyl window and door profiles, seals, and weatherstripping; and Custom Solutions, which manufactures wood, mixing, and building access solutions. For additional discussion of our reportable business segments, see Note 14, "Segment Information." We leverage efficient production and distribution processes and engineering expertise to provide our customers with specialized products for their specific hardware, extrusion, and custom applications. We believe these capabilities enhance our ability to provide value to our customers. We serve a primary customer base in North America and the United Kingdom (U.K.), and also serve customers in international markets through our operating locations in the U.K., Germany, Mexico, Canada and Italy, as well as through sales and marketing efforts in other countries.

We continue to invest in organic growth initiatives and we intend to continue evaluating business acquisitions that allow us to expand our manufacturing and distribution footprint, enhance our product offerings, provide new complementary technology, enhance our leadership position within the markets we serve and expand into new markets or service lines. We have disposed of non-core businesses in the past, and continue to evaluate our business portfolio to ensure that we are investing in markets where we believe there is potential future growth.

During the three months ended July 31, 2025, in connection with our announced restructuring, we re-evaluated our reportable operating segment presentation and adjusted our segment structure to better align our business operations. As a result, we now report three reportable operating segments: Hardware Solutions, Extruded Solutions, and Custom Solutions. We continue to maintain a grouping called Unallocated Corporate & Other, which includes transaction expenses, stock-based compensation, long-term incentive awards based on the performance of our common stock and other factors, certain severance and legal costs not deemed to be allocable to all segments, depreciation of corporate assets, interest expense, other, net, income taxes and inter-segment eliminations, and executive incentive compensation and medical expense fluctuations relative to planned costs as determined during the annual planning process. Other general and administrative costs associated with the corporate office are allocated to the reportable segments, based upon a relative measure of profitability in order to more accurately reflect each reportable business segment's administrative costs.

Recent Transactions and Events

During the three months ended July 31, 2025, we restructured our reportable operating segments which triggered the requirement to assess our goodwill for potential impairment. The testing of our goodwill resulted in an asset impairment of \$302.3 million. Of the goodwill impairment amount recorded in the third quarter, \$44.8 million relates to tax-deductible goodwill, the remaining charge was not deductible for tax purposes and no deferred tax asset was recognized. For additional discussion of our goodwill, see Note 6, "Goodwill and Intangibles." For additional information and discussion of changes in reporting units and a summary of the change in the carrying amount of goodwill by segment, see Note 14, "Segment Information."

We are monitoring the rapidly evolving tariff and global trade policies and we are working with our suppliers and customers to mitigate potential impacts on our business. The extent and duration of the tariffs and the resulting impact on general economic conditions on our business are uncertain and depend on various factors, such as negotiations between the U.S. and affected countries, the responses of other countries or regions, exemptions that may be granted, availability and cost of alternative sources of supply and demand for our products in affected markets.

On August 1, 2024, we completed the acquisition of Tyman plc, a company incorporated in England and Wales (the “Tyman Acquisition”). The aggregate consideration due pursuant to the Tyman Acquisition at closing comprised 14,139,477 New Quanex Shares and cash consideration of approximately \$504.1 million (being the Pound Sterling amount of cash consideration of £392.2 million in respect of all of the Tyman Shares converted to U.S. Dollars at an exchange rate of 1.2855). New Quanex Shares issued in connection with the Tyman Acquisition on the New York Stock Exchange took effect on August 2, 2024 and Tyman’s shares on the London Stock Exchange were canceled.

U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the military conflicts currently ongoing in Ukraine and Gaza. Although the length and impact of these ongoing military conflicts are highly unpredictable, the conflicts could lead to market or operational disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. Russia, Europe’s largest provider of natural gas, has significantly reduced the export of natural gas compared to the beginning of the conflict resulting in the increase in natural gas prices and the potential for natural gas shortages. In addition, one of the suppliers of a vapor barrier used in the production of our insulating glass spacers is located in Israel and may experience a disruption as a result of the ongoing conflict in Gaza. If these trends continue, this would not only negatively impact our European manufacturing facilities, this may also impact our customers and their demand for our products. We continue to monitor these situations and their impact on our business.

The conflicts in Ukraine and Gaza and their impacts on the global economy, including inflation and the price of raw materials, supply chain disruptions, and the volatility in interest rates including home mortgage rates, are unpredictable and there may be developments outside our control requiring us to adjust our operating plan.

Market Overview and Outlook

We believe the primary drivers of our operating results continue to be North American residential remodeling and replacement (R&R) and new home construction activity. We believe that housing starts and window shipments are indicators of activity levels in the homebuilding and window industries, and we use this data, as published by or derived from third-party sources, to evaluate the market. We have historically evaluated the market using data from the National Association of Homebuilders (NAHB) with regard to housing starts and R&R activity, and published reports by Ducker Worldwide, LLC (Ducker), a consulting and research firm, with regard to window shipments in the U.S.

In July 2025, the NAHB forecasted calendar-year housing starts to be approximately 1.4 million in the 2025, 2026 and 2027 calendar-years. In May 2025, the Ducker forecast indicated that total window shipments are expected to decrease 4.3% and 1.5% in calendar-year 2025 and 2026.

Several commodities in our business are subject to pricing fluctuations, including polyvinyl resin (PVC), titanium dioxide (TiO₂), petroleum products, stainless steel, zinc, aluminum and wood. For the majority of our customers and critical suppliers, we have price adjusters in place which effectively share the base pass-through price changes for our primary commodities with our customers commensurate with the market at large. Our long-term exposure to these price fluctuations is somewhat mitigated due to the contractual component of the adjuster program. However, these adjusters are not in place with all customers and for all commodities, and there is a level of exposure to such volatility due to the lag associated with the timing of price updates in accordance with our customer agreements, particularly with regard to hardwoods. In addition, some of these commodities are in high demand, particularly in Europe, which can affect the cost of the raw materials, a portion of which we may not be able to fully recover.

The global economy remains uncertain due to currency devaluations, political unrest, terror threats, global pandemics, and even the political landscape in the U.S. These and other macro-economic factors have impacted the global financial markets, which may have contributed to significant changes in foreign currencies. We continue to monitor our exposure to changes in exchange rates.

Results of Operations

Three Months Ended July 31, 2025 Compared to Three Months Ended July 31, 2024

	Three Months Ended July 31,			
	2025	2024	Change \$	% Variance
	(Dollars in thousands)			
Net sales	\$ 495,273	\$ 280,345	\$ 214,928	77%
Cost of sales (excluding depreciation and amortization)	357,305	209,441	147,864	71%
Selling, general and administrative	71,270	36,509	34,761	95%
Restructuring charges	1,367	—	1,367	—%
Depreciation and amortization	33,882	10,953	22,929	209%
Asset impairment charges	302,284	—	302,284	—%
Operating (loss) income	(270,835)	23,442	(294,277)	(1,255)%
Interest expense	(14,218)	(878)	(13,340)	1,519%
Other, net	855	9,474	(8,619)	(91)%
Income tax benefit (expense)	8,191	(6,688)	14,879	(222)%
Net (loss) income	<u>\$ (276,007)</u>	<u>\$ 25,350</u>	<u>\$ (301,357)</u>	<u>(1,189)%</u>

Our period-over-period results by reportable segment follow.

Changes Related to Operating Income by Reportable Segment:

Hardware Solutions

	Three Months Ended July 31,			
	2025	2024	\$ Change	% Variance
	(Dollars in thousands)			
Net sales	\$ 227,116	\$ 75,460	\$ 151,656	201%
Cost of sales (excluding depreciation and amortization)	170,282	59,092	111,190	188%
Selling, general and administrative	32,954	6,906	26,048	377%
Restructuring charges	1,140	—	1,140	—%
Depreciation and amortization	16,987	1,225	15,762	1,287%
Asset impairment charges	163,198	—	163,198	—%
Operating (loss) income	<u>\$ (157,445)</u>	<u>\$ 8,237</u>	<u>\$ (165,682)</u>	<u>(2,011)%</u>
Operating (loss) income margin	(69)%	11 %		

Net Sales. Net sales increased \$151.7 million, or 201%, for the three months ended July 31, 2025 compared to the same period in 2024, which was primarily driven by an increase of \$150.8 million related to the acquisition of the Tyman business and a \$2.3 million increase in price and raw material indexes, partially offset by a \$1.4 million decrease in volumes mainly due to softer market demand driven by weaker consumer confidence.

Cost of Sales. The cost of sales increased \$111.2 million, or 188%, for the three months ended July 31, 2025 compared to the same period in 2024. Cost of sales increased primarily due to the acquisition of the Tyman business and pricing and inflation of raw materials during the period partially offset by a decrease in volumes.

Selling, General and Administrative. Selling, general and administrative expenses increased \$26.0 million, or 377%, for the three months ended July 31, 2025 compared to the same period in 2024. The increase is primarily due to increases in labor costs and other miscellaneous selling, general administrative costs related to the acquisition of the Tyman business costs year-over-year.

Asset impairment charges. Asset impairment charges of \$163.2 million relate to goodwill impairment incurred during the three months ended July 31, 2025. For additional discussion of our goodwill, see Note 6, “Goodwill and Intangibles.” For additional information and discussion of changes in reporting units and a summary of the change in the carrying amount of goodwill by segment, see Note 14, “Segment Information.”

Extruded Solutions

	Three Months Ended July 31,			
	2025	2024	\$ Change	% Variance
(Dollars in thousands)				
Net sales	\$ 174,427	\$ 134,552	\$ 39,875	30%
Cost of sales (excluding depreciation and amortization)	116,597	92,790	23,807	26%
Selling, general and administrative	20,740	15,648	5,092	33%
Restructuring charges	34	—	34	—%
Depreciation and amortization	6,989	5,460	1,529	28.0%
Asset impairment charges	54,934	—	54,934	—%
Operating (loss) income	<u>\$ (24,867)</u>	<u>\$ 20,654</u>	<u>\$ (45,521)</u>	(220)%
Operating (loss) income margin	(14)%	15 %		

Net Sales. Net sales increased \$39.9 million, or 30%, for the three months ended July 31, 2025 compared to the same period in 2024 primarily due an increase of \$39.9 million related to the acquisition of the Tyman business, a \$0.9 million increase in price and raw material indexes, and \$2.6 million of favorable foreign currency rate change, partially offset by a \$3.5 million decrease in volumes mainly due to softer market demand driven by weaker consumer confidence.

Cost of Sales. The cost of sales increased \$23.8 million, or 26%, for the three months ended July 31, 2025 compared to the same period in 2024. Cost of sales increased primarily due to the acquisition of the Tyman business, pricing and inflation of raw materials, and foreign currency impacts, partially offset by a decrease in volumes.

Selling, General and Administrative. Selling, general and administrative expense increased \$5.1 million, or 33%, for the three months ended July 31, 2025 compared to the same period in 2024. The increase is primarily due to increases in labor costs and other miscellaneous selling, general administrative costs related to the acquisition of the Tyman business costs year-over-year.

Asset impairment charges. Asset impairment charges of \$54.9 million relate to goodwill impairment incurred during the three months ended July 31, 2025. For additional discussion of our goodwill, see Note 6, “Goodwill and Intangibles.” For additional information and discussion of changes in reporting units and a summary of the change in the carrying amount of goodwill by segment, see Note 14, “Segment Information.”

Custom Solutions

	Three Months Ended July 31,			
	2025	2024	\$ Change	Variance %
(Dollars in thousands)				
Net sales	\$ 102,264	\$ 72,667	\$ 29,597	41%
Cost of sales (excluding depreciation and amortization)	77,755	59,973	17,782	30%
Selling, general and administrative	11,708	6,559	5,149	79%
Restructuring charges	26	—	26	—%
Depreciation and amortization	4,716	4,211	505	12%
Asset impairment charges	84,152	—	84,152	—%
Operating (loss) income	<u>\$ (76,093)</u>	<u>\$ 1,924</u>	<u>\$ (78,017)</u>	(4,055)%
Operating (loss) income margin	(74)%	3 %		

Net Sales. Net sales increased \$29.6 million, or 41%, for the three months ended July 31, 2025 compared to the same period in 2024, which was primarily driven by an increase of \$27.4 million related to the acquisition of the Tyman business, a \$1.7 million increase in price and raw material indexes, and a \$0.5 million increase in volumes.

Cost of Sales. Cost of sales increased \$17.8 million, or 30%, for the three months ended July 31, 2025 compared to the same period in 2024. Cost of sales increased primarily due to the acquisition of the Tyman business, pricing and inflation of raw materials during the period, and an increase in volumes.

Selling, General and Administrative. Selling, general and administrative expenses increased \$5.1 million, or 79%, for the three months ended July 31, 2025 compared to the same period in 2024. The increase is primarily due to increases in labor costs

and other miscellaneous selling, general administrative costs related to the acquisition of the Tyman business costs year-over-year.

Asset impairment charges. Asset impairment charges of \$84.2 million relate to goodwill impairment incurred during the three months ended July 31, 2025. For additional discussion of our goodwill, see Note 6, “Goodwill and Intangibles.” For additional information and discussion of changes in reporting units and a summary of the change in the carrying amount of goodwill by segment, see Note 14, “Segment Information.”

Unallocated Corporate & Other

	Three Months Ended July 31,			
	2025	2024	\$ Change	Variance %
	(Dollars in thousands)			
Net sales	\$ (8,534)	\$ (2,334)	\$ (6,200)	266%
Cost of sales (excluding depreciation and amortization)	(7,329)	(2,414)	(4,915)	204%
Selling, general and administrative	5,868	7,396	(1,528)	(21)%
Restructuring charges	167	—	167	—%
Depreciation and amortization	5,190	57	5,133	9,005%
Operating loss	<u>\$ (12,430)</u>	<u>\$ (7,373)</u>	<u>\$ (5,057)</u>	69%

Net Sales. Net sales for Unallocated Corporate & Other represents the elimination of inter-segment sales for the three months ended July 31, 2025 and 2024.

Cost of Sales. Cost of sales for Unallocated Corporate & Other consists of the elimination of inter-segment sales, profit in inventory, and other costs.

Selling, General and Administrative. Selling, general and administrative expenses decreased \$1.5 million, or 21%, for the three months ended July 31, 2025 compared to the same period in 2024. This decrease is primarily attributable to a decrease in transaction and advisory fees and lower compensation expense, including the valuations of our stock-based compensation awards, partially offset by an increase in restructuring costs and medical expenses during the three months ended July 31, 2025 as compared to the prior year period.

Changes related to Non-Operating Items:

Interest Expense. Interest expense increased \$13.3 million for the three months ended July 31, 2025 compared to the same period in 2024 as a result of an increase in borrowings outstanding during the three months ended July 31, 2025 as compared to the prior year period.

Income Taxes. We recorded an income tax benefit of \$8.2 million on pre-tax loss of \$284.2 million for the three months ended July 31, 2025, an effective rate of 2.9%, and income tax expense of \$6.7 million on pre-tax income of \$32.0 million for the three months ended July 31, 2024, an effective rate of 20.9%. The decrease in the effective tax rate year-over-year was primarily driven by discrete items including the asset impairment charges related to goodwill impairment.

Nine Months Ended July 31, 2025 Compared to Nine Months Ended July 31, 2024

	Nine Months Ended July 31,			
	2025	2024	Change \$	% Variance
	(Dollars in thousands)			
Net sales	\$ 1,347,795	\$ 785,701	\$ 562,094	72%
Cost of sales (excluding depreciation and amortization)	986,129	597,127	389,002	65%
Selling, general and administrative	208,253	103,579	104,674	101%
Restructuring charges	10,207	—	10,207	100%
Depreciation and amortization	77,814	32,999	44,815	136%
Asset impairment charges	302,284	—	302,284	—%
Operating (loss) income	(236,892)	51,996	(288,888)	(556)%
Interest expense	(42,344)	(2,896)	(39,448)	1,362%
Other, net	1,925	10,520	(8,595)	(82)%
Income tax benefit (expense)	6,934	(12,644)	19,578	(155)%
Net (loss) income	<u>\$ (270,377)</u>	<u>\$ 46,976</u>	<u>\$ (317,353)</u>	(676)%

Our period-over-period results by reportable segment follow.

Changes Related to Operating Income by Reportable Segment:

Hardware Solutions

	Nine Months Ended July 31,			
	2025	2024	\$ Change	% Variance
	(Dollars in thousands)			
Net sales	\$ 614,791	\$ 204,127	\$ 410,664	201%
Cost of sales (excluding depreciation and amortization)	466,600	165,952	300,648	181%
Selling, general and administrative	98,570	18,704	79,866	427%
Restructuring charges	8,155	—	8,155	—%
Depreciation and amortization	38,818	3,531	35,287	999%
Asset impairment charges	163,198	—	163,198	—%
Operating (loss) income	<u>\$ (160,550)</u>	<u>\$ 15,940</u>	<u>\$ (176,490)</u>	(1,107)%
Operating (loss) income margin	(26)%	8 %		

Net Sales. Net sales increased \$410.7 million, or 201%, for the nine months ended July 31, 2025 compared to the same period in 2024, which was primarily driven by an increase of \$413.4 million related to the acquisition of the Tyman business and a \$6.5 million increase in price and raw material indexes, partially offset by a \$9.4 million decrease in volumes mainly due to softer market demand driven by weaker consumer confidence.

Costs of Sales. The cost of sales increased \$300.6 million, or 181%, for the nine months ended July 31, 2025 as compared to the same period in 2024. Cost of sales, including labor, increased primarily due to the acquisition of the Tyman business and pricing and inflation of raw materials during the period partially offset by a decrease in volumes.

Selling, General and Administrative. Selling, general and administrative expenses increased \$79.9 million, or 427%, for the nine months ended July 31, 2025 as compared to the same period in 2024. The increase is primarily due to increases in labor costs and other miscellaneous selling, general administrative costs related to the acquisition of the Tyman business costs year-over-year.

Asset impairment charges. Asset impairment charges of \$163.2 million relate to goodwill impairment incurred during the three months ended July 31, 2025. For additional discussion of our goodwill, see Note 6, “Goodwill and Intangibles.” For additional information and discussion of changes in reporting units and a summary of the change in the carrying amount of goodwill by segment, see Note 14, “Segment Information.”

Extruded Solutions

	Nine Months Ended July 31,			
	2025	2024	\$ Change	Variance %
	(Dollars in thousands)			
Net sales	\$ 478,024	\$ 379,860	\$ 98,164	26%
Cost of sales (excluding depreciation and amortization)	325,914	263,107	62,807	24%
Selling, general and administrative	60,921	45,733	15,188	33%
Restructuring charges	34	—	34	—%
Depreciation and amortization	22,066	16,616	5,450	33%
Asset impairment charges	54,934	—	54,934	—%
Operating income	<u>\$ 14,155</u>	<u>\$ 54,404</u>	<u>\$ (40,249)</u>	(74)%
Operating income margin	3 %	14 %		

Net Sales. Net sales increased \$98.2 million, or 26%, comparing the nine months ended July 31, 2025 to the same period in 2024, which was primarily due to an increase of \$115.2 million related to the acquisition of the Tyman business and a \$2.9 million of favorable foreign currency rate change, partially offset by a \$17.9 million decrease in volumes mainly due to softer market demand driven by weaker consumer confidence and a \$2.0 million decrease in price and raw material indexes.

Cost of Sales. The cost of sales increased \$62.8 million, or 24%, for the nine months ended July 31, 2025 compared to the same period in 2024. Cost of sales increased primarily due to the acquisition of the Tyman business partially, offset by decrease in volumes, pricing and deflation of raw materials during the period and foreign currency impacts.

Selling, General and Administrative. Selling, general and administrative expense increased \$15.2 million, or 33%, for the nine months ended July 31, 2025 compared to the same period in 2024. The increase is primarily due to increases in labor costs and other miscellaneous selling, general administrative costs related to the acquisition of the Tyman business costs year-over-year.

Asset impairment charges. Asset impairment charges of \$54.9 million relate to goodwill impairment incurred during the three months ended July 31, 2025. For additional discussion of our goodwill, see Note 6, “Goodwill and Intangibles.” For additional information and discussion of changes in reporting units and a summary of the change in the carrying amount of goodwill by segment, see Note 14, “Segment Information.”

Custom Solutions

	Nine Months Ended July 31,			
	2025	2024	\$ Change	Variance %
	(Dollars in thousands)			
Net sales	\$ 284,809	\$ 208,201	\$ 76,608	37%
Cost of sales (excluding depreciation and amortization)	219,755	174,365	45,390	26%
Selling, general and administrative	34,156	19,456	14,700	76%
Restructuring charges	26	—	26	—%
Depreciation and amortization	15,693	12,685	3,008	24%
Asset impairment charges	84,152	—	84,152	—%
Operating (loss) income	<u>\$ (68,973)</u>	<u>\$ 1,695</u>	<u>\$ (70,668)</u>	(4,169)%
Operating (loss) income margin	(24)%	1 %		

Net Sales. Net sales increased \$76.6 million, or 37%, for the nine months ended July 31, 2025 compared to the same period in 2024, which was primarily due to an increase of \$74.2 million related to the acquisition of the Tyman business and a \$5.3 million increase in price and raw material indexes, partially offset by a \$2.9 million decrease in volumes mainly due to softer market demand driven by weaker consumer confidence.

Cost of Sales. Cost of sales increased \$45.4 million, or 26%, for the nine months ended July 31, 2025 compared with the same period in 2024. Cost of sales increased primarily due to the acquisition of the Tyman business and pricing and inflation of raw materials during the period partially offset by a decrease in volumes.

Selling, General and Administrative. Selling, general and administrative expense increased \$14.7 million, or 76%, for the nine months ended July 31, 2025 compared to the same period in 2024. The increase is primarily due to increases in labor costs and other miscellaneous selling, general administrative costs related to the acquisition of the Tyman business costs year-over-year.

Asset impairment charges. Asset impairment charges of \$84.2 million relate to goodwill impairment incurred during the three months ended July 31, 2025. For additional discussion of our goodwill, see Note 6, “Goodwill and Intangibles.” For additional information and discussion of change in reporting units and a summary of the change in the carrying amount of goodwill by segment, see Note 14, “Segment Information.”

Unallocated Corporate & Other

	Nine Months Ended July 31,			
	2025	2024	\$ Change	Variance %
	(Dollars in thousands)			
Net sales	\$ (29,829)	\$ (6,487)	\$ (23,342)	360%
Cost of sales (excluding depreciation and amortization)	(26,140)	(6,297)	(19,843)	315%
Selling, general and administrative	14,606	19,686	(5,080)	(26)%
Restructuring charges	1,992	—	1,992	—%
Depreciation and amortization	1,237	167	1,070	641%
Operating loss	<u>\$ (21,524)</u>	<u>\$ (20,043)</u>	<u>\$ (1,481)</u>	7%

Net Sales. Net sales for Unallocated Corporate & Other represents the elimination of inter-segment sales for the nine months ended July 31, 2025 and 2024.

Cost of Sales. Cost of sales for Unallocated Corporate & Other consists of the elimination of inter-segment sales, profit in inventory, and other costs.

Selling, General and Administrative. Selling, general and administrative expenses decreased \$5.1 million, or 26%, for the nine months ended July 31, 2025 compared to the same period in 2024. This decrease is primarily attributable to a decrease in transaction and advisory fees and lower compensation expense, including the valuations of our stock-based compensation awards, partially offset by an increase in restructuring costs and medical expenses during the nine months ended July 31, 2025 as compared to the prior year period.

Changes related to Non-Operating Items:

Interest Expense. Interest expense increased \$39.4 million for the nine months ended July 31, 2025 compared to the same period in 2024 primarily as a result of higher borrowings outstanding during the nine months ended July 31, 2025 as compared to the prior year period.

Income Taxes. We recorded income tax benefit of \$6.9 million on pre-tax loss of \$277.3 million for the nine months ended July 31, 2025, an effective rate of 2.5%, and income tax expense of \$12.6 million on a pre-tax income of \$59.6 million for the nine months ended July 31, 2024, an effective rate of 21.2%. The decrease in the effective tax rate year-over-year was primarily driven by discrete items including the asset impairment charges related to goodwill impairment.

Liquidity and Capital Resources

Overview

Historically, our principal sources of funds have been cash on hand, cash flow from operations, and borrowings under our credit facilities.

On June 12, 2024, in connection with the Tyman Acquisition, the Company, Wells Fargo Bank, National Association (“Wells Fargo Bank”, acting as agent, swingline lender and issuing lender, the “Agent”), the other entities therein specified in the capacities therein specified, and the lenders parties thereto, entered into an amendment to the Company’s Second Amended and Restated Credit Agreement, dated as of July 6, 2022 (the “Existing Credit Agreement”, and the Existing Credit Agreement as so amended, the “Amended Credit Agreement”). The Amended Credit Agreement became effective on August 1, 2024 upon the completion of the Tyman Acquisition.

The Amended Credit Agreement (i) increased the senior secured revolving credit facility to an aggregate principal amount of \$475 million (the “Revolving Credit Facility”) and (ii) provides for a senior secured term loan A facility in an aggregate

principal amount of \$500 million (the “Term Loan A Facility” and together with the Revolving Credit Facility, the “Facilities”). The Revolving Credit Facility includes alternative currency, letter of credit, and swing-line sub-facilities of \$100 million, \$30 million, and \$15 million, respectively. We capitalized \$13.8 million of deferred financing fees related to the Amended Credit Agreement. The maturity date of the Facilities will be five years after the acquisition effective date, maturing on August 1, 2029.

The Term A Facility amortizes on a quarterly basis at 5% per annum of the original principal amount of the Term A Facility, with the remainder due at maturity. The Term A Facility must be prepaid with 100% of the net cash proceeds of the issuance or incurrence of debt and 100% of the net cash proceeds of all asset sales, insurance and condemnation recoveries, and other asset dispositions.

Borrowings under the Facilities bear interest, at our option, at (1) the Base Rate plus an applicable margin or (2) Adjusted Term SOFR plus an applicable margin. The applicable margin will range from 1.0% to 1.75% for Base Rate loans and 2.0 to 2.75% for Adjusted Term SOFR loans. In addition, we are subject to commitment fees for the unused portion of the Revolving Credit Facility.

As of July 31, 2025, we had \$66.3 million of cash and equivalents, \$672.5 million outstanding under the Facilities, \$6.1 million of outstanding letters of credit, and \$61.2 million outstanding under finance leases and other debt. Of the \$61.2 million outstanding under finance leases and other debt, \$58.9 million relates to real estate leases. We had \$271.4 million available for use under the Revolving Credit Agreement at July 31, 2025.

During December 2021, our Board of Directors approved a stock repurchase program that authorized the repurchase of up to \$75.0 million worth of shares of our common stock. Repurchases under the program will be made in open market transactions or privately negotiated transactions, subject to market conditions, applicable legal requirements and other relevant factors. During the three months ended July 31, 2025, we purchased 100,000 shares under this program and as of July 31, 2025 we have a maximum of \$33.6 million available to purchase shares under this program. The program does not have an expiration date or a limit on the number of shares that may be purchased.

We repatriated \$42.4 million and \$33.2 million of foreign cash during the nine months ended July 31, 2025 and 2024, respectively. We expect to repatriate excess cash moving forward and use the funds to retire debt or meet current working capital needs. In the U.K., we insure against a portion of our credit losses. We believe our business model, our current cash reserves and our strong balance sheet leave us well-positioned to manage our business and remain in compliance with our debt covenants.

Analysis of Cash Flow

The following table summarizes our cash flow results for the nine months ended July 31, 2025 and 2024:

	Nine Months Ended	
	July 31,	
	2025	2024
	(Dollars in thousands)	
Cash provided by operating activities	\$ 76,643	\$ 83,333
Cash used for investing activities	\$ (40,635)	\$ (23,320)
Cash used for financing activities	\$ (87,379)	\$ (25,456)

Operating Activities. Cash provided by operating activities decreased \$6.7 million for the nine months ended July 31, 2025 compared to the same period in 2024. The decrease in operating cash flow is primarily due to unfavorable changes in working capital, partially offset by an increase in net income excluding the impact of non-cash items such as asset impairment charges and depreciation and amortization. Unfavorable changes in working capital are primarily due to unfavorable changes in prepaid expenses, accounts receivable, accrued liabilities and other long-term liabilities, partially offset by favorable changes in accounts payable and inventory.

Investing Activities. Cash used for investing activities increased \$17.3 million for the nine months ended July 31, 2025 compared to the same period in 2024, primarily as a result of an increase in capital expenditures during the nine months ended July 31, 2025 compared to the prior year period. Capital expenditures have increased primarily due to spending for businesses acquired in the Tyman Acquisition.

Financing Activities. Cash used for financing activities increased \$61.9 million for the nine months ended July 31, 2025 compared to the same period in 2024. The change in financing cash flows is primarily as a result of an increase in the purchase of treasury shares and an increase in repayments of long-term debt.

Liquidity Requirements

Historically, our strategy for deploying cash has been to invest in organic growth opportunities, develop our infrastructure, and explore strategic acquisitions. Other uses of cash include paying cash dividends to our shareholders and repurchasing our common stock. During the nine months ended July 31, 2025 and 2024, we repatriated \$42.4 million and \$33.2 million, respectively, of foreign earnings from our foreign locations. We maintain cash balances in foreign countries which total \$42.0 million as of July 31, 2025.

Critical Accounting Policies and Estimates

The preparation of our financial statements in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP) requires us to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. Estimates and assumptions about future events and their effects cannot be perceived with certainty. Estimates may change as new events occur, as more experience is acquired, as additional information becomes available and as our operating environment changes. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, and that we believe provide a basis for making judgments about the carrying value of assets and liabilities that are not readily available through open market quotes. We must use our judgment with regard to uncertainties in order to make these estimates. Actual results could differ from these estimates.

For a description of our critical accounting policies and estimates, see our Annual Report on Form 10-K for the fiscal year ended October 31, 2024. Our critical accounting policies and estimates have not changed materially during the nine months ended July 31, 2025.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) or other standards setting bodies that we adopt as of the specified effective date. We did not adopt any new accounting pronouncements during the three and nine months ended July 31, 2025.

Accounting Standards Not Yet Adopted

In November 2024, the FASB issued “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,” which requires expanded disclosures of expense information, including the amounts of inventory purchases, employee compensation, depreciation and amortization within commonly presented expense captions during the period. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which includes updates to the income tax disclosures related to the rate reconciliation and disaggregation of income taxes paid by jurisdiction. The guidance is effective for fiscal years beginning after December 15, 2024 with early adoption permitted. The amendments should be applied prospectively, however retrospective application is permitted. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 with early adoption is permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The following discussion of our exposure to various market risks contains “forward looking statements” regarding our estimates, assumptions and beliefs concerning our exposure. Although we believe these estimates and assumptions are reasonable in light of information currently available to us, we cannot provide assurance that these estimates will not materially differ from actual results due to the inherent unpredictability of interest rates, foreign currency rates and commodity prices as well as other factors. We do not use derivative financial instruments for speculative or trading purposes.

Interest Rate Risk

Our debt bears interest at variable rates and accordingly is sensitive to changes in interest rates. Based upon the balances of the variable rate debt at July 31, 2025, a hypothetical 1.0% increase or decrease in interest rates could result in approximately \$6.7 million of additional pretax charges or credit to our net income per year. This sensitivity is impacted by the amount of borrowings under our credit facilities, and amounts outstanding under finance leases.

Foreign Currency Rate Risk

Our international operations have exposure to foreign currency rate risks, primarily due to fluctuations in the Euro, the British Pound Sterling (“GBP”), and the Mexican Peso (“MXN”). From time to time, we enter into foreign exchange contracts associated with our operations to manage a portion of the foreign currency rate risk. As of July 31, 2025, we have no outstanding forward foreign exchange contracts. During the nine months ended July 31, 2025 and 2024, we recognized a net gain of \$0.3 million and zero, respectively, related to our forward foreign exchange contracts.

Commodity Price Risk

We purchase PVC as the significant raw material consumed in the manufacturing of vinyl extrusions. We have resin adjusters in place with a majority of our customers and our resin supplier that are adjusted based upon published indices for lagging resin prices. These adjusters effectively share the base pass-through price changes of PVC with our customers commensurate with the market at large. Our long-term exposure to changes in PVC prices is somewhat mitigated due to the contractual component of the resin adjuster program. However, there is a level of exposure to short-term volatility due to timing lags.

We adjust the pricing of petroleum-based raw materials for the majority of our customers who purchase products using these materials. This is intended to offset the fluctuating cost of products that are highly correlated to the price of oil including butyl and other oil-based raw materials. This program is adjusted monthly based upon the 90-day average published price for Brent crude. The oil-based raw materials that we purchase are subject to similar pricing schemes. As such, our long-term exposure to increases in oil-based raw material prices is significantly reduced under this program.

Similarly, we include a price index provision to insulate against significant fluctuations in the price for various hardwood products used as the primary raw material for kitchen and bathroom cabinet doors. Like our vinyl extrusion business, we are exposed to short-term volatility in wood prices due to a lag in the timing of price updates which generally could extend for up to three months.

In the Tyman business, contractual price adjustment mechanisms are in place for key commodities including stainless steel and zinc for many large customers in the U.S. For those customers not covered by these contractual mechanisms, we have successfully implemented surcharges and general price increases to share the impact of price changes with our customers. Like our other commodities, there is exposure to short-term volatility due to a lag in the timing of implementing price increases.

We have begun implementing additional programs for other raw materials to facilitate more accurate pricing and reduce our exposure to changing material costs when necessary; however, these are also subject to timing lags. While we maintain surcharges and other adjusters to manage our exposure to changes in the prices of our critical raw materials, we use several commodities in our business that are not covered by contractual surcharges or adjusters for which pricing can fluctuate, including PVC compound micro ingredients, silicone and other inputs.

Certain raw materials and commodities we use to manufacture our products are subject to tariffs. Currently, there is an uncertainty on how recently enacted tariffs and potential future tariffs may affect the price of these raw materials and commodities. We are constantly assessing potential supply chain vulnerability and implementing strategies (i.e. surcharges) to mitigate potential tariff impacts. We are also utilizing local supply chains where possible to reduce supply and cost risks. Additionally, we continue to explore alternative supply sources and evaluate shifts in demand. Further discussion of our industry risks is included within our Annual Report on Form 10-K for the fiscal year ended October 31, 2024 and the section entitled “*Item 1A. Risk Factors*” within this Form 10-Q.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (1934 Act) as of July 31, 2025.

As previously disclosed in our Annual Report on Form 10-K for the year ended October 31, 2024, we identified a material weakness in our internal controls over financial reporting in the design and operation of controls over the preparation and review of our Statement of Cash Flows. During the nine months ended July 31, 2025, we implemented remediation efforts related to this material weakness and continue to monitor the effectiveness of these procedures. Our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of July 31, 2025.

As permitted under SEC rules, we have elected to exclude our recently acquired Tyman business (“Tyman”) from management’s assessment of the effectiveness of internal controls over financial reporting as of July 31, 2025. Prior to its acquisition by us on August 1, 2024, Tyman was listed publicly on the London Stock Exchange and reported financial results pursuant to International Financial Reporting Standards, and therefore was not subject to the Sarbanes-Oxley Act of 2002.

We are actively engaged in remediation efforts to address the identified material weakness related to the Statement of Cash Flows. We will continue to monitor the effectiveness of these procedures and expect to conclude with our October 31, 2025 control evaluation. These efforts include:

- Enhanced review procedures over the preparation and validation of the statement of cash flows;
- Implementation of a structured non-cash transaction checklist to improve classification accuracy;
- Strengthening of quarterly and annual close procedures through additional review controls; and
- Provision of targeted training for finance personnel involved in the financial close and reporting process.

Notwithstanding the identified material weakness, our management has concluded that the financial statements included in this Form 10-Q fairly present in all material respects the financial position, results of operations and cash flows for the periods presented in conformity with generally accepted accounting principles.

Changes in Internal Control over Financial Reporting

During the nine months ended July 31, 2025, we implemented additional review procedures and developed a structured non-cash transaction checklist for the Statement of Cash Flow as part of our remediation efforts. While we believe the identified material weakness will be fully remediated by our efforts, we will continue to monitor the effectiveness of our efforts and expect to conclude with our October 31, 2025 control evaluation.

Additionally, as of July 31, 2025, integration of internal controls at Tyman is in progress. Consistent with SEC guidance, management has excluded Tyman from its assessment of internal control over financial reporting for the reporting period ending April 30, 2025. We expect to complete the integration of Tyman’s financial reporting systems and internal control framework during fiscal 2025.

Other than the ongoing remediation efforts and the exclusion of Tyman, there have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the 1934 Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024 (Part I, Item 1A) other than as discussed below.

Regional or global barriers to trade or a global trade war could increase the cost of our raw materials and other products in the markets we serve, which could adversely impact the financial results of businesses serving those markets, including Quanex.

The state of relationships between other countries and the United States with respect to trade policies, government relations and tariffs may impact our business. The U.S. government has and continues to make significant changes in U.S. trade policy and has taken certain actions that could negatively impact U.S. trade, including imposing tariffs on certain goods imported into the United States. There is concern that the imposition of tariffs by the United States could result in the adoption of tariffs or retaliatory measures by other countries, leading to a global trade war. Such tariffs or retaliatory measures could raise the cost and reduce the supply of certain raw materials, such as aluminum and wood, which are critical to our ability to manufacture our products. In the event of a global trade war or regional dispute, local suppliers may choose to allocate their resources to local players in their markets and provide us with less favorable terms. Raw material shortages and price increases could cause distribution delays and increase our costs, which in turn could reduce our competitiveness and impact our ability to do business with certain counterparties.

General geopolitical instability and the responses to it, such as the possibility of sanctions, trade restrictions and changes in tariffs, and the possibility of additional tariffs, non-tariff barriers or other trade restrictions between the United States and other countries where we might in the future manufacture, distribute or sell products, could adversely impact our business. If the cost of our raw materials increases, or if we are unable to procure the necessary raw materials required to manufacture our products, then we could experience a negative impact on our operating results, profitability, customer relationships and future cash flows.

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

Issuer Purchases of Equity Securities

During the three months ended July 31, 2025, we repurchased common stock as follows:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of a Publicly Announced Plans or Programs ⁽¹⁾	(d) Maximum US Dollars Remaining that May Yet Be Used to Purchase Shares Under the Plans or Programs ⁽¹⁾
May 2025	—	\$ —	—	\$ 35,612,848
June 2025	—	\$ —	—	\$ 35,612,848
July 2025	100,000	\$ 20.54	100,000	\$ 33,559,078
Total	100,000	\$ 20.54	100,000	

⁽¹⁾ In December 2021, our Board of Directors approved a stock repurchase program that authorized the repurchase of up to \$75.0 million worth of shares of our common stock. Repurchases under the new program are made in open market transactions or privately negotiated transactions, subject to market conditions, applicable legal requirements and other relevant factors. The program does not have an expiration date or a limit on the number of shares that may be purchased.

Item 5. Other Information

During the three months ended July 31, 2025, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits

The exhibits required to be furnished pursuant to Item 6 are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference.

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: September 5, 2025

QUANEX BUILDING PRODUCTS CORPORATION

/s/ Scott M. Zuehlke

Scott M. Zuehlke

Senior Vice President - Chief Financial Officer & Treasurer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
2.1	Rule 2.7 Announcement dated as of April 22, as filed as Exhibit 2.1 to the Registrant’s Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 22, 2024, and incorporated herein by reference.
2.2	Co-operation Agreement dated as of April 22, 2024, as filed as Exhibit 2.2 to the Registrant’s Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 22, 2024, and incorporated herein by reference.
2.3	Form of Deed of Irrevocable Undertaking dated as of April 22, 2024, as filed as Exhibit 2.3 to the Registrant’s Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 22, 2024, and incorporated herein by reference.
3.1	Restated Certificate of Incorporation of the Registrant dated as of March 4, 2016, filed as Exhibit 3.1 of the Registrant’s Current Report on Form 8-K (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on March 7, 2016, and incorporated herein by reference.
3.2	Fourth Amended and Restated Bylaws of the Registrant dated as of February 27, 2020, filed as Exhibit 3.2 of the Registrant’s Quarterly Report on Form 10-Q (Reg. No. 001-33913) for the quarter ended January 31, 2020, and incorporated herein by reference.
4.1	Form of Registrant’s Common Stock certificate, filed as Exhibit 4.1 of Amendment No. 1 to the Registrant’s Registration Statement on Form 10-Q (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on February 14, 2008, and incorporated herein by reference.
4.2	Second Amended and Restated Credit Agreement dated as of July 6, 2022, by and among the Company; the lenders party thereto; and Wells Fargo Bank, National Association, as Agent; filed as Exhibit 10.1 of the Registrant’s Current Report on Form 8-K (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on July 6, 2022, and incorporated herein by reference.
4.3	Amendment No.1 to the Second Amended and Restated Credit Agreement among the Company (acting as borrower), the Company subsidiaries acting as guarantors thereto, Wells Fargo Bank, National Association as agent, swingline lender and issuing lender, and the other parties thereto, dated as of June 12, 2024, filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on June 12, 2024, and incorporated herein by reference.
*31.1	Certification by chief executive officer pursuant to Rule 13a-14(a)/15d-14(a).
*31.2	Certification by chief financial officer pursuant to Rule 13a-14(a)/15d-14(a).
*32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101.INS	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	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant has not filed with this Quarterly Report on Form 10-Q certain instruments defining the rights of holders of long-term debt of the Registrant and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis. The Registrant agrees to furnish a copy of any such agreements to the Securities and Exchange Commission upon request.