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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended October 31, 2024

or

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

Commission file number 1-33913

QUANEX BUILDING PRODUCTS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	26-1561397
(State or other jurisdiction of incorporation or organization)	(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:

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

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. 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 aggregate market value of the voting and non-voting common equity held by non-affiliates as of April 30, 2024, computed by reference to the closing price for the Common Stock on the New York Stock Exchange, Inc. on that date, was $1,087,271,665. Such calculation assumes only the registrant's officers and directors at such date were affiliates of the registrant.

At December 3, 2024 there were outstanding 47,261,370 shares of the registrant's Common Stock, $0.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for its 2025 Annual Meeting of Stockholders to be filed with the Commission within 120 days of October 31, 2024 are incorporated herein by reference in Part III of this Annual Report on Form 10-K.

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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"* are "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 (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 volume, sales, operating income and earnings per share, and (3) statements expressing general outlook about future operating results. 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 these forward-looking statements are reasonable. 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 (including pandemics, such as the COVID-19 pandemic and quarantines) 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; and
- the resolution of litigation and other legal proceedings.

Additional factors that could cause actual results to differ materially are discussed under "*Item 1A. Risk Factors*" included elsewhere in this Annual Report on Form 10-K.

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, United States 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.

PART I

Item 1. *Business.*

Our Company

Quanex was incorporated in Delaware on December 12, 2007, as Quanex Building Products Corporation. We currently manufacture and distribute components for original equipment manufacturers (OEM) in the building products industry. The majority of these components can be categorized as window and door (fenestration) components, and kitchen and bath cabinet components. Examples of fenestration components include energy-efficient flexible insulating glass spacers, extruded vinyl profiles, window and door screens, precision-formed metal and wood products, window and door seals, and window and door hardware. In addition, we provide certain other non-fenestration components and products, which include solar panel sealants, trim moldings, vinyl decking, water retention barriers, conservatory roof components, and commercial access solutions. We use low-cost production processes and engineering expertise to provide our customers with specialized products for their specific applications. We believe these capabilities provide us with unique competitive advantages. We serve a primary customer base in North America and the 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.

Our History

Our predecessor company, Quanex Corporation, was organized in Michigan in 1927 as Michigan Seamless Tube Company, and was later reincorporated in Delaware in 1968. In 1977, Michigan Seamless Tube Company changed its name to Quanex Corporation. On December 12, 2007, Quanex Building Products Corporation was incorporated as a wholly-owned subsidiary in the state of Delaware, in order to facilitate the separation of Quanex Corporation's vehicular products and building products businesses. This separation became effective on April 23, 2008, through a spin-off of the building products business to Quanex Corporation's then-existing shareholders. Immediately following the spin-off, our former parent company, consisting principally of the vehicular products business and all non-building products related corporate accounts, merged with a wholly-owned subsidiary of Gerdau S.A.

Since the spin-off in 2008, we have evolved our business by making investments in organic growth initiatives and taking a disciplined approach to new business and strategic acquisition opportunities, while disposing of non-core businesses. On August 1, 2024, we completed our acquisition of Tyman plc, a company incorporated in England and Wales. This strategic acquisition creates an enlarged group with significant cross-selling opportunities amongst a highly complementary customer base, increases the Company’s global reach by adding Tyman’s international footprint, enhances scale, optimizes the Company’s asset portfolio, and moves Quanex closer to being a comprehensive solutions provider.

As of October 31, 2024, we operated 35 manufacturing facilities located in 18 states in the U.S., seven facilities in the U.K., three facilities in Mexico, two facilities in Italy, one facility in Germany, and one facility in Canada. These facilities feature efficient plant design and flexible manufacturing processes, enabling us to produce a wide variety of custom engineered products and components primarily focused on the window and door segment of the residential building products markets. We are able to maintain minimal levels of finished goods inventories at most locations because we typically manufacture products upon order to customer specifications. We believe the primary drivers of our operating results are residential remodeling and replacement activity and new home construction in the markets we serve.

Our Industry

Our business is largely based in North America and dependent upon the spending and growth activity levels of our customers which include national and regional residential window, door and cabinet manufacturers and distributors, and commercial construction contractors. Our international presence includes vinyl extruded lineals for large house systems to smaller individual customers, as well as window and door hardware, seals, and extrusions to OEMs, system houses, and distributors. Additionally, we also have insulating glass and window and door hardware businesses in the U.K., Germany and Italy.

We use data related to housing starts and window shipments in the U.S., as published by or derived from third-party sources, to evaluate the fenestration market. We also use data related to cabinet demand in the U.S. to evaluate the residential cabinet market, and commercial building starts to evaluate the commercial access market.

The following table presents calendar-year annual housing starts information as of November 2024 from the National Association of Home Builders (NAHB) (units in thousands):

	Single-family Units		Multi-family Units		Manufactured Units		
Period	Units	% Change	Units	% Change	Units	% Change	Total Units
Annual Data							
2020	1,003	13%	394	(2)%	94	(1)%	1,491
2021	1,132	13%	474	20%	106	13%	1,712
2022	1,004	(11)%	547	15%	112	6%	1,663
2023	949	(5)%	473	(14)%	89	(21)%	1,511
Annual Data - Forecast							
2024	1,003	6%	339	(28)%	104	17%	1,446
2025	1,024	2%	332	(2)%	113	9%	1,469
2026	1,101	8%	384	16%	121	7%	1,606

Ducker Worldwide LLC, a consulting and research firm, indicated in November 2024 that window shipments in the residential remodeling and replacement (R&R) market are expected to decrease approximately 5.9% for the calendar-year 2024 and increase approximately 4.0% in 2025. Derived from reports published by Ducker, the overall decrease in window shipments for the trailing twelve months ended September 30, 2024 was 0.7%. During this period, new construction activity decreased 2.5% and R&R replacement increased 1.1% respectively.

We have noted the following trends which we believe affect our industry:

- the recent growth in the housing market over the past several years has been predominately in new construction which has outpaced the growth in the residential remodeling and replacement sector;
- programs in the U.S. such as Energy Star have improved customer awareness of the technological advances in window and door energy-efficiency, but the government has been reluctant to enforce stricter energy standards;
- supply chain disruptions and inflationary pressures related to transportation, labor, and raw materials have increased causing delays in production and higher prices;
- foreign currency rates in the U.K. and other European nations have changed significantly relative to the United States Dollar due in part to Brexit in the U.K., as well as other international unrest or uncertainties;
- commodity prices have fluctuated in recent years, and to the extent we cannot pass this cost to our customers, this impacts the cost of critical materials used in our manufacturing processes such as resin, which affects margins related to our vinyl extrusion products; oil products such as butyl, which affects our insulating glass products; and stainless steel, zinc, aluminum, wood, polypropylene and silicone products used by our other businesses; and
- higher energy efficiency standards in Europe should favorably impact sales of our insulating glass spacer and weather seal products in the short- to mid-term.

Strategy

Our vision is to be the preferred supplier to our customers in each market we serve and exceed expectations of all stakeholders. Our strategy to achieve this vision includes the following:

- focus on growth with a purpose and explore markets that are synergistic with existing manufacturing capabilities and expand our market share with our customers and collaborative partnerships by providing: (1) a quality product; (2) a high level of customer service; (3) product choices at different price points; and (4) an expanded product portfolio or enhancements to existing product offerings. These enhancements may include higher thermal efficiency, enhanced functionality, improved weatherability, better appearance and best-in-class quality for our fenestration and cabinet door products;
- realize improved profitability in our manufacturing processes through: (1) ongoing preventive maintenance programs; (2) better utilization of our capacity by focusing on operational efficiencies and reducing scrap; (3) marketing our value added products; and (4) focusing on employee safety;
- offer logistics solutions that provide our customers with just-in-time service which can reduce their processing costs;

- recognize the importance of sustainability by continually looking for ways to reduce our environmental impact and carbon footprint, protect the health and safety of our employees and communities, engage diverse workers and leaders, and remain committed to doing good in our community;
- pursue targeted business acquisitions that allow us to expand our existing footprint, enhance our existing product offerings, acquire complementary technology, enhance our leadership position within the markets we serve, and expand into adjacent markets or service lines; and
- exit unprofitable or non-core service lines or customer relationships.

Our Strengths

We believe our strengths include design expertise, new technology development capability, high quality manufacturing, just-in-time delivery systems, customer service and the ability to generate unique patented products.

Raw Materials and Supplies

We purchase a diverse range of raw materials, which include PVC resin, epoxy resin, butyl, titanium dioxide (TiO2) desiccant powder, silicone and EPDM rubber compounds, polypropylene, coated and uncoated aluminum sheet, steel, stainless steel, zinc and wood (both hardwood and softwood). These raw materials are generally available from several suppliers at market prices.

Competition

Our products are sold under highly competitive conditions. We compete with a number of companies, some of which have greater financial resources than us. We believe the primary competitive factors in the markets we serve include price, product quality, delivery performance, and the ability to manufacture to customer specifications. The volume of engineered building products that we sell in the U.S. represents a small percentage of annual domestic consumption. Similarly, our subsidiaries in the U.K. compete against some larger vinyl producers and smaller window manufacturers. The U.K. and International fenestration components market is highly fragmented and we compete with a large number of other component suppliers. For our kitchen and bathroom cabinet door business, we believe we are the largest supplier to OEMs in the U.S., but we compete with other national and regional businesses, including OEMs who are vertically integrated.

We compete against a range of small and mid-size metal, vinyl and wood products suppliers, wood molding companies, and the in-house operations of customers who have vertically integrated fenestration operations. We also compete against insulating glass (IG) spacer manufacturing firms. IG systems are used in numerous end markets including residential housing, commercial construction, appliances and transportation vehicles, but we primarily serve the residential housing market. Competition is largely based on regional presence, custom engineering, product development, quality, service and price. Primary competitors in the North American Fenestration business include, but are not limited to, Veka, Deceuninck, Energi, Vision Extrusions, GED Integrated Solutions, Technoform, Swiss Spacer, Thermix, RiteScreen, Allmetal, Endura, Klinger, Thermoseal, Fenzi Group, Caldwell, Roto, Hoppe, Ultrafab, Vision Hardware, and Radisson Industries. Competitors in the vinyl extrusion business in the U.K. include Epwin, Veka, Profine U.K. Extrusions Ltd., Eurocell and others. Primary competitors in the cabinet door business in the U.S. include Conestoga, Appalachian Wood, Olon, Northern Contours and others. Primary competitors in the U.K. and European hardware and seals businesses include Assa Abloy, Roto, Siegenia, Hoppe, GU, Maco, and Tecseal.

Sales, Marketing, and Distribution

We sell our products to customers in various countries. Therefore, we have sales representatives whose territories essentially cover the U.S., Canada, Europe, and to a lesser extent, the Middle East, Latin and South America, Australia, New Zealand and Asia. Our sales force is tasked with selling and marketing our complete range of components, products and systems to national and regional OEMs through a direct sales force in North America and Europe, supplemented with the use of distributors and independent sales agents.

Customers

Certain of our businesses or product lines are largely dependent on a relatively few large customers. See Note 1, “Nature of Operations, Basis of Presentation and Significant Accounting Policies - Concentration of Credit Risk and Allowance for Credit Losses,” of the accompanying financial statements in this Annual Report on Form 10-K for related disclosure.

Sales Backlog

Given the short lead times involved in our business, we have a backlog of approximately $61.6 million as of October 31, 2024. The criteria for revenue recognition has not been met with regard to sales backlog, and therefore, we have not recorded revenue or deferred revenue pursuant to these sales orders. If these sales orders result in a sale, we will record revenue in fiscal 2025 in accordance with our revenue recognition accounting policy.

Seasonal Nature of Business

Our business is impacted by seasonality. We have historically experienced lower sales for our products during the first half of our fiscal year as winter weather reduces homebuilding and home improvement activity. Our operating income tends to decline during this period of lower sales because a higher percentage of our operating expenses are fixed overhead. We typically experience more favorable results in the third and fourth quarters of the fiscal year. Our exposure to seasonality was somewhat tempered with the entry into the kitchen and bathroom cabinet door industry, which is focused "inside the house" and less susceptible to inclement weather. Expenses for labor and other costs are generally semi-variable throughout the year.

Working Capital

We fund operations through a combination of available cash and cash equivalents, cash flow generated from our operations, and borrowings from our revolving credit facility. We extend credit to our domestic customers in the ordinary course of business generally for a term of 30 days, while the terms for our international customers vary from cash advances to 90 days. Inventories of raw materials are carried in quantities deemed necessary to ensure a smooth production process, some of which are governed by consignment agreements with suppliers. We strive to maintain minimal finished goods inventories, while ensuring an adequate supply on hand to service customer needs.

Service Marks, Trademarks, Trade Names, and Patents

Our federally registered trademarks or service marks include QUANEX, QUANEX and design, “Q” design, TRUSEAL TECHNOLOGIES, DURASEAL, DURALITE, SOLARGAIN, ENVIROSEALED WINDOWS, EDGETHERM, EDGETECH, ECOBLEND, SUPER SPACER, TSS, TRUE WARM, E & Design, QUIET EDGE, HEALTH SMART WINDOWS, ENERGY WISE WINDOWS, DESI-ROPE, 360 and design, INTELLICLIP, SUSTAINAVIEW, MIKRON, MIKRONWOOD, MIKRONBLEND, MIKRON BLEND and design, ENERGYCORE, FUSION INSULATED SYSTEM, AIRCELL, SUPERCOAT, SUPERCAP, STYLELOCK, STYLELOCK and design, MIKRON and design, HOMESHIELD, HOMESHIELD and design, STORM SEAL, and TENON. We consider the following marks, design marks and associated trade names to be valuable in the conduct of our business: AMESBURYTRUTH, ASHLAND,BILCO, EDGETECH, ERA, GIESSE, HOMESHIELD, HOWE GREEN, LAWRENCE, MIKRON, REGUITTI, SAFEGAURD, SECUREGAURD, SCHLEGEL, TRUSEAL TECHNOLOGIES, TRUTH HARDWARE, TYMAN, QUANEX, and ZOO. Through Liniar, we hold a number of registered designs, patents and trademarks registered in the U.K., which include: MODLOK, LINIAR, SUPER CUT, ENERGY PLUS & Device, FLAMSTEAD HOLDINGS & Device, HL PLASTICS & Device, VINTAGE WINDOWS & Device, RESURGENCE, FUSE, ELEVATE, SWITCHBOARD and various other trademarks and patents which are pending approval. Generally, our business does not depend on patent protection, but patents obtained with regard to our vinyl extrusion products and processes, fabricated metal components and IG spacer products business remain a valuable competitive advantage over other building products manufacturers. We obtain patent protection for various dyes and other tooling created in connection with the production of customer-specific vinyl profile designs and vinyl extrusions. Our fabricated metal components business obtains patent protection for its thresholds. Our window sealant business unit relies on patents to protect the design of several of its window spacer products. Although we hold numerous patents, the proprietary process technology that has been developed is also considered a source of competitive advantage.

Environmental and Employee Safety Matters

We are subject to extensive laws and regulations concerning worker safety, the discharge of materials into the environment and the remediation of chemical contamination. To satisfy such requirements, we must make capital and other expenditures on an ongoing basis. The cost of worker safety and environmental matters has not had a material adverse effect on our operations or financial condition in the past, and we are not currently aware of any existing conditions that we believe are likely to have a material adverse effect on our operations, financial condition, or cash flows.

Safety and Environmental Policies

For many years, we have maintained compliance policies that are designed to help protect our workforce, to identify and reduce the potential for job-related accidents, and to minimize liabilities and other financial impacts related to worker safety and environmental issues. These policies include extensive employee training and education, as well as internal policies embodied in our Code of Business Conduct and Ethics. We have a Vice President of Environmental, Health and Safety and maintain a company-wide committee, comprising leaders from across the organization, which meets regularly to discuss safety issues and drive safety improvements. We plan to continue to focus on safety in particular as a core strategy to improve our operational efficiency and financial performance.

Remediation

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. At present, we are not involved in any such matters.

Environmental Compliance Costs

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.

Human Capital

We track human capital metrics that we consider to be key to our business, including employee headcount, temporary workers, health and safety, and turnover. As of October 31, 2024, we had 7,068 employees located throughout our global organization. Generally, the total number of employees of Quanex and its subsidiaries does not significantly fluctuate throughout the year.

Employee turnover rates are monitored monthly at the division and plant levels. Both voluntary and involuntary terminations, including retirements, are used to calculate the turnover rate. Our human capital objectives include attracting, developing, motivating, rewarding, and retaining our existing and new employees. We offer our employees online training courses and on-the-job training on job duties, safety requirements, and leadership skills.

For Investors

We periodically file or furnish documents to the Securities and Exchange Commission (SEC), including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports as required. These reports are also available free of charge from the Investor Relations Section of our website at http://www.quanex.com, as soon as reasonably practicable after we file such material or furnish it to the SEC. As permitted by the SEC rules, we post relevant information on our website. However, the information contained on our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this report.

Item 1A. *Risk Factors.*

The following risk factors, along with other information contained elsewhere in this Annual Report on Form 10-K and our other public filings with the SEC, should be carefully considered before deciding to invest in our securities. Additional risks and uncertainties that are not currently known to us or that we may view as immaterial could impair our business if such risks were to develop into actual events. Therefore, any of these risks could have a material adverse effect on our financial condition, results of operations and cash flows. This listing of risk factors is not all-inclusive and is not necessarily presented in order of importance.

Industry Risks

Any sustained decline in residential remodeling, replacement activities, or housing starts could have a material adverse effect on our business, financial condition and results of operations.

The primary drivers of our business are residential remodeling, replacement activities and housing starts. The home building and residential construction industry is cyclical and seasonal, and product demand is based on numerous factors such as interest rates, general economic conditions, consumer confidence and other factors beyond our control. Declines in the number of housing starts and remodeling expenditures resulting from such factors could have a material adverse effect on our business, results of operations and financial condition.

If the availability of critical raw materials were to become scarce or if the price of these items were to increase significantly, we might not be able to timely produce products for our customers or maintain our profit levels.

We purchase significant amounts of raw materials, such as butyl, titanium dioxide, vinyl resin, aluminum, steel, silicone, zinc, polypropylene and wood products, from outside sources for use in our manufacturing facilities. Because we do not have long-term contracts for the supply of many of these materials, their availability and price are subject to market fluctuations and other disruptions. In addition, logistical challenges such as port strikes or transportation delays could further impact the supply chain, potentially curtailing our access to key raw materials. Any of these factors could affect our ability to manufacture products for our customers in a timely and cost-effective manner.

Compliance with, or liabilities under, existing or future environmental laws and regulations could significantly increase our costs of doing business.

We are subject to extensive federal, state and local laws and regulations concerning the discharge of materials into the environment and the prevention and/or remediation of chemical contamination. To satisfy such requirements, we must make capital and other expenditures on an ongoing basis. Future expenditures relating to environmental matters will necessarily depend upon whether such regulations and future governmental decisions or interpretations of these regulations apply to us and our facilities. It is likely that we will be subject to increasingly stringent environmental standards, and we will incur additional expenditures to comply with such standards. Furthermore, if we fail to comply with applicable environmental regulations, we could be subject to substantial fines or penalties and to civil and criminal liability.

Our goodwill and indefinite-lived intangible assets may become impaired and could result in a charge to income.

We evaluate our goodwill and indefinite-lived intangible assets at least annually to determine whether we must test for impairment. In making this assessment, we must use judgment to make estimates of future operating results and appropriate residual values. Actual future operating results and residual values associated with our operations could differ significantly from these estimates, which may result in an impairment charge in a future period, resulting in a decrease in net income from operations in the year of the impairment, as well as a decline in our recorded net worth. Goodwill totaled $574.7 million at October 31, 2024. The results of goodwill impairment testing are described in the accompanying notes to the audited financial statements, Note 7, “Goodwill and Intangible Assets” of the accompanying financial statements in this Annual Report on Form 10-K.

We may not be able to protect our intellectual property.

We rely on a combination of copyright, patent, trade secrets, confidentiality procedures and contractual commitments to protect our proprietary information. However, these measures can only provide limited protection and unauthorized third parties may try to copy or reverse engineer portions of our products or may otherwise obtain and use our intellectual property. If we cannot protect our proprietary information against unauthorized use, we may not be able to retain a perceived competitive advantage and we may lose sales to the infringing sellers, which may have a material adverse effect on our financial condition, results of operations and cash flows.

We are subject to various existing and contemplated laws, regulations and government initiatives that may materially impact the demand for our products, our profitability or our costs of doing business.

Our business may be materially impacted by various governmental laws, regulations and initiatives that may artificially create, deflate, accelerate, or decelerate consumer demand for our products. For example, when the government issues tax credits designed to encourage increased homebuilding or energy-efficient window purchases, the credits may create a spike in demand that would not otherwise have occurred and our production capabilities may not be able to keep pace, which could materially impact our profitability. Likewise, when such laws, regulations or initiatives expire, our business may experience a material loss in sales volume or an increase in production costs as a result of the decline in consumer demand.

Our operations outside the U.S. require us to comply with a number of U.S. and international anti-corruption regulations, violations of which could have a material adverse effect on our consolidated results of operations and consolidated financial condition.

Our international operations require us to comply with a number of U.S. and international regulations, including the Foreign Corrupt Practices Act (FCPA) and the United Kingdom Bribery Act 2010. While we have implemented appropriate training and compliance programs to prevent violations of these anti-bribery regulations, we cannot ensure that our policies, procedures and programs will always protect us from reckless or criminal acts committed by our employees or agents. Allegations of violations of applicable anti-corruption laws, may result in internal, independent, or government investigations, and violations of anti-corruption laws may result in severe criminal or civil sanctions or other liabilities which could have a material adverse effect on our business, consolidated results of operations and financial condition.

Failure to achieve and maintain effective internal controls could have a material adverse effect on our business and on our stock price.

Effective internal controls are necessary for us to effectively monitor our business, prevent fraud or theft, remain in compliance with our credit facility covenants, and provide reliable financial reports, both to the public and to our lenders. If we fail to maintain the adequacy of our internal controls, both in accordance with current standards and as standards are modified over time, we could trigger an event of default under our credit facilities or lose the confidence of the investing community, both of which could result in a material adverse effect on our stock price, limit our ability to borrow funds, or result in the application of unfavorable commercial terms to borrowings then outstanding.

The impact of foreign trade relations and associated tariffs could result in a global trade war and adversely impact our business.

We currently source a number of raw materials from international suppliers. Import tariffs, taxes, customs duties and/or other trading regulations imposed by the U.S. government on foreign countries, or by foreign countries on the U.S., could result in a global trade war which may significantly increase the prices we pay for certain raw materials, such as aluminum and wood, that are critical to our ability to manufacture our products. In addition, we may be unable to find a domestic supplier to provide the necessary raw materials on an economical basis in the amounts we require. 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.

Company Risks

We have identified a material weakness in our internal control over financial reporting which may, if not remediated, result in material misstatements in our financial statements.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. As disclosed in Item 9A, "Controls and Procedures," our controls and procedures were not effective as a result of a material weakness in internal controls over financial reporting. The material weakness related to an error pertaining to the improper inclusion of the equity component of the Company's purchase of Tyman in the statement of cash flows under "Cash used for Investing Activities" rather than its proper classification as a noncash item. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of this material weakness, our management concluded that our internal control over financial reporting and related disclosure controls and procedures were not effective. We are actively engaged in developing a remediation plan designed to address this material weakness. If our remedial measures are insufficient to address the material weakness, or if additional material weaknesses or significant deficiencies in our internal control are discovered or occur in the future, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods, could be adversely affected. If we are unable to remediate the material weakness, or if we are otherwise unable to maintain effective internal control over financial reporting, our financial statements may contain material misstatements and we could be required to restate our financial results. If our financial statements are not filed on a timely basis or we are required to restate our financial results, we could be in violation of covenants contained in the agreements governing our debt and other borrowings.

Our business, financial condition, and results of operations could be adversely affected by disruptions in the global economy caused by the wars in Ukraine and Gaza.

U.S. and global markets are experiencing volatility and disruption related to the escalation of geopolitical tensions and the military conflict currently ongoing in Ukraine and the Gaza Strip. These 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 many European countries, including Germany, alternatives to natural gas have limited capacity. This has had and may continue to have a negative impact on the energy costs of our European manufacturing facilities and may also negatively impact our customers and their demand for our products. 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 supply chain interruptions or other disruptions result in the unavailability of raw materials or an increase to the price of raw materials or other commodities, we could experience a negative impact on our operating results, profitability and future cash flows.

Our business will suffer if we are unable to adequately address potential supplier or customer pricing pressures, both with respect to OEMs that have significant pricing leverage over suppliers, and to large suppliers who have significant pricing leverage over their customers.

Our primary customers are OEMs, who have substantial leverage in setting purchasing and payment terms. In addition, many of our suppliers are large international conglomerates with numerous customers that are much larger than us, which lessens our leverage in pricing and supply negotiations. We attempt to manage this pricing pressure and to preserve our business relationships with suppliers and OEMs by negotiating reasonable price concessions when needed, and by reducing our production costs through various measures, which may include managing our purchase process to control the cost of our raw materials and components, maintaining multiple supply sources where possible, and implementing cost-effective process improvements. However, our efforts in this regard may not be successful and our operating margins could be negatively impacted.

Our revenues could decline or we may lose business if our customers vertically integrate their operations, diversify their supplier base, or transfer manufacturing capacity to other regions.

Certain of our businesses or product lines are largely dependent on a relatively few large customers. Although we believe we have an extensive customer base, if we were to lose one of these large customers or if one such customer were to materially reduce its purchases as a result of vertical integration, supplier diversification, or a shift in regional focus, our revenue, general financial condition and results of operations could be adversely affected.

Our credit facility contains certain operational restrictions, reporting requirements, and financial covenants that limit the aggregate availability of funds.

Our revolving credit facility contains certain financial covenants and other operating and reporting requirements that could present risk to our operating results or limit our ability to access capital for use in the business. For a full discussion of the various covenants and operating requirements imposed by our revolving credit facility and information related to the potential limitations on our ability to access capital, see Item 7, "Management's Discussion and Analysis of Financial Conditions and Results of Operations-Liquidity and Capital Resources," included elsewhere in this Annual Report on Form 10-K.

We may not be able to successfully manage or integrate acquisitions, and if we are unable to do so, then our profitability could be adversely affected.

We cannot provide assurance that we will successfully manage or integrate acquisition targets once we have purchased them, including Tyman. If we acquire a business for which we do not fully understand or appreciate the specific business risks, if we overvalue or fail to conduct effective due diligence on an acquisition, or if we fail to effectively and efficiently integrate a business that we acquire, then there could be a material adverse effect on our ability to achieve the projected growth and cash flow goals associated with the new business, which could result in an overall material adverse effect on our long-term profitability or revenue generation.

If our information technology systems fail, or if we experience an interruption in our operations due to an aging information system infrastructure, then our results of operations and financial condition could be materially adversely affected.

The failure of our information technology systems, our inability to successfully maintain, enhance and/or replace our information technology systems when necessary, or a significant compromise of the integrity or security of the data that is generated from our information technology systems, could adversely affect our results of operations and could disrupt business and prevent or severely limit our ability to respond to data requests from our customers, suppliers, auditors, shareholders, employees or government authorities.

We are subject to data security and privacy risks that could negatively affect our results or operations.

In addition to our own sensitive and proprietary business information, we collect transactional and personal information about our customers and employees. Any breach, including ransomware attacks or other cybersecurity breaches, of our or our service providers' network or other vendor systems, may result in the loss of confidential business and financial data, misappropriation of our consumers' or employees' personal information or a disruption of our business. Any of these outcomes could have a material adverse effect on our business or our vendor and customer relationships, and could also result in unwanted media attention, reputational damage, or the imposition of fines, lawsuits, or significant legal or remediation expenses.

Epidemics, pandemics or other disease outbreaks could significantly disrupt our operations or those of our customers or suppliers.

If an epidemic or pandemic, such as COVID-19, disrupts the worldwide economy, or if similar widespread disease outbreaks occur in the future, our business, financial condition and results of operations could be negatively affected to the extent such event harms the economy or region in which we operate.

Our business could be materially and adversely affected by the occurrence of a widespread health epidemic or pandemic. In particular, any outbreak or resurgence of COVID-19 or any other future variants, or governmental imposition of mandatory or voluntary closures in areas where our manufacturing facilities, suppliers or customers are located, could severely disrupt our operations and result in (a) plant slowdowns or shutdowns, (b) difficulty obtaining necessary supplies, and (c) reduced customer orders and revenues. In addition to this potential direct impact on our facilities and operations, continuing outbreaks of the virus could negatively impact our industry and end markets as a whole, or result in a longer-term economic recession. Any of these factors could negatively affect our business, financial condition, cash flows, profitability, and results of operations.

Pandemics have had and may continue to create inefficiencies or interruptions in the supply chain as our suppliers may be forced to close their own plants or prove unable to obtain their own raw materials. If our suppliers are unable to timely meet our supply needs, it could impact our ability to provide our customers with high quality products on a timely basis, which could result in order cancellations, delivery refusals, price concessions, or other negative customer outcomes, any of which could negatively impact our business, revenues, financial condition, results of operations and liquidity. We could also be forced to pay higher prices for the supplies we purchase, which could negatively impact our results of operations and profitability.

We may not have the right personnel in place to achieve our operating goals, and the rural location of some of our operations may make it difficult to locate or hire highly skilled employees.

We operate in some rural areas and small towns where the competition for labor can be fierce, and where the pool of qualified employees may be very small. If we are unable to obtain or retain skilled workers and adequately trained professionals to conduct our business, we may not be able to manage our business to the necessary high standards. In addition, we may be forced to pay higher wages or offer other benefits that might impact our cost of labor and thereby negatively impact our profitability.

Equipment failures or catastrophic loss at any of our manufacturing facilities could prevent us from producing our products.

An interruption in production capabilities at any of our facilities due to equipment failure, catastrophic loss, or other reasons could result in our inability to manufacture products, which could severely affect delivery times, return or cancellation rates, and future sales, any of which could result in lower sales and earnings or the loss of customers. Although we have a disaster recovery plan in place, we currently have one plant which is the sole source for our insulating glass spacer business in the U.S. If that plant were to experience a catastrophic loss and our disaster recovery plan were to fail, it could have a material adverse effect on our results of operations or financial condition.

Product liability claims and product replacements could harm our reputation, revenue generation and financial condition, or could result in costs related to litigation, warranty claims, or customer accommodations.

We have, on occasion, found flaws and deficiencies in the manufacturing, design, testing or installation of our products, which may result from a product defect, a defect in a component part provided by our suppliers, or as a result of the product being installed incorrectly by our customer or an end user. The failure of products before or after installation could result in litigation or claims by our customers or other users of the products, or in the expenditure of costs related to warranty coverage, claim settlement, litigation, or customer accommodation. In addition, we are currently party to certain legal claims related to a commercial sealant product, and there is no assurance that we will prevail on those claims. We may be required to expend legal fees, expert costs, and other costs associated with defending the claims and/or lawsuits. We may elect to enter into legal settlements or be forced to pay any judgments that result from an adverse court decision. Any such settlements, judgments, fees and/or costs could negatively impact our profitability, results of operations, cash flows and financial condition.

Our insurance coverage may be inapplicable or inadequate to cover certain liabilities, and our insurance policies may exclude coverage for certain matters.

While we maintain a robust insurance program that is reasonably designed to cover our known and unknown risks, there is no assurance that our insurance carriers will voluntarily agree to cover every potential liability, or that our insurance policies include limits high enough to cover all liabilities associated with our business or products. In addition, coverage under our insurance policies may be unavailable in the future for certain products. For example, during a prior renewal of our insurance program, our insurance carriers excluded future coverage of a product line we no longer manufacture or sell. If our insurers refuse to cover claims, in whole or in part, or if we exhaust our available insurance coverage at some point in the future, then we might be forced to expend legal fees and settlement or judgment costs, which could negatively impact our profitability, results of operations, cash flows and financial condition.

Climate change and related extreme weather events could disrupt our supply chain, decrease customer demand for our products, or damage our manufacturing facilities.

We, along with many of our customers and suppliers, operate manufacturing facilities in areas at risk for extreme weather events such as hurricanes, tornadoes, drought, wildfires, winter storms, or floods. Ongoing climate change has increased the frequency and severity of these events and the related risk of a catastrophic weather event affecting one of our plants, or a plant owned by one of our customers or suppliers. If such an event occurs at a facility belonging to one of our customers, we could see reduced demand for our products. If such an event occurs at a facility belonging to us or one of our suppliers, we may be unable to timely and cost-effectively manufacture products for our customers. These declines in demand or impacts to our ability to manufacture our products could negatively impact our revenues, earnings, cash flow, and other operating results.

Changes in taxation as well as the inherent difficulty in quantifying potential tax effects of business decisions could have a material adverse effect on the results of our operations, financial condition, or cash flows.

We file income tax returns, including tax returns for our subsidiaries, with federal, state, local, and foreign jurisdictions. We consider the United States to be our most significant jurisdiction; however, all tax returns are subject to routine compliance review by the taxing authorities in the jurisdictions in which we file tax returns in the ordinary course of business. We make judgments regarding the utilization of existing deferred tax assets and the potential tax effects of various financial transactions and results of operations to estimate our obligations to taxing authorities. Tax obligations include income, franchise, real estate, sales and use, and employment-related taxes. These judgments include reserves for potential adverse outcomes regarding tax positions that have been taken. Changes in federal, state, or local tax laws, adverse tax audit results, or adverse tax rulings on positions taken could have a material adverse effect on the results of our operations, financial condition, or cash flows.

Risks Associated with Investment in Quanex Securities

Our corporate governance documents and the provisions of Delaware law may delay or preclude a business acquisition or divestiture that stockholders may consider to be favorable, which might result in a decrease in the value of our common shares.

Our certificate of incorporation and bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of our Board of Directors. These provisions include restrictions on the ability of our stockholders to remove directors and supermajority voting requirements for stockholders to amend our organizational documents and limitations on action by our stockholders by written consent. In addition, our Board of Directors has the right to issue preferred stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquirer. Although we believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics, and thereby provide for an opportunity for us to receive a higher bid by requiring potential acquirers to negotiate with our Board of Directors, these provisions apply even if the offer may be considered beneficial by some stockholders.

We have the ability to issue additional equity securities, which would lead to dilution of our issued and outstanding common stock.

We are authorized to issue, without stockholder approval, 1,000,000 shares of preferred stock, no par value, in one or more series, which may give other stockholders dividend, conversion, voting, and liquidation rights, among other rights, which may be superior to the rights of holders of our common stock. The issuance of additional equity securities or securities convertible into equity securities would result in dilution of existing stockholders' equity interests. Our Board of Directors has no present intention to issue any such preferred shares, but has the right to do so in the future. In addition, we were authorized, by prior stockholder approval, to issue up to 125,000,000 shares of our common stock, $0.01 par value per share, of which 51,266,501 were issued at October 31, 2024. These authorized shares can be issued, without stockholder approval, as securities convertible into either common stock or preferred stock.

Item 1B. *Unresolved Staff Comments.*

None.

Item 1C. *Cybersecurity.*

The Company’s information technology systems, as well as those of the Company’s third-party service providers, are subject to cybersecurity threats. Significant cybersecurity threats, including intrusions into, compromises of, or disruptions in the information technology systems of the Company or its third-party service providers could adversely affect the Company’s financial condition and results of operations. The Company maintains and updates its information technology systems to mitigate the risk of cybersecurity threats.

The Board of Directors have oversight responsibility for the Company’s cybersecurity risks. While the Company’s employees play a key role in cybersecurity, the Company’s Chief Information Officer, General Counsel and other members of management have shared responsibility for assessing and managing the Company’s cybersecurity risks. The Company’s management has sufficient knowledge, experience and expertise for assessing and managing the Company’s cybersecurity risks. The Board of Directors and Audit Committee receive updates from management regarding cybersecurity risks, cybersecurity threats that could impact the Company and cybersecurity initiatives to enhance the Company’s cybersecurity practices. The Audit Committee also receives updates on the results of assessments and audits of the Company’s information technology systems and controls.

The Company has information technology security practices to protect its information technology systems and data and to monitor for potential cybersecurity threats. These practices are integrated into the Company’s risk management framework and include:

- cybersecurity controls embedded in the Company's information technology systems;
- implementation of changes to address potential threats and vulnerabilities of the Company's information technology systems;
- incident response programs, including proactive simulations, to identify and manage cybersecurity threats, risks or incidents;
- participation in industry forums and collaboration with peers;
- security awareness and data protection training for applicable employees; and
- engaging third party services and tools to periodically assess and/or monitor cybersecurity threat environment and the company's cybersecurity posture.

Additionally, the Company assesses and manages cybersecurity threats associated with its third-party service providers' information technology systems that could compromise the Company's information security or data. Identified cybersecurity threats are communicated to management for review, response, and mitigation as appropriate.

The Company assesses cybersecurity risks and changes in the cyber environment and adjusts its practices as deemed appropriate. To date, we have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. Refer to *"Item 1A. Risk Factors"* included elsewhere in this Annual Report on Form 10-K for additional information on risks related to the Company's business, including cybersecurity risks.

Item 2. ***Properties.***

The following table lists our principal properties by location, general character and use as of October 31, 2024.

Location	Character and Use of Property
Executive Offices	
Houston, Texas*	Executive corporate office
North American Fenestration Segment	
Akron, Ohio*	Segment executive office and R&D facility
Rice Lake, Wisconsin	Fenestration products
Cambridge, Ohio*	Flexible spacer, solar adhesives and custom compound mixing
Kent, Washington*	Vinyl and composite extrusions
European Fenestration Segment	
Denby, United Kingdom*	Vinyl and composite extrusions
Heinsberg, Germanyc	Flexible spacer
North American Cabinet Components Segment	
St. Cloud, Minnesota	Hardwood doors and components for kitchen and bath
Tyman Segment	
Owatonna, Minnesota	Fenestration products
Juarez, Mexico	Fenestration products
Statesville, NC	Fenestration products
Wolverhampton, United Kingdom*	Fenestration products
Budrio, Italy	Fenestration products

* These locations are leased as of October 31, 2024.

In addition to the locations identified above, our North American Fenestration Segment maintains 13 additional facilities for the manufacture and distribution of fenestration, spacer and extrusion products within the continental U.S., our European Fenestration Segment maintains two additional locations for the production of spacers in the U.K., our North American Cabinet Components Segment maintains 10 additional locations to manufacture hardwood doors and other wood components for kitchen and bath cabinets, and our Tyman Segment maintains 12 additional locations to manufacture fenestration and commercial access products.

We believe our operating properties are in good condition and well maintained, and are generally suitable and adequate to carry on our business. In fiscal 2024, on a consolidated basis, our facilities operated at approximately 51% of machine capacity. This capacity utilization is subject to variability by product line, seasonality, location, labor shortages and supply chain interruptions.

Item 3. ***Legal Proceedings.***

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 2000s. Several claims have been resolved and we continue to defend the remaining claims. 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.

We reserve for litigation loss contingencies that are both probable and reasonably estimable. We do not expect that losses resulting from any current legal proceedings will have a material adverse effect on our consolidated financial statements if or when such losses are incurred.

For discussion of environmental issues, see Item 1, “Business - Environmental and Employee Safety Matters,” discussed elsewhere in this Annual Report on Form 10-K.

Item 4. ***Mine Safety Disclosures.***

Not Applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

Our common stock has been listed on the New York Stock Exchange under the ticker symbol NX since April 24, 2008. Electronic copies of our public filings are available on the Securities and Exchange Commission's website (www.sec.gov). There were approximately 2,697 holders of our common stock (excluding individual participants in securities positions listings) on record as of December 3, 2024.

Equity Compensation Plan Information

The following table summarizes certain information regarding equity compensation to our employees, officers and directors under equity compensation plans as of October 31, 2024:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	(b) Weighted-average exercise price of outstanding options, warrants and rights[2]	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	283,150	$ 19.45	2,542,429

(1) Column (a) includes securities that may be issued upon future vesting of performance restricted stock units that have been previously granted to key employees and officers. The number of securities reflected in this column includes the maximum number of shares that would be issued pursuant to these performance restricted stock units assuming the performance measures are achieved. The performance measures may not be achieved.

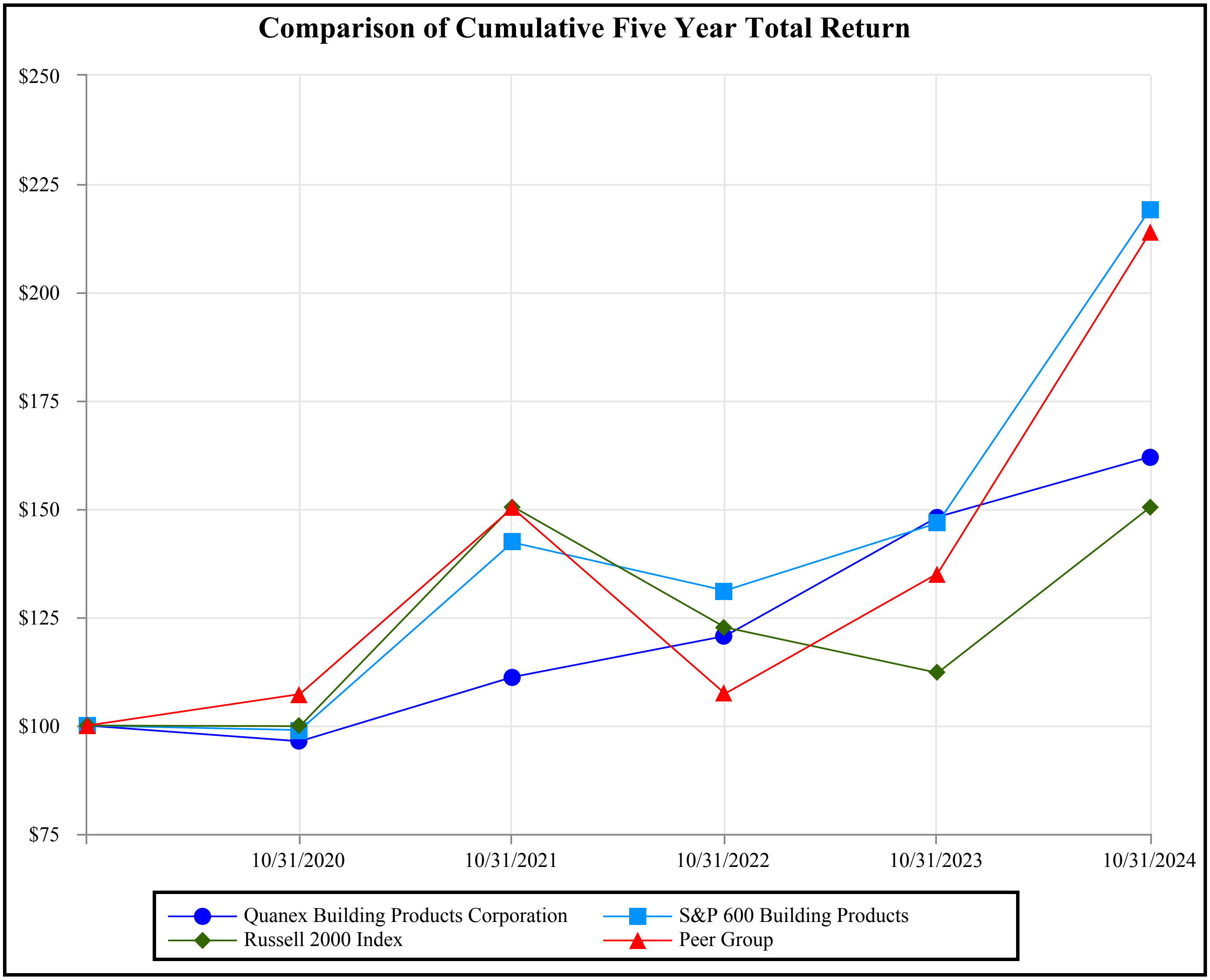
(2) The weighted-average exercise price in column (b) does not include the impacts of the performance share awards or any securities that may be issued thereunder. For additional details, see Note 14, "Stock-Based Compensation," of the accompanying financial statements in this Annual Report on Form 10-K.

Issuer Purchases of Equity Securities

During December 2021, our Board of Directors approved a new 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 will be made in open market transactions or privately negotiated transactions, subject to market conditions, applicable legal requirements and other relevant factors. During the year ended October 31, 2024, we did not purchase any shares under this program and as of October 31, 2024 we had a maximum of $62.8 million available to purchase shares under this program. During the years ended October 31, 2023 and 2022, we purchased 275,000 and 291,000 shares, respectively, at a cost of $5.6 million and $6.6 million, respectively, under these programs. The new program does not have an expiration date or a limit on the number of shares that may be purchased.

Stock Performance Graph

The following chart represents a comparison of the five year total return of our common stock to the Standard & Poor’s 600 Building Products Industry Index (S&P 600 Building Products), the Russell 2000 Index, and a peer group index selected by us, which includes companies offering similar products and services to ours. The companies in our peer group for the year ended October 31, 2024 are AAON Inc., American Woodmark Corporation, Apogee Enterprises Inc., Armstrong Flooring Inc., CIRCOR International, Inc., CSW Industrials Inc., Gibraltar Industries Inc., Griffon Corporation, Insteel Industries Inc., L.B. Foster Company, Masonite International Corporation, Mueller Water Products, Inc., PGT Innovations, Inc., Simpson Manufacturing Company Inc., Tredegar Corporation, and Trex Company Inc.



INDEXED RETURNS	For the Years Ended					
Company Name / Index	**10/31/2019**	**10/31/2020**	**10/31/2021**	**10/31/2022**	**10/31/2023**	**10/31/2024**
Quanex Building Products Corporation	$ 100.00	$ 96.37	$ 111.19	$ 120.66	$ 148.14	$ 162.03
S&P 600 Building Products	$ 100.00	$ 98.96	$ 142.27	$ 131.15	$ 146.74	$ 219.24
Russell 2000 Index	$ 100.00	$ 99.86	$ 150.59	$ 122.67	$ 112.17	$ 150.39
Peer Group	$ 100.00	$ 107.26	$ 150.23	$ 107.36	$ 135.09	$ 213.91

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

The following discussion and analysis contains forward-looking statements based on our current assumptions, expectations, estimates and projections about our business and the homebuilding industry, and therefore, it should be read in conjunction with our consolidated financial statements and related notes thereto, as well as our "*Cautionary Note Regarding Forward-Looking Statements"* discussed elsewhere within this Annual Report on Form 10-K. For a listing of potential risks and uncertainties which impact our business and industry, see "Item 1A. Risk Factors." Actual results could differ from our expectations due to several factors which include, but are not limited to: the impact of market price and demand for our products, economic and competitive conditions, capital expenditures, new technology, regulatory changes and other uncertainties. Unless otherwise required by law, we undertake no obligation to publicly update any forward-looking statements, even if new information becomes available or other events occur in the future.

Our Business

We currently manufacture components for original equipment manufacturers in the building products industry. The majority of these components can be categorized as window and door (fenestration) components and kitchen and bath cabinet components. Examples of fenestration components include energy-efficient flexible insulating glass spacers, extruded vinyl profiles, window and door screens, precision-formed metal and wood products, window and door seals, and window and door hardware. In addition, we provide certain other non-fenestration components and products, which include solar panel sealants, trim moldings, vinyl decking, water retention barriers, conservatory roof components, and commercial access solutions. We use low-cost production processes and engineering expertise to provide our customers with specialized products for their specific applications. We believe these capabilities provide us with unique competitive advantages. We serve a primary customer base in North America and the 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 existing fenestration and cabinet component 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.

We currently have four reportable business segments: (1) North American Fenestration segment ("NA Fenestration"), comprising three operating segments, consisting of vinyl profiles, IG spacers, screens, custom compound mixing and other fenestration components; (2) European Fenestration segment ("EU Fenestration"), comprising our U.K.-based vinyl extrusion business, manufacturing vinyl profiles and conservatories, and the European insulating glass business manufacturing IG spacers; (3) North American Cabinet Components segment ("NA Cabinet Components"), comprising our North American cabinet door and components business and two wood-manufacturing plants, 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. We 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 corporate general and administrative costs have been allocated to the reportable business 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 our accompanying consolidated financial statements. Corporate general and administrative expenses allocated during the years ended October 31, 2024, 2023 and 2022 were $27.3 million, $23.5 million, and $24.5 million, respectively.

Recent Transactions and Events

On August 1, 2024, we completed the acquisition of Tyman plc (the “Tyman Acquisition”), a company incorporated in England and Wales (“Tyman”). The aggregate consideration due pursuant to the Tyman Acquisition at closing comprised of 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 November 1, 2022, we entered into an Asset Purchase Agreement with LMI and the equity owners of LMI, Lauren International, Ltd. and Meteor-US-Beteiligungs GMBH. Under the Purchase Agreement, we acquired substantially all of the operating assets comprising LMI’s polymer mixing and rubber compound production business and also agreed to assume certain liabilities relating to the Acquisition. LMI is allocated entirely to our North American Fenestration reportable operating segment. As consideration for the Purchased Assets, we paid $91.3 million in cash utilizing funds borrowed under our Credit Facility. In connection with the Acquisition, we amended our existing finance lease with Lauren Real Estate Holding LLC for the purpose of adding an additional lease renewal option and increasing rental space by approximately 60,000 square feet of rental space which was added to the 313,595 square feet of rentable area located in Cambridge, Ohio.

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 continues, 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 November 2024, the NAHB forecasted calendar-year housing starts (excluding manufactured units) to be 1.4 million in the 2024, 1.5 million in 2025, and 1.6 million in 2026 calendar-years. The November 2022 Ducker forecast indicated that window shipments in the R&R market are expected to decrease approximately 5.9% and increase 4.0% in the calendar-years ended 2024 and 2025, respectively, and window shipments in the new construction market are expected to increase 0.9% and 1.6% in the calendar-years ended 2024 and 2025, respectively, resulting in overall window shipment decline of 2.7% in 2024 and increase 2.8% in 2025. Derived from reports published by Ducker, the overall decrease in window shipments for the trailing twelve months ended September 30, 2024 was 0.7%. During this period, new construction activities decreased 2.5% and R&R increased 1.1%.

Our U.K. vinyl business (commonly referred to as “Liniar”) is largely focused on the sale of vinyl house systems under the trade name “Liniar” to smaller window manufacturers in the U.K. Liniar is one of the larger providers of vinyl extruded products in the U.K. in terms of volume shipped. Currently, the U.K. is experiencing a shortage in affordable housing, with rising demand due in part to a growing immigrant population. Liniar’s current primary customers are smaller window fabricators, as opposed to the larger OEMs that comprise a large portion of the North American market. These manufacturers seek the quality and technology of the specific products identified by the Liniar trade name. In addition, Liniar services non-fenestration markets including the manufacture of roofing for conservatories, vinyl decking and vinyl water retention barriers used for landscaping. We believe there are growth opportunities within these markets in the U.K. and potential synergies which may enable us to sell complementary products.

NA Cabinet Components manufactures kitchen and bathroom cabinet doors and components, amongst other products, using a variety of woods from traditional hardwoods to engineered wood products. Currently, most of the revenue in the NA Cabinet Components segment is earned in the U.S., so domestic housing starts and R&R activity constitute the primary drivers of this business as well. The cabinet door market is stratified as follows: stock (low-cost, low-variations), semi-custom (more customized, just-in-time manufacturing, higher price point) and custom (precise customer specifications, just-in-time manufacturing, high-end price point). NA Cabinet Component's primary market is semi-custom.

The Tyman business manufactures and distributes engineered door and window components and access solutions to the construction industry. Approximately 60% of revenue is earned in the U.S., so domestic housing starts and R&R activity also constitute the primary drivers of this business, as well as commercial building starts being the main driver of the access solutions business. Sales in the U.S. are predominantly to large OEMs as well as through distributors. Approximately 15% of Tyman's revenue is earned in the U.K., with the majority being derived from R&R activity. We have historically evaluated the U.K. market using data from the Construction Products Association (CPA). U.K. customers are smaller window and door manufacturers and distributors. The remainder of revenue is earned in Canada, Italy and Continental Europe, with sales and marketing efforts in other countries internationally. The drivers of these businesses are largely housing starts and R&R activity in these countries.

Our business is seasonal, particularly our fenestration business, as inclement weather during the winter months tends to slow down construction, particularly as related to "outside of the house" construction. To some extent, we believe our kitchen and bathroom cabinet door business lessens the impact of seasonality on our operating results, as the cabinet business is "inside of the house" and less susceptible to weather.

We are impacted by regulation of energy standards. Although the U.S. government has been less aggressively pursuing higher energy efficiency standards in recent years, other countries have implemented higher energy efficiency standards which should bode well for our fenestration-related business in these markets, particularly our warm-edge spacer products, window and door seals and tilt 'n' turn micro-ventilation products.

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 such as COVID-19, and 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.

Comparison of the fiscal years ended October 31, 2024 and 2023

This table sets forth our consolidated results of operations for the twelve-month periods ended October 31, 2024 and 2023.

	For the Years Ended October 31,			
	2024	2023	$ Change	% Change
	(Dollars in thousands)			
Net sales	$ 1,277,862	$ 1,130,583	$ 147,279	13%
Cost of sales (excluding depreciation and amortization)	972,238	853,059	119,179	14%
Selling, general and administrative	190,470	123,957	66,513	54%
Depreciation and amortization	60,328	42,866	17,462	41%
Operating income	54,826	110,701	(55,875)	(50)%
Interest expense	(20,593)	(8,136)	(12,457)	(153)%
Other, net	7,849	(5,519)	13,368	(242)%
Income tax expense	(9,023)	(14,545)	5,522	38%
Net income	$ 33,059	$ 82,501	$ (49,442)	(60)%

Our year-over-year results by reportable segment follow. Our comparison of the results for the fiscal years ended October 31, 2023 and 2022 by reportable segment for the prior year comparative periods can be found in the annual report on Form 10-K for the year ended October 31, 2023.

Changes Related to Operating Income by Reportable Segment:

NA Fenestration

	For the Years Ended October 31,			
	2024	2023	$ Change	% Change
	(Dollars in thousands)			
Net sales	$ 650,058	$ 667,482	$ (17,424)	(3)%
Cost of sales (excluding depreciation and amortization)	498,378	517,805	(19,427)	(4)%
Selling, general and administrative	56,630	56,979	(349)	(1)%
Depreciation and amortization	20,994	20,539	455	2%
Operating income	$ 74,056	$ 72,159	$ 1,897	3%
Operating income margin	11 %	11 %		

Net Sales. Net sales decreased $17.4 million, or 3%, for the twelve months ended October 31, 2024 compared to the same period in 2023, which was primarily driven by a $20.9 million decrease in volumes mainly due to softer market demand driven by lower consumer confidence, as well as the strategic sale of a plant in October 2024, partially offset by favorable price and surcharge impacts of $3.5 million.

Cost of Sales. Cost of sales decreased $19.4 million, or 4%, for the twelve months ended October 31, 2024 compared to the same period in 2023. Cost of sales, including labor, decreased primarily due to lower volumes and deflation in the price of raw materials during the period.

Selling, General and Administrative. Our selling, general and administrative expenses decreased by $0.3 million, or 1%, for the twelve months ended October 31, 2024 compared to the same period in 2023. This decrease was due primarily to the gain on disposition of capital assets during the twelve months ended October 31, 2024 partially offset by an increases in labor costs year-over-year.

EU Fenestration

	For the Years Ended October 31,			
	2024	2023	$ Change	% Change
	(Dollars in thousands)			
Net sales	$ 230,712	$ 250,774	$ (20,062)	(8)%
Cost of sales (excluding depreciation and amortization)	144,585	158,491	(13,906)	(9)%
Selling, general and administrative	31,318	32,350	(1,032)	(3)%
Depreciation and amortization	10,420	9,849	571	6%
Operating income	$ 44,389	$ 50,084	$ (5,695)	(11)%
Operating income margin	19 %	20 %		

Net Sales. Net sales decreased $20.1 million, or 8%, when comparing the twelve months ended October 31, 2024 compared to the same period in 2023, which was primarily driven by an $18.4 million decrease in volumes largely due to softer market demand driven by weaker consumer confidence and base price decreases of $4.2 million, partially offset by favorable foreign currency rate change of $2.5 million.

Cost of Sales. The cost of sales decreased $13.9 million, or 9%, for the twelve months ended October 31, 2024 compared to the same period in 2023. Cost of sales decreased primarily due to a decrease in volumes, deflation in the price of raw materials and foreign currency impacts.

Selling, General and Administrative. Our selling, general and administrative expense decreased $1.0 million, or 3%, for the twelve months ended October 31, 2024 compared to the same period in 2023. The decrease is primarily due to a decrease in professional fees, labor costs partially offset by a decrease in professional fees and foreign currency impacts year-over-year.

NA Cabinet Components

	For the Years Ended October 31,			
	2024	2023	$ Change	% Change
	(Dollars in thousands)			
Net sales	$ 198,424	$ 215,445	$ (17,021)	(8)%
Cost of sales (excluding depreciation and amortization)	168,414	178,210	(9,796)	(5)%
Selling, general and administrative	20,727	21,074	(347)	(2)%
Depreciation and amortization	12,244	12,208	36	—%
Operating (loss) income	$ (2,961)	$ 3,953	$ (6,914)	(175)%
Operating (loss) income margin	(1)%	2 %		

Net Sales. Net sales decreased $17.0 million, or 8%, for the twelve months ended October 31, 2024 compared to the same period in 2023, which was primarily driven by a $13.5 million decrease in volumes due to softer market demand driven by weaker consumer confidence and a $3.5 million decrease in price from lower raw material index impacts.

Cost of Sales. The cost of sales decreased $9.8 million, or 5%, for the twelve months ended October 31, 2024 compared to the same period in 2023, primarily as a result of lower volumes year-over-year.

Selling, General and Administrative. Our selling, general and administrative expense decreased $0.3 million, or 2%, for the twelve months ended October 31, 2024 compared to the same period in 2023. The decrease is primarily due to lower labor costs and professional fees year-over-year.

Tyman

The Tyman reportable segment is comprised solely of the business acquired on August 1, 2024. The results for the period ended August 1, 2024 through October 31, 2024 are summarized in the following table (including the effect of the amortization of the step-up of inventory of approximately $28.5 million and accounts receivable of approximately $0.6 million, and $10.4 million of transaction fees incurred to support the acquisition during the twelve months ended October 31, 2024):

	For the Year Ended October 31, 2024
	(Dollars in thousands)
Net sales	$ 203,435
Cost of sales (excluding depreciation and amortization)	163,946
Selling, general and administrative	44,453
Depreciation and amortization	16,438
Operating loss	$ (21,402)
Operating loss margin	(11)%

Unallocated Corporate & Other

	For the Years Ended October 31,			
	2024	2023	$ Change	% Change
	(Dollars in thousands)			
Net sales	$ (4,767)	$ (3,118)	$ (1,649)	53%
Cost of sales (excluding depreciation and amortization)	(3,085)	(1,447)	(1,638)	113%
Selling, general and administrative	37,342	13,554	23,788	176%
Depreciation and amortization	232	270	(38)	(14)%
Operating loss	$ (39,256)	$ (15,495)	$ (23,761)	153%

Net Sales. Net sales for Unallocated Corporate & Other represents the elimination of inter-segment sales for the twelve months ended October 31, 2024 and 2023.

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

Selling, General and Administrative. Our selling, general and administrative expenses increased $23.8 million, or 176%, for the twelve months ended October 31, 2024 compared to the same period in 2023. This increase is primarily attributable to an increase in transaction fees year-over-year.

Changes Related to Non-Operating Items:

Interest Expense. Interest expense increased $12.5 million, or 153%, for the twelve months ended October 31, 2024 compared to the same period in 2023 as primarily as result of higher borrowings outstanding during the period. Borrowings under credit facilities increased to $716.3 million as of October 31, 2024 compared with $15.0 million as of October 31, 2023.

Other, net. Other income increased $13.4 million for the twelve months ended October 31, 2024 compared to other loss in the same period in 2023. The increase is primarily due to an increase in foreign currency derivative gains and a decrease in expenses incurred for pension termination in the prior year.

Income Taxes. We recorded income tax expense of $9.0 million on pre-tax income of $42.1 million for the twelve months ended October 31, 2024, an effective rate of 21.4%, and income tax expense of $14.5 million on pre-tax income of $97.0 million for the twelve months ended October 31, 2023, an effective rate of 15.0%. The October 31, 2024 effective rate is higher than the U.S. federal statutory rate of 21% primarily due to state and local income tax, non U.S. income inclusion, and nondeductible expenses, offset by the U.K. patent box benefit, foreign tax credit, and change in the valuation allowance. The effective rate for the twelve months ended October 31, 2023 was impacted due to the U.K. patent box benefit, tax return to accrual adjustments, and changes in uncertain tax positions, offset by state and local income tax, non U.S. income tax and nondeductible expenses.

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. As of October 31, 2024, we had $97.7 million of cash and cash equivalents, $716.3 million outstanding under our credit facilities, $7.0 million of outstanding letters of credit and $60.7 million outstanding leases under finance leases and other debt. Of the $60.7 million outstanding under finance leases and other debt, $50.3 million relates to real estate leases. We had $245.5 million available for use under a revolving credit facility at October 31, 2024.

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 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) provides for a senior secured term loan A facility in an aggregate principal amount of $500 million (the "Term A Facility" and together with the Revolving Credit Facility, the "Facilities"). The Revolving Credit Facility included 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.

The weighted average interest rate of borrowings outstanding for the twelve-month periods ended October 31, 2024 and 2023 was 7.20% and 6.01%, respectively. We were in compliance with our debt covenants as of October 31, 2024. For additional details of the Revolving Credit Facility, see Note 9, "Debt," included elsewhere within this Annual Report on Form 10-K.

We expect to repatriate excess cash moving forward and use the funds to retire debt or meet current working capital needs. We believe our business model, our current cash reserves and the recent steps we have taken to strengthen our 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 years ended October 31, 2024, 2023, and 2022:

	Year Ended October 31,		
	2024	2023	2022
		(In thousands)	
Cash flows provided by operating activities	$ 88,812	$ 147,052	$ 97,965
Cash flows used for investing activities	$ (420,594)	$ (128,439)	$ (32,962)
Cash flows provided by (used for) financing activities	$ 385,156	$ (16,151)	$ (45,879)

Our cash flow analysis for the fiscal years ended October 31, 2023 and 2022 for the prior year comparative periods can be found in the annual report on Form 10-K for the year ended October 31, 2023.

Operating Activities

Cash provided by operating activities decreased $58.2 million for the year ended October 31, 2024 compared to the year ended October 31, 2023. A portion of this decrease is attributable to the activities of Tyman, which was acquired on August 1, 2024. Excluding this acquisition, improvements in working capital partially offset lower sales due to a reduction in demand.

Investing Activities

Cash used for investing activities for the year ended October 31, 2024 increased $292.2 million compared to the year ended October 31, 2023, primarily as a result of the acquisition of Tyman.

At October 31, 2024, we had firm purchase commitments of approximately $2.5 million for the purchase or construction of capital assets. We plan to fund these capital expenditures through cash from operations or borrowings under our revolving credit facility.

Financing Activities

Cash provided by financing activities was $385.2 million for the year ended October 31, 2024 compared to cash used for financing opportunities during the year ended October 31, 2023. During the years ended October 31, 2024 and 2023, we acquired Tyman and LMI, respectively.

Liquidity Requirements

Our strategy for deploying cash is 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 own stock. We maintain cash balances in foreign countries which totaled $44.0 million and $17.8 million as of October 31, 2024 and 2023. During the years ended October 31, 2024 and 2023, we repatriated $49.2 million and $47.1 million, respectively, of foreign earnings from our international divisions.

We believe that we have sufficient funds and adequate financial resources available to meet our anticipated liquidity needs. We expect to use our cash flow from operations to fund operations for the next twelve months and the foreseeable future. We believe these funds should be adequate to provide for our working capital requirements, capital expenditures, and dividends, while continuing to meet our debt service requirements.

Revolving Credit Facility and Term Loan Facility

We maintain our $475 million Revolving Credit Facility and $500 million Term A Facility with Wells Fargo Bank acting as agent, swingline lender and issuing lender. 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 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

The Credit Facility provides for revolving credit commitments for a minimum principal amount of $10.0 million, up to an aggregate amount of $310.0 million or 100% of Consolidated EBITDA, subject to the lender's discretion to elect or decline the 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 Credit Facility.

The Credit Facility 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.

In addition to maintaining these financial covenants, the Credit Facility also limits 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 to conduct other transactions as further defined in the Credit Facility. 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 pledged as collateral for the Credit Facility.

Issuer Purchases of Equity Securities

During December 2021, our Board of Directors approved a new stock repurchase program that authorized the repurchase of up to $75.0 million worth of shares of our common stock. During the years ended October 31, 2024, 2023 and 2022, we purchased zero, 275,000 and 291,000 shares, respectively, at a cost of zero, $5.6 million and $6.6 million, respectively, under this program.

Critical Accounting Policies and Estimates

The preparation of our financial statements in accordance with accounting principles generally accepted in the United States of America (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.

We believe the following are the most critical accounting policies used in the preparation of our consolidated financial statements as well as the significant judgments and uncertainties affecting the application of these policies. We consider an estimate to be critical if it is subjective and if changes in the estimate using different assumptions would result in a material impact to our financial position or results of operations.

Business Combinations - Contingencies

We apply the acquisition method of accounting for business combinations in accordance with U.S. GAAP, which requires us to make use of estimates and judgements to allocate the purchase price paid for acquisitions to the fair value of the net assets and liabilities acquired. We use established valuation techniques and engage reputable valuation specialists to assist us with these valuations. However, there is a risk that we may not identify all pre-acquisition contingencies or that our estimates may not reflect the actual results when realized. We use a a reasonable measurement period to record any adjustment related to the opening balance sheet (generally, less than one year). After the measurement period, changes to the opening balance sheet can result in the recognition of income or expense as period costs. If our purchase accounting estimates are not correct, or if we do not recognize contingent liabilities within the measurement period, we may incur losses.

Impairment or Disposal of Long-Lived Assets

Property, Plant and Equipment and Intangible Assets with Defined Lives

We make judgments and estimates in conjunction with the carrying value of our long-term assets, including property, plant and equipment, and identifiable intangibles. These judgments may include the basis for capitalization, depreciation and amortization methods and the useful lives of the underlying assets. In accordance with U.S. GAAP, we review the carrying values of these assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We determine that the carrying amount is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying value exceeds the sum of the undiscounted cash flows and after considering alternate uses for the asset, an impairment charge would be recorded in the period in which such review is performed. We measure the impairment loss as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Fair value is determined by reference to quoted market prices in active markets, if available, or by calculating the discounted cash flows associated with the use and eventual disposition of the asset. Therefore, if there are indicators of impairment, we are required to make long-term forecasts of our future revenues and costs related to the assets subject to review. Forecasts require assumptions about demand for our products and future market conditions. Although there may be no indicators of impairment in the current period, unanticipated changes to assumptions or circumstances in future periods could result in an impairment charge in the period of the change. No impairment charges were incurred with regard to our property, plant and equipment for the years ended October 31, 2024, 2023 and 2022.

We monitor relevant circumstances, including industry trends, general economic conditions, and the potential impact that such circumstances might have on the valuation of our identifiable intangibles. Events and changes in circumstances that may cause a triggering event and necessitate such a review include, but are not limited to: a decrease in sales for certain customers, improvements or changes in technology, and/or a decision to phase-out a trademark or trade name. Such events could negatively impact the carrying value of our identifiable intangibles. It is possible that changes in such circumstances or in the numerous variables associated with the judgments, assumptions, and estimates made by us in assessing the appropriate valuation of our identifiable intangibles could require us to further write down a portion of our identifiable intangibles and record related non-cash impairment charges in the future. We apply a variety of techniques to establish the carrying value of our intangible assets, including the relief from royalty and excess current year earnings methods.

Goodwill

We use the acquisition method to account for business combinations and, to the extent that the purchase price exceeds the fair value of the net assets acquired, we record goodwill. In accordance with U.S. GAAP, we are required to evaluate our goodwill at least annually. We perform our annual goodwill assessment as of August 31, or more frequently if indicators of impairment exist. Qualitative factors that indicate impairment could include, but are not limited to, (i) macroeconomic conditions, (ii) industry and market considerations, (iii) cost factors, (iv) overall financial performance of the reporting unit, and (v) other relevant entity-specific events. The first step in our annual goodwill assessment is to perform the optional qualitative assessment allowed by ASC Topic 350 “Intangibles - Goodwill and Other” (ASC 350). In our qualitative assessment, we evaluate relevant events or circumstances to determine whether it is more likely than not (i.e., greater than 50%) that the fair value of a reporting unit is less than its carrying amount. If we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, ASC 350 requires us to compare the fair value of such reporting unit to its carrying value including goodwill. To determine the fair value of our reporting units, we use multiple valuation techniques including a discounted cash flow analysis, using the applicable weighted average cost of capital, in combination with a market approach that uses market multiples and a selection of guideline public companies. This test requires us to make assumptions about the future growth of our business and the market in general, as well as other variables such as the level of investment in capital expenditure, growth in working capital requirements and the terminal or residual value of our reporting units beyond the periods of estimated annual cash flows. We use a third-party valuation firm to assist us with this analysis. If the fair value of each reporting unit exceeds its carrying value, no action is required. Otherwise, an impairment loss is recorded to the extent that the carrying amount of the reporting unit including goodwill exceeds the fair value of that reporting unit. We believe the estimates and assumptions used in our impairment assessment are reasonable based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated during current or future periods.

At our annual testing date, August 31, 2024, we had seven reporting units with goodwill balances: three reporting units included in our NA Fenestration operating segment, two reporting units included in our EU Fenestration operating segment, one reporting unit included in our NA Cabinet Components operating segment, and one reporting unit included in our Tyman operating segment, which was acquired on August 1, 2024. We performed a qualitative assessment for the reporting units in the NA Fenestration, EU Fenestration, and Tyman operating segments. This review included an analysis of historical goodwill test results, operating results relative to forecast, projected results over the next five years, and other measures and concluded that there were no indicators of potential impairment associated with these reporting units. Therefore, no additional testing was deemed necessary for the reporting units in the NA Fenestration, EU Fenestration, and Tyman operating segments that were assessed qualitatively. We also updated the quantitative assessment for the reportable unit in the NA Cabinet Components segment. We determined the fair value of this reportable unit exceeded the carrying value by 20.5% and concluded that no impairment was necessary.

Income Taxes

We operate in various jurisdictions and therefore our income tax expense relates primarily to income taxes in the U.S. and the U.K., as well as local, state and foreign income taxes. We recognize the effect of a change in tax rates in the period of the change. We record the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and the amounts reported in our consolidated balance sheets, as well as net operating losses and tax credit carry forward. We evaluate the carrying value of our net deferred tax assets and determine if our business will generate sufficient future taxable income to realize the net deferred tax assets. We perform this review for recoverability on a jurisdictional basis, whereby we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence can be objectively verified. We evaluate recoverability based on an estimate of future taxable income using the long-term forecasts we use to evaluate long-lived assets, goodwill and intangible assets for impairment, taking into consideration the future reversal of existing taxable temporary differences and reviewing our current financial operations. The company classifies interest on income tax as income tax expense and classifies penalties on income tax as other expenses. In the event that our estimates and assumptions indicate we will not generate sufficient future taxable income to realize our deferred tax assets, we will record a valuation allowance, to the extent indicated, to reduce our deferred tax assets to their realizable value.

Annually, we evaluate our tax positions to determine if there have been any changes in uncertain tax positions or if there has been a lapse in the statute of limitations with regard to such positions. As of October 31, 2024 and 2023 our liability for uncertain tax positions was zero and $0.3 million, respectively. The tax positions related to certain state tax items regarding the interpretation of tax laws and regulations.

We believe we will have sufficient taxable income in the future to fully utilize our deferred tax assets recorded as of October 31, 2024, net of our valuation allowance. There is a risk that our estimates related to the future use of loss carry forwards and our ability to realize our deferred tax assets may not come to fruition, and that the results could materially impact our financial position and results of operations. Our total gross deferred tax assets as of October 31, 2024 and 2023 were $60.3 million and $18.1 million, respectively, for which we reserved a valuation allowance of $4.4 million and $0.6 million for the corresponding periods. The deferred tax assets, net of valuation allowance, offset the deferred liability within a jurisdiction.

Inventory

We record inventory at the lower of cost or net realizable value. Inventories are valued using the first-in first-out (FIFO) method. Fixed costs related to excess manufacturing capacity have been expensed in the period, and therefore, are not capitalized into inventory. Inventory quantities are regularly reviewed and provisions for excess or obsolete inventory are recorded primarily based on our forecast of future demand and market conditions. Significant unanticipated changes to our forecasts or changes in the net realizable value of our inventory would require a change in the provision for excess or obsolete inventory. For the years ended October 31, 2024 and 2023, our inventory reserves are approximately 1% and 3% of gross inventory, respectively.

Retirement Plans

We have historically sponsored a defined benefit pension plan. On January 1, 2020, we enacted changes to our pension plan whereby the benefits for all participants were frozen and thereafter those participants will receive increased benefits in the company sponsored defined contribution plan in lieu of participation in a defined benefit plan. During the three months ended October 31, 2023, we contributed $6.3 million to the pension plan and settled the pension benefit obligation and the defined benefit pension plan as terminated. During the year ended October 31, 2024, we received a $0.9 million settlement reimbursement related to the 2023 contribution.

Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments include unconditional purchase obligations which consist of commitments to buy miscellaneous parts, inventory, and expenditures related to capital projects in progress.

Our supplemental benefit plan was terminated in June 2023. As a result, our liability for this plan was distributed in June 2024 in accordance with IRS requirements. As of October 31, 2024, our liability under the deferred compensation plan was approximately $4.7 million.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as such term is defined in the rules promulgated by the SEC, that we believe would be material to investors and for which it is reasonably likely to have a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Effects of Inflation

We have experienced the impact of inflation on our cost of raw materials, labor, freight and overhead, particularly during the years ended October 31, 2024 and 2023. Although we use contractual price indexing along with periodic base price increases to minimize the effect of inflation on our results, we have not been able to fully recover all of the inflationary cost increases. We cannot provide assurance that our results of operations and financial position will not be materially impacted by inflation in the future.

Recent 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 twelve months ended October 31, 2024.

Accounting Standards Not Yet Adopted

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.

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.

Item 7A. *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 outstanding 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 October 31, 2024, a hypothetical 1.0% increase or decrease in interest rates could result in approximately $7.2 million of additional pre-tax charges or credit to our operating results. This sensitivity pertains primarily to our outstanding revolving credit facility borrowings outstanding under the Credit Facility as of October 31, 2024.

Foreign Currency Rate Risk

Our international operations have exposure to foreign currency rate risks, primarily due to fluctuations in the Euro and the British Pound Sterling. From time to time, we enter into foreign exchange contracts associated with our operations to manage a portion of the foreign currency rate risk. Our outstanding forward foreign exchange contracts have a notional principal amount of $18.6 million at October 31, 2024. Hedge accounting is not applied to our foreign exchange contracts. During the year ended October 31, 2024 and 2023, we recognized a loss of $0.3 million and zero, respectively, related to our forward foreign exchange contracts. The value of our forward foreign exchange contracts fluctuates based on exchange rate fluctuations against the USD and GBP.

Commodity Price Risk

We purchase PVC as the significant raw material consumed in the manufacture of vinyl extrusions. We have resin adjusters in place with a majority of our customers and our resin supplier that is 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 U.S. customers who purchase products using these materials. This is intended to offset the fluctuating cost of products which 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, NA Cabinet Components includes a price index provision in the majority of its customer arrangements 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 most large U.S. customers, but not all. For those customers not covered by contractual mechanisms, we have successfully implemented surcharges and general price increases to share the impact of price changes with our customers. Like our other businesses, 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, polypropylene and other inputs.

Item 8. ***Financial Statements and Supplementary Data.***

INDEX TO FINANCIAL STATEMENTS

Quanex Building Products Corporation

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Quanex Building Products Corporation

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of Quanex Building Products Corporation (a Delaware corporation) and subsidiaries (the "Company") as of October 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended October 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of October 31, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated December 16, 2024 expressed an adverse opinion.

Basis for opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter
The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Quantitative goodwill impairment assessment of the reporting unit included in the North American Cabinet Components operating segment

As described in Note 1 to the financial statements, the Company performs its annual goodwill impairment test as of August 31. The Company performed a quantitative assessment of the reporting unit included in the North American Cabinet Components operating segment primarily due to the history of a narrow margin of fair value over carrying value in the quantitative assessments performed in prior years. We identified the estimation of the fair value of this reporting unit as a critical audit matter.

The principal considerations for our determination that the estimation of the fair value of this reporting unit is a critical audit matter relates to the use of the income approach which is one method management uses to estimate the fair value of the reporting unit. Auditing the fair value of the reporting unit involved a high degree of auditor judgment, subjectivity and audit effort in evaluating management's significant assumptions used in the income approach, including future cash flows related to the reporting unit and the weighted average cost of capital (WACC). In addition, the audit effort involved the use of valuation specialists to assist in performing these procedures and evaluating the audit evidence obtained.

Our audit procedures related to the estimation of the fair value of this reporting unit included the following, among others.

- We tested the effectiveness of controls over goodwill impairment including those over the determination of fair value, including controls relating to management’s development of forecasts of future revenues, earnings, cash flows and WACC.
- We evaluated the reasonableness of management’s forecasts of revenues, earnings and cash flows by comparing the forecasts to historical revenues, earnings and cash flows, current budgets, our understanding of the current business strategy, communications to the Board of Directors, press releases and industry reports.
- We utilized our valuation specialists to evaluate the reasonableness of the WACC used by management, including the testing of underlying source information and developing a range of independent estimates and comparing those to the rate selected by management.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2014.

Houston, Texas
December 16, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Quanex Building Products Corporation

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of Quanex Building Products Corporation (a Delaware corporation) and subsidiaries (the "Company") as of October 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, because of the effect of the material weakness described in the following paragraphs on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of October 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

A material weakness is a deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment.

Management identified a material weakness in internal controls related to the design and operation of controls over the Company's preparation and review of the statement of cash flows.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended October 31, 2024. The material weakness identified above was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated December 16, 2024, which expressed an unqualified opinion on those financial statements.

Basis for opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Tyman plc, a wholly-owned subsidiary, whose financial statements reflect total assets and revenues constituting 54% and 16%, respectively, of the related consolidated financial statement amounts as of and for the year ended October 31, 2024. As indicated in Management's Annual Report on Internal Control Over Financial Reporting, Tyman plc, was acquired on August 1, 2024. Managements assertion on the effectiveness of the Company's internal control over financial reporting excluded internal controls over financial reporting of Tyman plc.

Definition and limitations of internal control over financial reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the

company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Houston, Texas
December 16, 2024

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control system was designed to provide reasonable assurance to management and the Company's Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. A system of internal control may become inadequate over time because of changes in conditions, or deterioration in the degree of compliance with the policies or procedures. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As permitted under the SEC rules, we have elected to exclude Tyman plc from management's assessment of effectiveness of internal controls as of October 31, 2024. Prior to acquisition by us on August 1, 2024, Tyman plc was listed publicly on the London Stock Exchange, which reported financial results pursuant to International Financial Reporting Standards and, therefore, had no requirement to comply with the Sarbanes-Oxley Act of 2002. We are evaluating internal control procedures and expect to implement changes in internal control over financial reporting to fully comply with the Sarbanes-Oxley Act of 2002 during fiscal 2025.

Management assessed the effectiveness of the Company's internal control over financial reporting as of October 31, 2024, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control — Integrated Framework (2013). Based on this assessment, management identified a material weakness in the Company's internal control over financial reporting related to related to the design and operation of controls over the Company's preparation and review of the statement of cash flows.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. As a result of the identified material weakness, management has concluded that the Company's internal control over financial reporting was not effective as of October 31, 2024. We are actively implementing remedial measures to address the identified material weakness. We expect the remediation of this material weakness to be completed prior to the end of fiscal year 2025.

Grant Thornton LLP, the Company's independent registered public accounting firm, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting.

QUANEX BUILDING PRODUCTS CORPORATION
CONSOLIDATED BALANCE SHEETS
As of October 31, 2024 and 2023

	October 31,	
	2024	2023
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 97,744	$ 58,474
Restricted cash	5,251	—
Accounts receivable, net of allowance for credit losses of $254 and $843	197,689	97,311
Inventories	275,550	97,959
Income tax receivable	5,937	8,298
Prepaid and other current assets	29,097	11,558
Total current assets	611,268	273,600
Property, plant and equipment, net of accumulated depreciation of $391,851 and $368,763	402,466	250,664
Operating lease right-of-use assets	126,715	46,620
Deferred income tax assets	3,845	—
Goodwill	574,711	182,956
Intangible assets, net	597,909	74,115
Other assets	2,874	3,188
Total assets	$ 2,319,788	$ 831,143
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 124,404	$ 74,371
Accrued liabilities	103,623	50,319
Income taxes payable	6,620	384
Current maturities of long-term debt	25,745	2,365
Current operating lease liabilities	12,475	7,224
Total current liabilities	272,867	134,663
Long-term debt	737,198	66,435
Non-current operating lease liabilities	117,560	40,361
Deferred income taxes	162,304	29,133
Liability for uncertain tax positions	—	250
Other liabilities	19,113	14,747
Total liabilities	1,309,042	285,589
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 51,266,501 and 37,176,958 respectively; outstanding 47,252,070 and 33,011,119, respectively	513	372
Additional paid-in-capital	701,008	251,576
Retained earnings	430,405	409,318
Accumulated other comprehensive loss	(46,428)	(38,141)
Less: Treasury stock at cost, 4,014,431 and 4,165,839 shares, respectively	(74,752)	(77,571)
Total stockholders’ equity	1,010,746	545,554
Total liabilities and stockholders' equity	$ 2,319,788	$ 831,143

See notes to consolidated financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended October 31, 2024, 2023 and 2022

	Year Ended October 31,		
	2024	**2023**	**2022**
	(In thousands, except per share amounts)		
Net sales	$ 1,277,862	$ 1,130,583	$ 1,221,502
Cost and expenses:			
Cost of sales (excluding depreciation and amortization)	972,238	853,059	953,004
Selling, general and administrative	190,470	123,957	117,108
Depreciation and amortization	60,328	42,866	40,109
Operating income	54,826	110,701	111,281
Non-operating (expense) income:			
Interest expense	(20,593)	(8,136)	(2,559)
Other, net	7,849	(5,519)	1,041
Income before income taxes	42,082	97,046	109,763
Income tax expense	(9,023)	(14,545)	(21,427)
Net income	$ 33,059	$ 82,501	$ 88,336
Basic earnings per common share	$ 0.91	$ 2.51	$ 2.67
Diluted earnings per common share	$ 0.90	$ 2.50	$ 2.66
Weighted-average common shares outstanding:			
Basic	36,416	32,819	33,048
Diluted	36,648	33,026	33,205
Cash dividends per share	$ 0.32	$ 0.32	$ 0.32

See notes to consolidated financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended October 31, 2024, 2023 and 2022

	Year Ended October 31,		
	2024	2023	2022
		(In thousands)	
Net income	$ 33,059	$ 82,501	$ 88,336
Other comprehensive income:			
Foreign currency translation adjustments (loss) gain, net of tax	(8,287)	8,542	(28,334)
Change in pension from net unamortized gain (pretax)	—	3,558	897
Change in pension from net unamortized gain tax expense	—	(819)	(215)
Total other comprehensive (loss) income, net of tax	(8,287)	11,281	(27,652)
Comprehensive income	$ 24,772	$ 93,782	$ 60,684

See notes to consolidated financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Years Ended October 31, 2024, 2023 and 2022

	Common Stock				Accumulated	Treasury Stock		Total
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Shares	Amount	Stockholders' Equity
	(In thousands, except share amounts)							
Balance at October 31, 2021	37,273,510	$ 373	$ 254,162	$ 259,718	$ (21,770)	(3,998,725)	$ (72,701)	$ 419,782
Net income	—	—	—	88,336	—	—	—	88,336
Foreign currency translation adjustments	—	—	—	—	(28,334)	—	—	(28,334)
Change in pension from net unamortized gain (net of tax benefit of $215)	—	—	—	—	682	—	—	682
Common dividends ($0.32 per share)	—	—	—	(10,598)	—	—	—	(10,598)
Treasury shares purchased, at cost	—	—	—	—	—	(291,000)	(6,600)	(6,600)
Expense related to stock-based compensation	—	—	2,291	—	—	—		2,291
Stock options exercised	—	—	38	—	—	35,600	651	689
Restricted stock awards granted	—	—	(1,534)	—	—	84,400	1,534	—
Performance restricted stock unit awards vested	—	—	(1,598)	—	—	87,919	1,598	—
Other	(62,454)	(1)	(1,412)	—	—	—	—	(1,413)
Balance at October 31, 2022	37,211,056	$ 372	$ 251,947	$ 337,456	$ (49,422)	(4,081,806)	$ (75,518)	$ 464,835
Net income	—	—	—	82,501	—	—	—	82,501
Foreign currency translation adjustments	—	—	—	—	8,542	—	—	8,542
Change in pension from net unamortized gain (net of tax of expense of $819)	—	—	—	—	2,739	—	—	2,739
Common dividends ($0.32 per share)	—	—	—	(10,639)	—	—	—	(10,639)
Treasury shares purchased, at cost	—	—	—	—	—	(275,000)	(5,593)	(5,593)
Expense related to stock-based compensation	—	—	2,521	—	—	—		2,521
Stock options exercised	—	—	32	—	—	63,587	1,183	1,215
Restricted stock awards granted	—	—	(1,752)	—	—	94,700	1,752	—
Performance restricted stock unit awards vested	—	—	(605)	—	—	32,680	605	—
Other	(34,098)	—	(567)	—	—	—	—	(567)
Balance at October 31, 2023	37,176,958	$ 372	$ 251,576	$ 409,318	$ (38,141)	(4,165,839)	$ (77,571)	$ 545,554
Net income	—	—	—	33,059	—	—	—	33,059
Foreign currency translation adjustments	—	—	—	—	(8,287)	—	—	(8,287)
Common dividends ($0.32 per share)	—	—	—	(11,972)	—	—	—	(11,972)
Issuance of common stock, acquisition	14,139,477	142	449,918	—	—	—	—	450,060
Expense related to stock-based compensation	—	—	2,952	—	—	—		2,952
Stock options exercised	—	—	28	—	—	29,280	545	573
Restricted stock awards granted	—	—	(1,357)	—	—	72,900	1,357	—
Performance restricted stock unit awards vested	—	—	(917)	—	—	49,228	917	—
Other	(49,934)	(1)	(1,192)	—	—	—	—	(1,193)
Balance at October 31, 2024	51,266,501	$ 513	$ 701,008	$ 430,405	$ (46,428)	(4,014,431)	$ (74,752)	$ 1,010,746

See notes to consolidated financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
For the Years Ended October 31, 2024, 2023 and 2022

	Year Ended October 31,		
	2024	2023	2022
		(In thousands)	
Operating activities:			
Net income	$ 33,059	$ 82,501	$ 88,336
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	60,328	42,866	40,109
(Gain) loss on disposition of capital assets	(5,218)	278	109
Stock-based compensation	2,952	2,521	2,291
Deferred income tax	(15,336)	5,147	2,097
Charge for deferred loan costs and debt discount	3,469	—	—
Gain on deal contingent foreign exchange forward currency contract	(6,512)	—	—
Other, net	4,495	1,529	1,905
Changes in assets and liabilities:			
Decrease in accounts receivable	973	6,969	6,945
Decrease (increase) in inventory	33,484	30,024	(32,035)
Increase (decrease) in other current assets	4,297	(1,880)	(970)
(Decrease) increase in accounts payable	(35,824)	(11,611)	(3,047)
Increase (decrease) in accrued liabilities	6,250	(4,249)	(3,159)
Increase (decrease) in income taxes payable	9,139	(9,009)	(5,192)
(Decrease) increase in deferred pension	—	(359)	77
(Decrease) increase in other long-term liabilities	(7,155)	683	305
Other, net	411	1,642	194
Cash provided by operating activities	88,812	147,052	97,965
Investing activities:			
Acquisitions, net of cash acquired	(398,554)	(91,302)	—
Capital expenditures	(37,086)	(37,390)	(33,121)
Proceeds from disposition of capital assets	15,046	253	159
Cash used for investing activities	(420,594)	(128,439)	(32,962)
Financing activities:			
Borrowings under credit facility	785,000	102,000	70,500
Repayments of credit facility borrowings	(83,750)	(100,000)	(95,500)
Debt issuance costs	(13,808)	—	(1,210)
Repayments of other long-term debt	(296,206)	(2,567)	(1,747)
Common stock dividends paid	(11,972)	(10,639)	(10,598)
Issuance of common stock	573	1,215	689
Proceeds from deal contingent foreign exchange forward currency contract	6,512	—	—
Payroll tax paid to settle shares forfeited upon vesting of stock	(1,193)	(567)	(1,413)
Purchase of treasury stock	—	(5,593)	(6,600)
Cash provided by (used for) financing activities	385,156	(16,151)	(45,879)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(8,853)	919	(4,092)
Increase in cash, cash equivalents and restricted cash	44,521	3,381	15,032
Cash, cash equivalents and restricted cash at beginning of period	58,474	55,093	40,061
Cash, cash equivalents and restricted cash at end of period	$ 102,995	$ 58,474	$ 55,093

See notes to consolidated financial statements.

QUANEX BUILDING PRODUCTS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations, Basis of Presentation and Significant Accounting Policies

Nature of Operations

Quanex Building Products Corporation is a component supplier to original equipment manufacturers (OEMs) in the building products industry. These components can be categorized as window and door (fenestration) components and kitchen and bath cabinet components. Examples of fenestration components include: (1) energy-efficient flexible insulating glass spacers, (2) extruded vinyl profiles, (3) window and door screens, (4) window and door hardware, and (5) precision-formed metal and wood products. We also manufacture cabinet doors and other components for OEMs in the kitchen and bathroom cabinet industry. In addition, we provide certain other non-fenestration components and products, which include custom mixing, solar panel sealants, trim moldings, vinyl decking, water retention barriers, conservatory roof components, and commercial access solutions. We have organized our business into four reportable business segments: (1) North American Fenestration (NA Fenestration), (2) European Fenestration (EU Fenestration), (3) North American Cabinet Components (NA Cabinet Components), and (4) Tyman, which was acquired on August 1, 2024. For additional discussion of our reportable business segments, see Note 17, "Segment Information." We use low-cost production processes and engineering expertise to provide our customers with specialized products for their specific window, door, and cabinet applications. We believe these capabilities provide us with unique competitive advantages. 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

Our consolidated financial statements have been prepared by us in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We consolidate our wholly-owned subsidiaries and eliminate intercompany sales and transactions. We have no cost or equity investments in companies that are not wholly-owned. Certain reclassifications were made to prior period balances for current period presentation. In our opinion, these audited financial statements contain all adjustments necessary to fairly present our financial position, results of operations and cash flows for the periods presented.

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 ongoing basis, including those related to impairment of long lived assets and goodwill, pension and retirement liabilities, contingencies and income taxes. Changes in facts and circumstances may result in revised estimates and actual results may differ from these estimates.

A summary of our significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

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 reasonably assured.

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.

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 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 produce a wide variety of products that are used in the fenestration industry, including insulating glass spacer systems; extruded vinyl products; metal fabricated products; and astragals, thresholds and screens. In addition, we produce certain non-fenestration products, including kitchen and bath cabinet door and components, flooring and trim moldings, solar edge tape, plastic decking, fencing, water retention barriers, conservatory roof components, commercial building starts to evaluate the commercial access market, and other products.

The following table summarizes our product sales for the three years ended October 31, 2024, 2023, and 2022 into groupings by segment which we believe depicts 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 17, "Segment Information."

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

	Year Ended October 31,		
	2024	2023	2022
		(in thousands)	
NA Fenestration:			
United States - fenestration	$ 491,307	$ 518,396	$ 609,572
International - fenestration	29,882	30,100	35,906
United States - non-fenestration	110,246	103,090	29,039
International - non-fenestration	18,623	15,896	12,941
	$ 650,058	$ 667,482	$ 687,458
EU Fenestration:			
International - fenestration	$ 193,935	$ 191,871	$ 194,854
International - non-fenestration	36,777	58,903	67,204
	$ 230,712	$ 250,774	$ 262,058
NA Cabinet Components:			
United States - fenestration	$ 14,913	$ 16,899	$ 17,696
United States - non-fenestration	182,494	195,866	254,726
International - non-fenestration	1,017	2,680	3,282
	$ 198,424	$ 215,445	$ 275,704
Tyman:			
United States - fenestration	$ 127,749	$ —	$ —
International - fenestration	75,082	—	—
United States - non-fenestration	604	—	—
	$ 203,435	$ —	$ —
Unallocated Corporate & Other:			
Eliminations	$ (4,767)	$ (3,118)	$ (3,718)
	$ (4,767)	$ (3,118)	$ (3,718)
Net sales	$ 1,277,862	$ 1,130,583	$ 1,221,502

Cash, Cash Equivalents and Restricted Cash

Cash equivalents include all highly liquid investments with an original maturity of three months or less. Such securities with an original maturity which exceeds three months are deemed to be short-term investments. Restricted cash is cash held in a foreign subsidiary that is not available for use as a result of exchange control restrictions. We maintain cash, cash equivalents and restricted cash at several financial institutions, which at times may not be federally insured or may exceed federally insured limits. We have not experienced any losses in such accounts and believe we are not exposed to any significant credit risks on such accounts.

Concentration of Credit Risk and Allowance for Credit Losses

Certain of our businesses or product lines are largely dependent on a relatively few large customers. Although we believe we have an extensive customer base, the loss of one of these large customers or if such customers were to incur a prolonged period of decline in business, our financial condition and results of operations could be adversely affected. For the years ended October 31, 2024, 2023 and 2022, one customer provided more than 10% of our consolidated net sales and accounts receivable.

We have established an allowance for credit losses to estimate the risk of loss associated with our accounts receivable balances. Our policy for determining the allowance is based on factors that affect collectability, including: (a) historical trends of write-offs, recoveries and credit losses; (b) the credit quality of our customers; and (c) projected economic and market conditions. We believe our allowance is adequate to absorb any known or probable losses as of October 31, 2024. Different assumptions or changes in economic circumstances could result in changes to the allowance.

Business Combinations

We apply the acquisition method of accounting for business combinations, which requires us to make use of estimates and judgments to allocate the purchase price paid for acquisitions to the fair value of the assets and liabilities acquired. We account for contingent assets and liabilities at fair value on the acquisition date, and record changes to fair value associated with these assets and liabilities as a period cost as incurred. We use established valuation techniques and engage reputable valuation specialists to assist us with these valuations. However, there is a risk that we may not identify all pre-acquisition contingencies or that our estimates may not reflect the actual results when realized. We use a reasonable measurement period to record any adjustment related to the opening balance sheet (generally, less than one year). After the measurement period, changes to the opening balance sheet can result in the recognition of income or expense as period costs. To the extent these items stem from contingencies that existed at the balance sheet date, but are contingent upon the realization of future events, the cost is charged to expense at the time the future event becomes known.

Inventory

We record inventory at the lower of cost or net realizable value. Inventories are valued using the first-in first-out (FIFO) method. Fixed costs related to excess manufacturing capacity are evaluated and expensed in the period, to ensure that inventory is properly capitalized. Inventory quantities are regularly reviewed and provisions for excess or obsolete inventory are recorded primarily based on our forecast of future demand and our estimates regarding current and future market conditions. Significant unanticipated variances to our forecasts could require a change in the provision for excess or obsolete inventory, resulting in a charge to net income during the period of the change.

Long-Lived Assets

Property, Plant and Equipment and Intangible Assets with Defined Lives

We make judgments and estimates related to the carrying value of property, plant and equipment, intangible assets with defined lives, and long-lived assets, which include determining when to capitalize costs, the depreciation and amortization methods to use and the useful lives of these assets. We evaluate these assets for impairment when there are indicators that the carrying values of these assets might not be recoverable. Such indicators of impairment may include changes in technology, significant market fluctuations, historical losses or loss of a significant customer, or other changes in circumstance that could affect the assets' ability to generate future cash flows. When we evaluate these assets for impairment, we compare the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset to its carrying value. If the carrying value exceeds the sum of the undiscounted cash flows, and there is no alternative use for the asset, we determine that the asset is impaired. To measure the impairment charge, we compare the carrying amount of the long-lived asset to its fair value, as determined by quoted market prices in active markets, if available, or by discounting the projected future cash flows. This calculation of fair value requires us to develop and employ long-term forecasts of future operating results related to these assets. These forecasts are based on assumptions about demand for our products and future market conditions. Future events and unanticipated changes to these assumptions could require a provision for impairment, resulting in a charge to net income during the period of the change.

We monitor relevant circumstances, including industry trends, general economic conditions, and the potential impact that such circumstances might have on the valuation of our identifiable intangible assets with finite lives. Events and changes in circumstance that may cause a triggering event and necessitate such a review include, but are not limited to: a decrease in sales for certain customers, improvements or changes in technology, and/or a decision to discontinue the use of a trademark or trade name, or to allow a patent to lapse. Such events could negatively impact the fair value of our identifiable intangible assets. In such circumstances, we may evaluate the underlying assumptions and estimates made by us in order to assess the appropriate valuation of these identifiable intangible assets and compare to the carrying value of the assets. We may be required to write down these identifiable intangible assets and record a non-cash impairment charge. When we originally value our intangible assets, we use a variety of techniques to establish the carrying value of the assets, including the relief from royalty method, excess current year earnings method and income method.

During the year ended October 31, 2022, our North American vinyl extrusion operations in our NA Fenestration segment experienced lower-than-expected operating results due to the continued impact of inflation and historical customer contracts which prevent us from passing on the full impact of higher costs to our customers. We determined that this condition was an indicator of a triggering event which necessitated an evaluation of certain long-term assets used in this business for potential impairment. We compared the projected undiscounted cash flows we expected to realize associated with these assets over the remaining useful lives of the primary operating assets to the net book value of the long-term assets and determined that these assets were not impaired. Should we be unable to successfully increase prices to offset inflation, it is possible that we could incur an impairment in the future.

There were no other indicators of triggering events noted for any period in the years ended October 31, 2024 and 2023. Therefore, we did not record an impairment charge related to property, plant and equipment or intangible assets with defined lives during the years ended October 31, 2024, 2023 and 2022.

Software development costs, including costs incurred to purchase third-party software, are capitalized when we have determined that the technology is capable of meeting our performance requirements, and we have authorized funding for the project. We cease capitalization of software costs when the software is substantially complete and is ready for its intended use. The software is then amortized over its estimated useful life. When events or circumstances indicate the carrying value of internal use software might not be recoverable, we assess the recoverability of these assets by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated from the asset's use, consistent with the methodology to test other property, plant and equipment for impairment.

Property, plant and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. We capitalize betterments which extend the useful lives or significantly improve the operational efficiency of assets. We expense repair and maintenance costs as incurred.

The estimated useful lives of our primary asset categories at October 31, 2024 were as follows:

	Useful Life (in Years)
Land improvements	7 to 25
Buildings	25 to 40
Building improvements	5 to 20
Machinery and equipment	2 to 15

Leasehold improvements are depreciated over the shorter of their estimated useful lives or the term of the lease.

Goodwill

We use the acquisition method to account for business combinations and, to the extent that the purchase price exceeds the fair value of the net assets acquired, we record goodwill. In accordance with U.S. GAAP, we are required to evaluate our goodwill at least annually. We perform our annual goodwill assessment as of August 31, or more frequently if indicators of impairment exist. Qualitative factors that indicate impairment could include, but are not limited to, (i) macroeconomic conditions, (ii) industry and market considerations, (iii) cost factors, (iv) overall financial performance of the reporting unit, and (v) other relevant entity-specific events. The first step in our annual goodwill assessment is to perform the optional qualitative assessment allowed by ASC Topic 350 “Intangibles - Goodwill and Other” (ASC 350). In our qualitative assessment, we evaluate relevant events or circumstances to determine whether it is more likely than not (i.e., greater than 50%) that the fair value of a reporting unit is less than its carrying amount. If we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, ASC 350 requires us to compare the fair value of such reporting unit to its carrying value including goodwill. To determine the fair value of our reporting units, we use multiple valuation techniques including a discounted cash flow analysis, using the applicable weighted average cost of capital, in combination with a market approach that uses market multiples and a selection of guideline public companies. This test requires us to make assumptions about the future growth of our business and the market in general, as well as other variables such as the level of investment in capital expenditure, growth in working capital requirements and the terminal or residual value of our reporting units beyond the periods of estimated annual cash flows. We use a third-party valuation firm to assist us with this analysis. If the fair value of each reporting unit exceeds its carrying value, no action is required. Otherwise, an impairment loss is recorded to the extent that the carrying amount of the reporting unit including goodwill exceeds the fair value of that reporting unit. We believe the estimates and assumptions used in our impairment assessment are reasonable based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated during current or future periods.

At our annual testing date, August 31, 2024, we had seven reporting units with goodwill balances: three reporting units included in our NA Fenestration operating segment, two reporting units included in our EU Fenestration operating segment, one reporting unit included in our NA Cabinet Components operating segment, and one reporting unit in our Tyman operating segment, which was acquired on August 1, 2024. We performed a qualitative assessment of the reporting units in the NA Fenestration, EU Fenestration, and Tyman operating segments. This review included an analysis of historical goodwill test results, operating results relative to forecast, projected results over the next five years, and other measures and concluded that there were no indicators of potential impairment associated with these reporting units. Therefore, no additional testing was deemed necessary for these six reporting units. Also, at our annual testing date, we performed a quantitative assessment of the reporting unit in our NA Cabinet Components segment primarily due to the impairment of goodwill during the second and fourth quarters of 2019 and the history of a narrow margin of fair value above carrying value in quantitative assessments performed in prior years. We determined that the fair value of this reporting unit exceeded the carrying value and concluded that no impairment was necessary.

Restructuring

We accrue one-time severance costs pursuant to an approved plan of restructuring at the communication date, when affected employees have been notified of the potential severance and sufficient information has been provided for the employee to calculate severance benefits, in the event the employee is involuntarily terminated. 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.

Insurance

We manage our exposure to losses for workers' compensation, group medical, property, casualty and other insurance claims through a combination of self-insurance retentions and insurance coverage with third-party carriers. We record undiscounted liabilities associated with our portion of these exposures, which we estimate by considering various factors such as our historical claims experience, severity factors and estimated claims incurred but not reported, for which we have developed loss development factors, which are estimates as to how claims will develop over time until closed. While we consider a number of factors in preparing the estimates, sensitive assumptions using significant judgment are made in determining the amounts that are accrued in the financial statements. Actual claims could differ significantly from these estimated liabilities, depending on future claims experience. We do not record insurance recoveries until any contingencies relating to the claim have been resolved.

Retirement Plans

We historically sponsored a defined benefit pension plan. To measure our liabilities associated with these plans, we made assumptions related to future events, including expected return on plan assets, and rate of compensation increases. The discount rate reflected the rate at which benefits could be effectively settled on the measurement date. We determined our discount rate using a FTSE Above Median pension discount curve whereby target yields were developed from bonds across a range of maturity points, and a curve was fitted to those targets. Spot rates (zero coupon bond yields) were developed from the curve and used to discount benefit payments associated with each future year. During the year ended October 31, 2023, the defined benefit pension plan as terminated and the pension obligation was settled.

Warranty Obligations

We accrue warranty obligations when we recognize revenue for certain products. Our provision for warranty obligations is based on historical costs incurred for such obligations and is adjusted, where appropriate, based on current conditions and factors. Our ability to estimate our warranty obligations is subject to significant uncertainties, including changes in product design and our overall product sales mix.

Income Taxes

We record the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and the amounts reported in our consolidated balance sheets, as well as net operating losses and tax credit carry forwards. We evaluate the carrying value of the net deferred tax assets and determine whether we will be able to generate sufficient future taxable income to realize our deferred tax assets. We perform this review for recoverability on a jurisdictional basis, whereby we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence can be objectively verified. Cumulative losses in recent years is a significant piece of negative evidence that is difficult to overcome in determining that a valuation allowance is not needed against deferred tax assets. Thus, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence of recent financial reporting losses. We believe we will fully realize our deferred tax assets, net of a recorded valuation allowance. We project future taxable income using the same forecasts used to test long-lived assets and intangibles for impairment, scheduling out the future reversal of existing taxable temporary differences and reviewing our most recent financial operations. In the event the estimates and assumptions indicate we will not generate sufficient future taxable income to realize our deferred tax assets, we record a valuation allowance against a portion of our deferred tax assets. The deferred tax assets, net of valuation allowance, offset the deferred liability within a jurisdiction.

We evaluate our ongoing tax positions to determine if it is more-likely-than-not we will be successful in defending such positions if challenged by taxing authorities. To the extent that our tax positions do not meet the more-likely-than-not criteria, we record a liability for uncertain tax positions. As of October 31, 2024, we do not have any liability for uncertain tax positions recorded.

Derivative Instruments

We have historically used financial and commodity-based derivative contracts to manage our exposure to fluctuations in foreign currency exchange rates and raw material prices. All derivatives are measured at fair value on a recurring basis. We have not designated the derivative instruments we use as cash flow hedges under ASC Topic 815 "Derivatives and Hedging" (ASC 815). Therefore, all gains and losses, both realized and unrealized, are recognized in the consolidated statements of income (loss) in the period of the change as the underlying assets and liabilities are marked-to-market. We do not enter into derivative instruments for speculative or trading purposes. As such, these instruments are considered economic hedges, and are reflected in the operating activities section of the consolidated statements of cash flow.

Foreign Currency Translation

Our consolidated financial statements are presented in our reporting currency, the United States Dollar. Our foreign operations are measured using the local currency as the functional currency. The assets and liabilities of our foreign operations which are denominated in other currencies are translated to United States Dollars using the prevailing exchange rates as of the balance sheet date. Revenues and expenses are translated at the average exchange rates for the applicable period. The resulting translation adjustments are recorded as a component of accumulated other comprehensive loss on the consolidated balance sheets.

We enter into transactions that are denominated in currencies other than our functional currency. At each balance sheet date, we translate these asset or liability accounts to our functional currency and record unrealized transaction gains or losses. When these assets or liabilities settle, we record realized transaction gains or losses. These realized and unrealized gains or losses are included in the accompanying consolidated statements of income under the caption, "Other, net."

Stock–Based Compensation

We have issued stock-based compensation in the form of stock options to directors, employees and officers, and non-vested restricted stock awards to certain key employees and officers. We apply the provisions of ASC Topic 718 "Compensation - Stock Compensation" (ASC 718), to determine the fair value of stock option awards on the date of grant using the Black-Scholes valuation model. We recognize the fair value as compensation expense on a straight-line basis over the requisite service period of the award based on awards ultimately expected to vest. Stock options granted to directors vest immediately while the stock options granted to our employees and officers typically vest ratably over a three-year period with service and continued employment as the vesting conditions. For new option grants to retirement-eligible employees, we recognize expense and vest immediately upon grant, consistent with the retirement vesting acceleration provisions of these grants. For employees near retirement age, we amortize such grants over the period from the grant date to the retirement-eligibility date if such period is shorter than the standard vesting schedule. For grants of non-vested restricted stock, we calculate the compensation expense at the grant date as the number of shares granted multiplied by the closing stock price of our common stock on the date of grant. This expense is recognized ratably over the vesting period. Our non-vested restricted stock grants to officers and employees cliff vest over a three-year period with service and continued employment as the only vesting criteria. Our fair value determination of stock-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behavior over the expected term, our dividend rate, risk-free rate and expectation with regards to forfeitures. Option-pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions and are fully transferable. Because our employee stock options have certain characteristics that are significantly different from traded options, and because changes in the subjective assumptions can materially affect the estimated value, the valuation models may not provide an accurate measure of the fair value of our employee stock options. Accordingly, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

We have granted other awards which are linked to the performance of our common stock, but will settle in cash rather than the issuance of shares of our common stock. The value of these awards fluctuates with changes in our stock price, with the resulting gains or losses reflected in the period of the change. We have recorded current and non-current liabilities related to these awards reflected in the accompanying consolidated balance sheets at October 31, 2024 and 2023. See Note 14, "Stock-based Compensation."

In addition, we have granted performance share awards which use return on net assets as the vesting condition and the awards settle in cash. We use a Monte Carlo simulation model to value the market condition and our stock price on the date of grant to value the internal performance condition and recognize expense ratably over the vesting period of three years. We estimate that the performance measures will be met and shares will vest at target until the year of settlement (third year of cliff vesting). As of October 31, 2024, we have deemed 78,589 performance share awards related to the December 2021 grants as probable to vest.

We have also granted performance restricted stock units which settle in shares upon vesting. These awards cliff vest upon a three-year service period with the absolute performance of our common stock as the vesting criteria. The number of performance restricted stock units 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 use 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. Similar to performance shares, 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 October 31, 2024, we have deemed 69,877 shares related to the December 2021 grants of performance restricted stock units as probable to vest.

Treasury Stock

We use the cost method to record treasury stock purchases whereby the entire cost of the acquired shares of our common stock is recorded as treasury stock (at cost). When we subsequently reissue these shares, proceeds in excess of cost upon the issuance of treasury shares are credited to additional paid-in-capital, while any deficiency is charged to retained earnings.

Earnings per Share Data

We calculate basic earnings per share based on the weighted average number of our common shares outstanding for the applicable period. We calculate diluted earnings per share based on the weighted average number of our common shares outstanding for the period plus all potentially dilutive securities using the treasury stock method, whereby we assume that all such shares are converted into common shares at the beginning of the period, if deemed to be dilutive. If we incur a loss from continuing operations, the effects of potentially dilutive common stock equivalents (stock options and unvested restricted stock awards) are excluded from the calculation of diluted earnings per share because the effect would be anti-dilutive. Performance shares and performance restricted stock units are excluded from contingent shares for purposes of calculating diluted weighted average shares until the performance measure criteria is probable and shares are likely to be issued.

Supplemental Cash Flow Information

The following table summarizes our supplemental cash flow information for the years ended October 31, 2024, 2023 and 2022 (in thousands):

	Year Ended October 31,		
	2024	2023	2022
Cash paid for interest	$ 10,910	$ 5,737	$ 1,982
Cash paid for income taxes	18,291	22,224	26,410
Cash received from income tax refunds	3,502	2,460	2,235
Noncash investing and financing activities:			
(Decrease) increase in capitalized expenditures in accounts payable	$ (2,229)	$ 1,953	$ (1,692)
Issuance of common stock for acquisition	450,060	—	—

Related Party Transactions

Net sales for the year ended October 31, 2024, 2023, and 2022 included approximately $1.2 million, $1.2 million and $1.9 million of transactions with a customer which is a related party with one of our non-employee directors. Purchases for the year ended October 31, 2024, 2023, and 2022 included approximately $0.2 million, zero and zero of transactions with a customer which is a related party with one of our non-employee directors. 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 in fair transactions. 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.

Subsequent Events

We have evaluated events occurring after the balance sheet date for possible disclosure as a subsequent event through the date the financial statements were issued.

2. Acquisitions

Tyman Acquisition

On August 1, 2024, we completed the acquisition of Tyman plc (the “Tyman Acquisition”), a company incorporated in England and Wales (“Tyman”). The aggregate consideration due pursuant to the Tyman Acquisition at closing comprised of 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 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 will be five years after the acquisition effective date, maturing on August 1, 2029.

As of October 31, 2024, we are still determining the purchase price allocation for the Tyman Acquisition. A preliminary purchase price allocation of the fair value of the assets acquired and liabilities assumed is included in the table below. These estimates are subject to change and will likely result in an increase or decrease in goodwill, particularly with regard to third-party valuations and our estimates of fixed assets, intangible assets, inventory, and deferred income taxes, during the measurement period, which may extend up to one year from the acquisition date.

	As of Date of Opening Balance Sheet
	(In thousands)
Net assets acquired:	
Accounts receivable	$ 99,574
Inventories	211,617
Prepaid and other assets	21,516
Property, plant and equipment	157,981
Operating lease right-of-use assets	65,414
Goodwill	385,045
Intangible assets	539,285
Accounts payable	(66,769)
Accrued liabilities	(41,958)
Long-term debt	(300,684)
Operating lease liabilities	(66,228)
Deferred income taxes	(145,677)
Other liabilities	(10,502)
Net assets acquired	$ 848,614
Consideration:	
Total Consideration, net of cash and cash equivalents	$ 848,614

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 is allocated entirely to our Tyman reportable operating segment.

LMI Acquisition

On November 1, 2022, we entered into an Asset Purchase Agreement (the "Purchase Agreement") with LMI Custom Mixing, LLC ("LMI") and the equity owners of LMI, Lauren International, Ltd. and Meteor-US-Beteiligungs GMBH. Under the Purchase Agreement, we acquired substantially all of the operating assets comprising LMI's polymer mixing and rubber compound production business (collectively, the "Purchased Assets") and also agreed to assume certain liabilities relating to the Purchased Assets (collectively, the "LMI Acquisition"). As consideration for the Purchased Assets, we paid $91.3 million in cash utilizing funds borrowed under our Credit Facility. Subsequent to the Acquisition, we had approximately $215 million available for use under the Credit Facility. For the twelve months ended October 31, 2023, our consolidated operating results included net sales of $75.6 million and operating income of $8.3 million associated with LMI. In connection with the Acquisition, we amended our existing finance lease with Lauren Real Estate Holding LLC for the purpose of adding an additional lease renewal option and increasing rental space by approximately 60,000 square feet of rental space which was added to the 313,595 square feet of rentable area located in Cambridge, Ohio.

The purchase price has been allocated to the fair value of the assets acquired and liabilities assumed, as indicated in the table below.

	As of Date of Opening Balance Sheet (In thousands)
Net assets acquired:	
Accounts receivable	$ 7,012
Inventories	5,684
Other assets	790
Property, plant and equipment	35,887
Goodwill	41,393
Intangible assets	19,500
Accounts payable	(4,736)
Accrued liabilities	(507)
Long-term debt (finance leases)	(13,721)
Net assets acquired	$ 91,302
Consideration:	
Cash, net of cash and cash equivalents acquired	$ 91,302

We used recognized valuation techniques to determine the preliminary fair value of the assets and liabilities, including the 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. The goodwill balance is deductible for tax purposes. LMI is allocated entirely to our North American Fenestration reportable operating segment.

Pro Forma Results

We calculated the pro forma impact of the Tyman and LMI acquisitions and the associated debt financing on our operating results for the twelve months ended October 31, 2024, 2023, and 2022. The following pro forma results give effect to these acquisitions, assuming the transaction occurred on November 1, 2021.

	Year ended October 31,		
	2024	2023	2022
	(In thousands, except per share amounts) (Unaudited)		
Net sales	$ 1,886,834	$ 1,954,950	$ 2,115,987
Net income	$ 66,037	$ 48,458	$ 60,192
Basic earnings per share	$ 1.40	$ 1.03	$ 1.28
Diluted earnings per share	$ 1.40	$ 1.03	$ 1.27

We derived the pro forma results for the Tyman and LMI 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 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. Our LMI pro forma adjustments relate to the elimination of LMI intercompany sales to our North American Fenestration reportable segment and related cost of sales, incremental depreciation and amortization expense associated with property, plant and equipment and intangible assets to affect the transactions, assuming a November 1, 2021 effective date.

3. Accounts Receivable and Allowance for Credit Losses

Accounts receivable consisted of the following as of October 31, 2024 and 2023 (in thousands):

	October 31,	
	2024	2023
Trade receivables	$ 191,981	$ 97,871
Other	5,962	283
Total	197,943	98,154
Less: Allowance for credit losses	254	843
Accounts receivable, net	$ 197,689	$ 97,311

The changes in our allowance for credit losses were as follows (in thousands):

	Year Ended October 31,		
	2024	2023	2022
Beginning balance as of November 1, 2023, 2022 and 2021	$ 843	$ 289	$ 340
Current period provision for expected credit losses	137	711	314
Amounts written off	(782)	(165)	(299)
Recoveries	12	—	10
Foreign currency translation adjustments	44	8	(76)
Balance as of October 31, 2024, 2023 and 2022	$ 254	$ 843	$ 289

4. Inventories

Inventories consisted of the following at October 31, 2024 and 2023 (in thousands):

	October 31,	
	2024	2023
Raw materials	$ 81,330	$ 53,585
Finished goods and work in process	192,448	42,195
Supplies and other	1,772	2,179
Total	$ 275,550	$ 97,959

5. Property, Plant and Equipment

Property, plant and equipment consisted of the following at October 31, 2024 and 2023 (in thousands):

	October 31,	
	2024	2023
Land and land improvements	$ 99,068	$ 11,268
Buildings and building improvements	186,087	149,093
Machinery and equipment	462,628	429,743
Construction in progress	46,534	29,323
Property, plant and equipment, gross	794,317	619,427
Less: Accumulated depreciation	391,851	368,763
Property, plant and equipment, net	$ 402,466	$ 250,664

Depreciation expense for the years ended October 31, 2024, 2023, and 2022 was $34.9 million, $27.6 million and $26.9 million, respectively.

If there are indicators of potential impairment, we evaluate our property, plant and equipment for recoverability over the remaining useful lives of the assets. We did not incur impairment losses associated with these assets for the years ended

October 31, 2024, 2023, and 2022. See further discussion at Note 1, "Nature of Operations, Basis of Presentation and Significant Accounting Policies - Long-Lived Assets - Property, Plant and Equipment and Intangible Assets with Defined Lives."

6. 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 and twenty years. Original terms for equipment-related leases, primarily manufacturing equipment and vehicles, are generally between one 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 (calculated as the present value of lease payments over the term of the lease) 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 and we determined there have been no triggering events for impairment. 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.

The table below presents the lease-related assets and liabilities recorded on the balance sheet at October 31, 2024 and 2023 (in thousands):

		October 31,	
Leases	**Classification**	**2024**	**2023**
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 126,715	$ 46,620
Finance lease assets	Property, plant and equipment (less accumulated depreciation of $10,362 and $6,691)	67,046	58,496
Total lease assets		$ 193,761	$ 105,116
Liabilities			
Current			
Operating	Current operating lease liabilities	$ 12,475	$ 7,224
Finance	Current maturities of long-term debt	3,688	2,676
Noncurrent			
Operating	Noncurrent operating lease liabilities	117,560	40,361
Finance	Long-term debt	56,988	52,309
Total lease liabilities		$ 190,711	$ 102,570

The table below presents the components of lease costs for the year ended October 31, 2024 and 2023 (in thousands):

	Year Ended October 31,	
	2024	**2023**
Operating lease cost	$ 13,074	$ 9,145
Finance lease cost		
Amortization of leased assets	3,915	3,285
Interest on lease liabilities	2,599	2,425
Variable lease costs	2,450	1,663
Total lease cost	$ 22,038	$ 16,518

The table below presents supplemental cash flow information related to leases for the year ended October 31, 2024 and 2023 (in thousands):

	Year Ended October 31,	
	2024	**2023**
Cash paid for amounts included in the measurement of lease liabilities:		
Finance leases - financing cash flows	$ 3,068	$ 2,397
Finance leases - operating cash flows	$ 2,599	$ 2,425
Operating leases - operating cash flows	$ 11,731	$ 9,179
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ 89,796	$ 7,509
Finance leases	$ 8,507	$ 26,531

The table below presents the weighted average remaining lease terms and weighted average discount rates for the Company's leases as of October 31, 2024 and 2023:

	October 31,	
	2024	2023
Weighted average remaining lease term (in years)		
Operating leases	11.5	10.7
Financing leases	16.3	18.7
Weighted average discount rate		
Operating leases	5.31 %	4.09 %
Financing leases	4.84 %	4.52 %

The table below presents the maturity of the lease liabilities as of October 31, 2024 (in thousands):

	Year ended October 31, 2024	
	Operating Leases	Finance Leases
2025	$ 19,019	$ 6,618
2026	18,282	6,540
2027	15,664	6,385
2028	14,193	6,152
2029	13,487	5,836
Thereafter	94,807	56,122
Total lease payments	175,452	87,653
Less: present value discount	45,417	26,977
Total lease liabilities	$ 130,035	$ 60,676

7. Goodwill and Intangible Assets

Goodwill

The change in the carrying amount of goodwill for the years ended October 31, 2024 and 2023 was as follows (in thousands):

	Year Ended October 31,	
	2024	2023
Beginning balance as of November 1, 2023 and 2022	$ 182,956	$ 137,855
Acquisitions	385,045	41,393
Foreign currency translation adjustment	6,710	3,708
Balance as of October 31, 2024 and 2023	$ 574,711	$ 182,956

At our annual testing date, August 31, 2024, we had seven reporting units with goodwill balances. Three of these units were included in our NA Fenestration segment and had goodwill balances of $41.4 million, $35.9 million and $2.8 million, two units were included in our EU Fenestration segment with goodwill balances of $50.7 million and $16.5 million, our NA Cabinet Components segment had one unit with a goodwill balance of $39.1 million, and our Tyman segment, which was acquired on August 1, 2024, had one unit with a goodwill balance of $388.3 million. The details of the results of our goodwill assessments during the year ended October 31, 2024 are more fully described at Note 1, "Nature of Operations, Basis of Presentation and Significant Accounting Policies - Long-Lived Assets - Goodwill." For a summary of the change in the carrying amount of goodwill by segment, see Note 17, "Segment Information."

Identifiable Intangible Assets

Amortizable intangible assets consisted of the following as of October 31, 2024 and 2023 (in thousands):

	October 31, 2024	October 31, 2024		October 31, 2023	
	Remaining Weighted Average Useful Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	17 years	$ 512,131	$ 112,748	$ 157,629	$ 99,230
Trademarks and trade names	18 years	243,434	47,685	55,519	42,879
Patents and other technology	12 years	25,164	22,387	25,127	22,051
Total		$ 780,729	$ 182,820	$ 238,275	$ 164,160

We do not estimate a residual value associated with these intangible assets. See additional disclosure at Note 1, "Nature of Operations, Basis of Presentation and Significant Accounting Policies - Restructuring."

In connection to the Tyman Acquisition, we added gross carrying intangibles of $352.3 million of customer relationships, and $187.2 million of trade names, with the weighted-average amortization of eighteen and nineteen years, respectively. The aggregate amortization expense associated with identifiable intangible assets for the years ended October 31, 2024, 2023, and 2022 was $21.6 million, $12.1 million and $11.9 million, respectively.

Estimated remaining amortization expense, assuming current intangible balances and no new acquisitions, for future fiscal years as of October 31, 2024 (in thousands):

	Estimated Amortization Expense
2025	$ 39,405
2026	39,162
2027	39,163
2028	33,929
2029	33,913
Thereafter	412,337
Total	$ 597,909

We did not incur impairment losses related to our identifiable intangible assets during the years ended October 31, 2024, 2023, and 2022.

8. Accrued Liabilities

Accrued liabilities consisted of the following at October 31, 2024 and 2023 (in thousands):

	October 31,	
	2024	2023
Payroll, payroll taxes and employee benefits	$ 45,642	$ 18,184
Accrued insurance and workers compensation	10,765	7,754
Sales allowances	13,338	5,237
Deferred compensation (current portion)	855	1,969
Goods and services	1,378	4,189
Deferred revenue	3,149	1,021
Warranties	1,362	15
Audit, legal, and other professional fees	4,222	3,572
Accrued taxes, other	5,329	1,980
Freight	2,040	1,071
Utilities	1,760	1,389
Other	13,783	3,938
Accrued liabilities	$ 103,623	$ 50,319

9. Debt

Long-term debt consisted of the following at October 31, 2024 and 2023 (in thousands):

	October 31,	
	2024	2023
Term Loan A Facility	$ 493,750	$ —
Revolving Credit Facility	222,500	15,000
Finance lease obligations and other	60,676	55,000
Unamortized deferred financing fees	(13,983)	(1,200)
Total debt	762,943	68,800
Less: Current maturities of long-term debt	25,745	2,365
Long-term debt	$ 737,198	$ 66,435

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 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, 2023.

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 A Facility” and together with the Revolving Credit Facility, the “Facilities”). The Revolving Credit Facility will include 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.

The applicable margin percentages are based on the Consolidated Net Leverage Ratio outlined in the following table:

Pricing Level	Consolidated 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 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 Facilities provides for incremental revolving credit commitments for a minimum principal amount of $10.0 million, up to an aggregate amount of the greater of (1) $310.0 million and (2) 100% of Consolidated EBITDA, subject to the lender's discretion to elect or decline the 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 Credit Agreement.

The Facilities 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 the Consolidated Net Leverage Ratio, as defined, must be greater than 3.25 to 1.00.

In addition to maintaining these financial covenants, the Facilities also limits 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 Credit Facility. Some of these limitations, however, do not take effect so long as total leverage 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 were used as collateral for the Credit Agreement.

As of October 31, 2024, we had $716.3 million of borrowings outstanding under the Facilities (reduced by unamortized debt issuance costs of $14.0 million), $7.0 million of outstanding letters of credit and $60.7 million outstanding primarily under finance leases and other debt. We had $245.5 million available for use under the Revolving Credit Facility at October 31, 2024. The borrowings outstanding as of October 31, 2024 under the Facilities accrue interest at 6.79% per annum, and our weighted average borrowing rate for borrowings outstanding during the years ended October 31, 2024 and 2023 was 7.20% and 6.01%, respectively. We were in compliance with our debt covenants as of October 31, 2024.

We maintain certain finance lease obligations related to equipment purchases, vehicles, and warehouse space. Refer to Note 6 “Leases” for further information regarding our finance leases.

The table below presents the scheduled maturity dates of our long-term debt outstanding (excluding deferred financing fees of $14.0 million) at October 31, 2024 (in thousands):

	Facilities	Finance Leases	Aggregate Maturities
2025	$ 25,000	$ 6,618	$ 31,618
2026	25,000	6,540	31,540
2027	25,000	6,385	31,385
2028	25,000	6,152	31,152
2029	616,250	5,836	622,086
Thereafter	—	56,122	56,122
Total debt payments	716,250	87,653	803,903
Less: present value discount of finance leases	—	(26,977)	(26,977)
Total	$ 716,250	$ 60,676	$ 776,926

10. Retirement Plans

We have a number of retirement plans covering substantially all employees. We provide both defined benefit and defined contribution plans. In general, an employee's coverage for retirement benefits depends on the location of employment.

Defined Benefit Plan

Our non-contributory, single employer defined benefit pension plan covered certain of our employees in the U.S. On January 1, 2020, we enacted changes to our pension plan whereby the benefits for all participants were frozen and thereafter those participants will receive increased benefits in the Company sponsored defined benefit plan in lieu of participation in a defined benefit plan. As a result of freezing the plan on January 1, 2020, we remeasured the pension assets and obligations for the pension plan, which resulted in a decrease to our projected benefit obligation and a corresponding net actuarial gain that was recorded in accumulated other comprehensive income.

During the year ended October 31. 2023, we terminated our defined contribution plan and settled the obligation during the three months ended October 31, 2023. Until such time that the termination was complete, the participants received an interest related credit on their respective balance equivalent to the prevailing 30-year Treasury rate. The majority of our pension plan participants had their benefit determined pursuant to the cash balance formula. For the remaining participants, the benefit formula was a traditional formula for retirement benefits, whereby the plan payed benefits to employees using a formula which considered years of service and pensionable compensation. We contributed $6.3 million to the plan in connection with the termination and distribution of the obligation.

The net periodic benefit cost for the years ended October 2023 and 2022, was as follows (in thousands):

	Year Ended October 31,	
	2023	2022
Service cost	$ 383	$ 860
Interest cost	1,558	806
Expected return on plan assets	(1,465)	(1,991)
Amortization of net loss	42	6
Settlements	5,431	396
Net periodic benefit cost	$ 5,949	$ 77

Defined Contribution Plan

We also sponsor several defined contribution plans into which we and our employees make contributions. We match 100% up to between the first 3% to 5% of employee annual salary deferrals under our plan for all employees. We do not offer our common stock as a direct investment option under these plans. For the years ended October 31, 2024, 2023 and 2022, we contributed approximately $7.7 million, $6.5 million and $6.8 million for these plans, respectively.

Other Plans

We have supplemental benefit plans covering certain executive officers and a non-qualified deferred compensation plan covering members of the Board of Directors and certain key employees. As of October 31, 2023, our liability under the supplemental benefit plan was approximately $2.0 million. During the year ended October 31, 2024, the supplemental benefit plan was terminated and the benefits associated with this plan were distributed in accordance with Internal Revenue Service regulations. As of October 31, 2024 and 2023 our liability under the deferred compensation plan was approximately $4.7 million and $3.9 million, respectively. As of October 31, 2024 and 2023, the current portion of these liabilities was recorded under the caption “Accrued Liabilities,” and the long-term portion was included under the caption “Other Liabilities” in the accompanying balance sheets.

11. Income Taxes

The provision or benefit for income taxes includes U.S. federal income taxes foreign income taxes and state income taxes. We provide for income taxes on taxable income at the applicable statutory rates. The following table summarizes the components of income tax expense for the years ended October 31, 2024, 2023 and 2022 (in thousands):

	Year Ended October 31,		
	2024	2023	2022
Current			
Federal	$ 12,453	$ 2,631	$ 11,553
State and local	3,326	1,860	740
Non-United States	8,580	4,907	7,037
Total current	24,359	9,398	19,330
Deferred			
Federal	(2,371)	4,637	2,127
State and local	(154)	1,015	(229)
Non-United States	(12,811)	(505)	199
Total deferred	(15,336)	5,147	2,097
Total income tax expense	$ 9,023	$ 14,545	$ 21,427

For financial reporting purposes, income before income taxes for the years ended October 31, 2024, 2023 and 2022 includes the following components (in thousands):

	Year Ended October 31,		
	2024	2023	2022
Domestic	$ 34,315	$ 42,586	$ 64,850
Foreign	7,767	54,460	44,913
Total income before income taxes	$ 42,082	$ 97,046	$ 109,763

The following table reconciles our effective income tax rate to the federal statutory rate for the years ended October 31, 2024, 2023 and 2022:

	Year Ended October 31,		
	2024	2023	2022
United States tax at statutory rate	21.0 %	21.0 %	21.0 %
State and local income taxes net of federal tax benefit	5.9 %	1.8 %	1.6 %
Foreign tax rate differential	(1.4)%	1.1 %	0.3 %
U.K. patent box benefit	(12.5)%	(5.9)%	(1.2)%
Non-deductible transaction costs	8.4 %	— %	— %
U.S. income tax credits	(8.4)%	(4.9)%	(3.2)%
Foreign inclusions (including global intangible low-taxed income)	8.4 %	4.6 %	3.2 %
Permanent differences	(1.3)%	1.3 %	0.6 %
Tax return to accrual adjustments	3.5 %	(2.3)%	(3.0)%
Change in valuation allowance	(3.1)%	— %	— %
Change in uncertain tax position	0.1 %	(1.1)%	— %
Other	0.8 %	(0.6)%	0.2 %
Effective tax rate	21.4 %	15.0 %	19.5 %

Our earnings from our foreign subsidiaries qualifies for Federal and Dividend Received Deduction and are not subject to withholding taxes upon remittances to the U.S. However, some of the states do not conform to the Federal Dividend Received Deduction. As a result, we have $0.5 million of future tax liability related to potential repatriation of unremitted foreign retained earnings. The amount of undistributed foreign earnings and profits from international operations as of the years ended October 31, 2024 and 2023, respectively, was $21.7 million and $21.3 million.

The Organization for Economic Co-operation and Development ("OECD") Inclusive Framework on Base Erosion and Profit Shifting (“BEPS”) developed an agreement on a two-pillar approach to help address the tax challenges arising from the digitalization of the economy. Pillar One applies to large multinational enterprises and re-allocate part of their profit to the countries where they sell their products and provide services. Quanex does not expect to be subject to the Pillar One rules. Pillar Two aims to establish a minimum global tax rate of 15%, assessed through a top-up tax imposed on a country-by-country basis. In 2023, certain jurisdictions in which we operate enacted legislation consistent with the OECD Pillar Two model effective for taxation year beginning on or after January 1, 2024. The Pillar Two legislation does not impact our FY2024 annual effective tax rate. However, further changes to our entity structure or changes in jurisdictions in which we operate could adversely impact analysis.

Significant components of our net deferred tax liabilities and assets were as follows (in thousands):

	October 31, 2024	October 31, 2023
Deferred tax assets:		
Employee benefit obligations	$ 6,830	$ 6,148
Accrued liabilities and reserves	4,132	1,130
Pension and other benefit obligations	125	27
Inventory	2,368	1,159
Right of use liability	31,399	6,337
Research and development	5,810	2,075
Loss and tax credit carry forwards	9,637	1,203
Other	24	—
Total gross deferred tax assets	60,325	18,079
Less: Valuation allowance	4,395	585
Total deferred tax assets, net of valuation allowance	55,930	17,494
Deferred tax liabilities:		
Property, plant and equipment	45,554	21,480
Goodwill and intangibles	138,396	18,908
Investments in foreign subsidiaries	500	—
Right of use asset	29,939	6,082
Other	—	157
Total deferred tax liabilities	214,389	46,627
Net deferred tax liabilities	$ 158,459	$ 29,133

As of October 31, 2024, foreign capital loss, net operating loss and gross state operating loss carry forwards totaled $14.0 million, $18.8 million and $19.6 million, respectively. The capital loss and the majority of the foreign net operating loss can be carried forward indefinitely. The majority of the state losses begin to expire in 2033. We evaluate tax benefits of operating losses and tax credit carry forwards on an ongoing basis, including a review of historical and projected future operating results, the eligible carry forward period and other circumstances. We have recorded a valuation allowance for the foreign capital loss and certain foreign operating and state net operating losses as of October 31, 2024 and 2023, totaling $3.8 million and $0.6 million, respectively. The valuation allowance can be affected in future periods by changes to tax laws, changes to statutory tax rates, and changes in estimates of future taxable income. To fully realize these net deferred tax assets, we will need to generate sufficient future taxable income in the jurisdictions where these tax attributes exist during the periods in which the attributes can be utilized. As of each reporting date, management considers the weight of all evidence, both positive and negative, to determine if a valuation allowance is necessary for each jurisdiction's net deferred tax assets. We place greater weight on historical evidence over future predictions of our ability to utilize net deferred tax assets. We consider future reversals of existing taxable temporary differences, future taxable income exclusive of reversing temporary differences, and taxable income in prior carryback year(s) if carryback is permitted under applicable law.

The following table shows the change in the unrecognized income tax benefit associated with uncertain tax positions for the years ended October 31, 2024, 2023 and 2022 (in thousands):

	Unrecognized Income Tax Benefits
Balance at October 31, 2021	$ 1,388
Reassessment of position	(27)
Balance at October 31, 2022	$ 1,361
Reassessment of position	(1,111)
Balance at October 31, 2023	$ 250
Reversal	(250)
Balance at October 31, 2024	$ —

We account for uncertain tax benefits in accordance with guidance in ASC 740, which prescribes the minimum recognition threshold a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. During the year ended October 31, 2024, we reversed $0.3 million of unrecognized tax benefits due to certain state tax items regarding nexus as voluntary disclosure have been filed.

We, along with our subsidiaries, file income tax returns in the U.S. and various state and foreign jurisdictions. In certain jurisdictions, the statute of limitations has not yet expired. We generally remain subject to examination of our U.S. income tax returns for 2021 and subsequent years. We generally remain subject to examination of our various state and foreign income tax returns for a period of four to five years from the date the return was filed. The state impact of a reported federal adjustment or change remains subject to examination by various states within the longer of one year or the expiration date of the otherwise applicable statute of limitations. We classifies interest on income tax as income tax expenses and classifies penalties on income tax as other expenses.

12. Commitments and Contingencies

Purchase Obligations

We are a party to non-cancelable purchase obligations primarily for door hardware, primary and secondary steel and primary and secondary aluminum used in our manufacturing processes, as well as expenditures related to capital projects in progress. We paid $4.5 million and $10.1 million pursuant to these arrangements for the years ended October 31, 2024 and 2023, respectively. These obligations total $2.5 million and $7.9 million at October 31, 2024 and 2023, respectively, and extend through fiscal 2025. Future amounts paid pursuant to these arrangements will depend, to some extent, on our usage.

Asset Retirement Obligation

We maintain asset retirement obligations associated with leased facilities primarily in the U.K. We have estimated our future cash flows associated with this asset retirement obligation and recorded an asset and corresponding liability. We are depreciating the assets and accreting the liabilities over the terms of the corresponding leases and have included an asset retirement obligation of $3.7 million in Other Liabilities on the Consolidated Balance Sheet.

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. At present, 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.

13. Fair Value Measurements 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 participant assumptions 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 sheets 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 changes in interest rate risk. As a result, the fair value of our debt instruments approximates carrying value at October 31, 2024 and 2023 (Level 2 measurement).

Our outstanding forward foreign exchange contracts have a notional principal amount of $18.6 million at October 31, 2024. Hedge accounting is not applied to our forward exchange contracts. These contracts have a range of maturities up to May 12, 2025. Our forward foreign exchange contracts are adjusted to fair value by recording gains and losses to "Other, net," and we record the related liability to "Current Liabilities" in the accompanying condensed consolidated statement of income and condensed consolidated balance sheets, respectively. During the year ended October 31, 2024 and 2023, we recognized a loss of $0.3 million and zero, respectively, related to our forward foreign exchange contracts. The value of our forward foreign exchange contracts fluctuates based on exchange rate fluctuations against the USD and GBP (Level 2 measurement).

Our restricted stock units and performance share awards are marked-to-market on a quarterly basis during a three-year vesting period based on market data. For further information refer to Note 14, "Stock-Based Compensation - Performance Share Awards."

We performed a fair value assessment corresponding with the purchase of Tyman. Due to the unique nature of this acquisition, this is considered a Level 3 measurement. For further information refer to Note 2, "Acquisitions."

14. 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 the 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/or 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 a restricted stock award is entitled to all of the rights of a shareholder, except that the awards are nontransferable during the vesting period and dividends are not paid until vesting. 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 award activity during the years ended October 31, 2024, 2023 and 2022, follows:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value per Share
Non-vested at October 31, 2021	216,400	$ 17.28
Granted	84,400	22.54
Vested	(88,700)	13.74
Non-vested at October 31, 2022	212,100	20.86
Granted	94,700	23.49
Vested	(54,400)	18.49
Forfeited	(10,100)	22.30
Non-vested at October 31, 2023	242,300	22.36
Granted	72,900	32.15
Vested	(66,600)	22.30
Forfeited	(11,800)	20.68
Non-vested at October 31, 2024	236,800	$ 25.85

The total weighted average grant-date fair value of restricted stock awards that vested during the years ended October 31, 2024, 2023 and 2022 was $1.4 million, $1.0 million and $1.2 million, respectively. As of October 31, 2024, total unrecognized compensation cost related to unamortized restricted stock awards totaled $2.4 million. We expect to recognize this expense over the remaining weighted average period of 1.7 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 as further described below. As a result, stock options were not granted during the years ended October 31, 2024, 2023 and 2022. 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 increase in additional paid-in-capital. We used the Black-Scholes pricing model to estimate the grant date fair value. The inputs to this model included expected volatility, expected term, a risk-free rate and expected dividend rate at the time of grant. For employees who were nearing retirement-eligibility, we recognized stock option expense ratably over the shorter of the vesting period or the period from the grant-date to the retirement-eligibility date.

The following table summarizes our stock option activity for the years ended October 31, 2024, 2023 and 2022.

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (000s)
Outstanding at October 31, 2021	218,304	$ 19.37	3.4	$ 297
Exercised	(35,600)	19.36		
Forfeited/Expired	(7,587)	19.04		
Outstanding at October 31, 2022	175,117	$ 19.39	2.9	$ 485
Exercised	(63,587)	19.12		
Forfeited/Expired	(4,000)	21.11		
Outstanding at October 31, 2023	107,530	$ 19.48	2.3	$ 792
Exercised	(29,280)	19.58		
Outstanding at October 31, 2024	78,250	19.45	1.5	$ 752
Vested at October 31, 2024	78,250	$ 19.45	1.5	$ 752
Exercisable at October 31, 2024	78,250	$ 19.45	1.5	$ 752

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. For the years ended October 31, 2024, 2023 and 2022, the total intrinsic value of our stock options that were exercised totaled $0.4 million, $0.5 million and $0.2 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 vesting 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 years ended October 31, 2024, 2023 and 2022, 26,215, 38,704 and 36,669 restricted stock units, respectively, were granted with corresponding weighted average grant date fair value of $26.70, $20.67, and $22.52, respectively. During the fiscal year ended October 31, 2023, 21,774 restricted stock units, which were awarded to key employees, vested. During the years ended October 31, 2024, 2023 and 2022, we paid $0.6 million, $0.4 million and $1.0 million to settle restricted stock units.

During the year ended October 31, 2024, 166,070 restricted stock units were granted to key employees with a weighted average grant date fair value of $31.83. These key employee grants vest in accordance with criteria which extend up to three years. During the year, 42,933 of these grants vested and 1,242 were forfeited. We paid approximately $1.2 million to settle these grants during the year.

Performance Share Awards

We have awarded annual grants of performance shares to key employees and officers. Beginning with the fiscal year ended October 31, 2019, performance share awards vest with return on net assets (RONA) as the vesting condition, pay out 100% in cash, and are accounted for as 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 could fluctuate depending on the number of shares ultimately expected to vest. Depending on the achievement of the performance conditions, 0% to 200% of the awarded performance shares may ultimately vest.

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

Grant Date	Shares Awarded	Grant Date Fair Value	Shares Forfeited
December 9, 2021	80,900	$ 22.54	4,600
December 7, 2022	89,300	$ 23.49	4,600
December 7, 2023	72,200	$ 32.15	—

In December 2023, 122,400 shares vested pursuant to the December 2020 grant, which were settled with a cash payment of $3.4 million. In December 2022, 101,200 shares vested pursuant to the December 2019 grant, which were settled with a cash payment of $2.2 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 awarded 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 performance restricted stock units 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 utilized 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 9, 2021	50,900	$ 21.06	3,400
December 7, 2022	51,500	$ 23.22	3,100
December 7, 2023	40,700	$ 30.35	—

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.

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 years ended October 31, 2024, 2023 and 2022 (in thousands):

	Year Ended October 31,		
	2024	2023	2022
Restricted stock awards	$ 1,846	$ 1,712	$ 1,452
Restricted stock units	2,784	1,686	1,167
Performance share awards	1,599	5,106	2,373
Performance restricted stock units	1,106	809	840
Total compensation expense	7,335	9,313	5,832
Income tax effect	1,570	1,396	1,138
Net compensation expense	$ 5,765	$ 7,917	$ 4,694

15. Stockholders' Equity

As of October 31, 2024, our authorized capital stock consists of 125,000,000 shares of common stock, at par value of $0.01 per share, and 1,000,000 shares of preferred stock, with no par value. As of October 31, 2024 and 2023, we had 51,266,501 and 37,176,958 shares of common stock issued, respectively, and 47,252,070 and 33,011,119 shares of common stock outstanding, respectively. There were no shares of preferred stock issued or outstanding at October 31, 2024 and 2023.

Stock Repurchase Program and Treasury Stock

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 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. During the years ended October 31, 2024 and 2023, we purchased zero shares and 275,000 shares, respectively, at a cost of zero and $5.6 million respectively, under this program.

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 shares and 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.

For a summary of treasury stock activity for the years ended October 31, 2024, 2023 and 2022, refer to the *Consolidated Statement of Stockholders' Equity* located elsewhere herein.

16. Other, net

Other income included under the caption “Other, net” on the accompanying consolidated statements of income (loss), consisted of the following (in thousands):

	Year Ended October 31,		
	2024	2023	2022
Foreign currency transaction (losses) gains	$ (677)	$ (146)	$ 386
Foreign currency exchange derivative gains	6,232	1	19
Pension service benefit (expense)	903	(5,566)	783
Interest income	1,690	248	19
Other	(299)	(56)	(166)
Other income (loss)	$ 7,849	$ (5,519)	$ 1,041

17. Segment Information

We present four reportable business segments: (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. We 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 consolidated financial statements. Corporate general and administrative expenses allocated during the years ended October 31, 2024, 2023 and 2022 were $27.3 million, $23.5 million and $24.5 million, respectively.

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.

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Segment information for the years ended October 31, 2024, 2023 and 2022 was as follows (in thousands):

	NA Fenestration	EU Fenestration	NA Cabinet Comp.	Tyman	Unallocated Corp. & Other	Total
Year Ended October 31, 2024						
Net sales	$ 650,058	$ 230,712	$ 198,424	$ 203,435	$ (4,767)	$ 1,277,862
Depreciation and amortization	20,994	10,420	12,244	16,438	232	60,328
Operating income (loss)	74,056	44,389	(2,961)	(21,402)	(39,256)	54,826
Capital expenditures	22,827	3,959	5,131	4,630	539	37,086
Total assets	$ 373,934	$ 239,501	$ 147,907	$ 1,243,265	$ 315,181	$ 2,319,788
Year Ended October 31, 2023						
Net sales	$ 667,482	$ 250,774	$ 215,445	$ —	$ (3,118)	$ 1,130,583
Depreciation and amortization	20,539	9,849	12,208	—	270	42,866
Operating income (loss)	72,159	50,084	3,953	—	(15,495)	110,701
Capital expenditures	18,265	11,193	6,972	—	960	37,390
Total assets	$ 379,286	$ 239,333	$ 158,824	$ —	$ 53,700	$ 831,143
Year Ended October 31, 2022						
Net sales	$ 687,458	$ 262,058	$ 275,704	$ —	$ (3,718)	$ 1,221,502
Depreciation and amortization	16,253	9,674	13,830	—	352	40,109
Operating income (loss)	74,570	40,270	3,245	—	(6,804)	111,281
Capital expenditures	$ 18,758	$ 7,810	$ 6,454	$ —	$ 99	$ 33,121

The following table summarizes the change in the carrying amount of goodwill by segment for the years ended October 31, 2024 and 2023 (in thousands):

	NA Fenestration	EU Fenestration	NA Cabinet Comp.	Tyman	Unallocated Corp. & Other	Total
Balance as of October 31, 2022	$ 38,712	$ 59,996	$ 39,147	$ —	$ —	$ 137,855
LMI acquisition	41,393	—	—	—	—	41,393
Foreign currency translation adjustment	—	3,708	—	—	—	3,708
Balance as of October 31, 2023	$ 80,105	$ 63,704	$ 39,147	$ —	$ —	$ 182,956
Tyman acquisition	—	—	—	385,045	—	385,045
Foreign currency translation adjustment	—	3,490	—	3,220	—	6,710
Balance as of October 31, 2024	$ 80,105	$ 67,194	$ 39,147	$ 388,265	$ —	$ 574,711

For further details of Goodwill, see Note 7, “Goodwill and Intangible Assets”, located herewith.

We did not allocate non-operating expense or income tax expense to the reportable segments. The following table reconciles operating income as reported above to net income for the years ended October 31, 2024, 2023 and 2022 (in thousands):

	Year Ended October 31,		
	2024	2023	2022
Operating income	$ 54,826	$ 110,701	$ 111,281
Interest expense	(20,593)	(8,136)	(2,559)
Other, net	7,849	(5,519)	1,041
Income tax expense	(9,023)	(14,545)	(21,427)
Net income	$ 33,059	$ 82,501	$ 88,336

Geographic Information

Our manufacturing facilities and all long-lived assets are located primarily in the U.S. and Europe. We attribute our net sales to a geographic region based on the location of the customer. The following tables provide information concerning our net sales for the years ended October 31, 2024, 2023 and 2022, and our long-lived assets as of October 31, 2024 and 2023 (in thousands):

	Year Ended October 31,		
Net sales	**2024**	**2023**	**2022**
United States	$ 926,864	$ 834,525	$ 911,180
Europe	271,182	244,560	255,400
Canada	35,333	25,845	31,442
Asia	24,091	14,298	15,021
Other foreign countries	20,392	11,355	8,459
Total net sales	$ 1,277,862	$ 1,130,583	$ 1,221,502

	October 31,	
Long-lived assets, net	**2024**	**2023**
United States	$ 1,229,157	$ 384,318
Europe	441,129	170,037
Other foreign countries	31,515	—
Total long-lived assets, net	$ 1,701,801	$ 554,355

Long-lived assets, net includes: property, plant and equipment, net; goodwill, intangible assets, net, and operating leases.

18. 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 and contingent shares associated with performance share awards, if dilutive.

The computation of basic and diluted earnings per share for the years ended October 31, 2024, 2023 and 2022 follows (in thousands, except per share data):

Year Ended October 31, 2024	Net Income	Weighted Average Shares	Per Share
Basic earnings per common share	$ 33,059	36,416	$ 0.91
Effect of dilutive securities:			
Stock options		31	
Restricted stock awards		131	
Performance restricted stock units		70	
Diluted earnings per common share	$ 33,059	36,648	$ 0.90
Year Ended October 31, 2023			
Basic earnings per common share	$ 82,501	32,819	$ 2.51
Effect of dilutive securities:			
Stock options		33	
Restricted stock awards		124	
Performance restricted stock units		50	
Diluted earnings per common share	$ 82,501	33,026	$ 2.50
Year Ended October 31, 2022			
Basic earnings per common share	$ 88,336	33,048	$ 2.67
Effect of dilutive securities:			
Stock options		25	
Restricted stock awards		132	
Performance restricted stock units		88	
Diluted earnings per common share	$ 88,336	33,205	$ 2.66

We do not include equity instruments in our calculation of diluted earnings per share if those instruments would be antidilutive. We had 1,471 of anti-dilutive restricted stock award equivalents for the year ended October 31, 2024 and no corresponding equivalents for the comparable prior years. 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.

19. 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 twelve months ended October 31, 2024.

Accounting Standards Not Yet Adopted

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.

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.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

(a) Evaluation of Disclosure Controls and Procedures

It is the responsibility of the management of Quanex Building Products Corporation to establish and maintain adequate disclosure controls and procedures. Disclosure controls and procedures are defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were not effective as a result of the material weakness in internal control over financial reporting as described below.

(b) Management's Annual Report on Internal Control Over Financial Reporting (Revised)

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Management has used the framework set forth in the report entitled "Internal Control—Integrated Framework" published by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission (2013 Framework) to evaluate the effectiveness of its internal control over financial reporting. Based upon this assessment, management concluded that our internal control over financial reporting was not effective as of October 31, 2024, because of a material weakness in the design and operation of the controls over the preparation and review of the statement of cash flows. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We analyzed the impact of this error, and while the value of the corrected amounts are quantitively material on a line-item basis within the Statement of Cash Flow, there were no changes to the Balance Sheet, Income Statement, Statement of Stockholders' Equity, or Statement of Comprehensive Income. Additionally, this error related only to the fourth quarter of 2024 results and do not impact prior period results. Management's conclusion is that the error was quantitatively material within the "Investing Activities" and "Financing Activities" sections of the statement of cash flows, however, all other aspects of the Company's purchase of Tyman were correctly accounted for, including the reported change in cash, cash equivalents and restricted cash for the period.

(*c) Remediation*

The Company is committed to remediating the above noted material weakness, and we are in the process of developing and implementing remediation plans to address it. Actions with respect to the remediation plan are expected to include implementing improved procedures and controls related to our quarterly and annual close processes and enhancement of the quarterly and annual close and reporting checklists. The remediation plan is subject to oversight by the Audit Committee of the Board of Directors and the identified material weakness will not be considered remediated until the remediation plan has been fully implemented, the applicable controls operate for a sufficient period of time, and the Company has concluded that newly implemented controls are operating effectively. We expect the remediation of this material weakness to be completed prior to the end of fiscal year 2025.

(d) Changes in Internal Control Over Financial Reporting

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 Exchange Act) during the quarter ended October 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s Annual Report on Internal Control over Financial Reporting

Refer to Management’s Annual Report on Internal Control over Financial Reporting located in “*Part 2, Item 8. Financial Information”* of this Annual Report on Form 10-K.

Auditor's Report Relating to Effectiveness of Internal Control over Financial Reporting

Refer to the Report of Independent Registered Public Accounting Firm located in “*Part 2, Item 8. Financial Information”* in this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There have been no changes in internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the 1934 Act) during the most recent fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. ***Other Information.***

During the three months ended October 31, 2024, 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,” except as follows:

George Wilson our Chairman, President and CEO, adopted a Rule 10b5-1 trading arrangement on June 11, 2024. Under this arrangement, a total of 37,800 shares of our common stock may be sold, subject to certain conditions, before the plan expires on November 30, 2026.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

Pursuant to General Instruction G(3) to Form 10-K, the information on "*Directors, Executive Officers and Corporate Governance"* is incorporated herein by reference from the Registrant's Definitive Proxy Statement relating to the 2025 Annual Meeting of Stockholders of Quanex Building Products Corporation or an amendment to this Form 10-K, which is to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, within 120 days after the close of the fiscal year ended October 31, 2024.

Item 11. ***Executive Compensation.***

Pursuant to General Instruction G(3) to Form 10-K, the information on "*Executive Compensation"* is incorporated herein by reference from the Registrant's Definitive Proxy Statement relating to the 2025 Annual Meeting of Stockholders of Quanex Building Products Corporation or an amendment to this Form 10-K, which is to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, within 120 days after the close of the fiscal year ended October 31, 2024.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Pursuant to General Instruction G(3) to Form 10-K, the information on "*Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters"* is incorporated herein by reference from the Registrant's Definitive Proxy Statement relating to the 2025 Annual Meeting of Stockholders of Quanex Building Products Corporation or an amendment to this Form 10-K, which is to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, within 120 days after the close of the fiscal year ended October 31, 2024.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

Pursuant to General Instruction G(3) to Form 10-K, the information on "*Certain Relationships and Related Transactions, and Director Independence"* is incorporated herein by reference from the Registrant's Definitive Proxy Statement relating to the 2025 Annual Meeting of Stockholders of Quanex Building Products Corporation or an amendment to this Form 10-K, which is to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, within 120 days after the close of the fiscal year ended October 31, 2024.

Item 14. ***Principal Accountant Fees and Services.***

Pursuant to General Instruction G(3) to Form 10-K, the information on "*Principal Accountant Fees and Services"* is incorporated herein by reference from the Registrant's Definitive Proxy Statement relating to the 2025 Annual Meeting of Stockholders of Quanex Building Products Corporation or an amendment to this Form 10-K, which is to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, within 120 days after the close of the fiscal year ended October 31, 2024.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules.***

1. Financial Statements

The financial statements included in this report are listed in the Index to Financial Statements located elsewhere in this Annual Report on Form 10-K.

2. Financial Statement Schedules

Schedules for which provision is made in the applicable accounting regulations of the SEC are either not required under the related instructions or inapplicable.

3. Exhibits

The exhibits required to be filed pursuant to Item 15(b) of Form 10-K are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference. Certain of our exhibits as denoted with a † between exhibits 10.1 through 10.40 listed in the Exhibit Index filed herewith, are management or compensatory plans or arrangements required to be filed as exhibits to this Annual Report on Form 10-K pursuant to Item 15(b) thereof.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

QUANEX BUILDING PRODUCTS CORPORATION

Date: December 16, 2024

/s/ Scott M. Zuehlke

Scott M. Zuehlke

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Susan F. Davis Susan F. Davis	Director	December 16, 2024
/s/ Curtis M. Stevens Curtis M. Stevens	Director	December 16, 2024
/s/ Donald R. Maier Donald R. Maier	Director	December 16, 2024
/s/ William E. Waltz William E. Waltz	Director	December 16, 2024
/s/ Jason D. Lippert Jason D. Lippert	Director	December 16, 2024
/s/ Bradley E. Hughes Bradley E. Hughes	Director	December 16, 2024
/s/ Manish H. Shah Manish H. Shah	Director	December 16, 2024
/s/ Amit Singhi Amit Singhi	Director	December 16, 2024
/s/ George L. Wilson George L. Wilson	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	December 16, 2024
/s/ Scott M. Zuehlke Scott M. Zuehlke	Senior Vice President - Chief Financial Officer and Treasurer (Principal Financial Officer)	December 16, 2024
/s/ Karen L. Ettredge Karen L. Ettredge	Vice President, Corporate Controller (Principal Accounting Officer)	December 16, 2024

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
2.1	Distribution Agreement among Quanex Corporation, Quanex Building Products LLC and Quanex Building Products Corporation (incorporated by reference to Exhibit 10.1 to Quanex Corporation's Current Report on Form 8-K (Reg. No. 001-05725) filed with the Commission on December 24, 2007).
2.2	Agreement and Plan of Merger, dated as of January 31, 2011, by and among Quanex Building Products Corporation, QSB Inc., Lauren Holdco Inc., Lauren International, Inc. and Kevin E. Gray, as agent for the shareholders of Lauren Holdco Inc., filed as Exhibit 2.1 of the Registrant's Current Report on Form 8-K (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on February 2, 2011, and incorporated herein by reference.
2.3	Limited Liability Company Interest Purchase Agreement dated February 7, 2014, by and among Quanex Building Products Corporation, Nichols Aluminum, LLC and Aleris International Inc., filed as Exhibit 2.1 of the Registrant's Current Report on Form 8-K (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on February 10, 2014, and incorporated herein by reference.
2.4	First Amendment to Limited Liability Company Interest Purchase Agreement dated April 1, 2014, by and among Quanex Building Products Corporation, Nichols Aluminum, LLC and Aleris International Inc., 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 April 7, 2014, and incorporated herein by reference.
2.5	Share Purchase Agreement dated June 15, 2015 by and among R.L. Hartshorn and others, and Quanex Building Products Corporation, 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 June 16, 2015, and incorporated herein by reference.
2.6	Agreement and Plan of Merger, dated as of August 30, 2015, by and among Quanex Building Products Corporation, QWMS, Inc., WII Holding, Inc., and Olympus Growth Fund IV, L.P, solely in its capacity as the representative of the stockholders of WII Holding, Inc, 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 August 30, 2015, and incorporated herein by reference.
2.7	Asset Purchase Agreement, dated November 1, 2022, among Quanex IG Systems, Inc., LMI Custom Mixing, LLC, Lauren International, Ltd. and Meteor-US-Beteiligungs GMBH, 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 November 1, 2022 and incorporated herein by reference.
2.8	Rule 2.7 Announcement dated as of April 22, 2024, 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.
2.9	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.
2.10	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.
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 (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.

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
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.
†10.1	Quanex Building Products Corporation Amended and Restated 2008 Omnibus Incentive Plan, 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 February 27, 2014, and incorporated herein by reference.
†10.2	Quanex Building Products Corporation Deferred Compensation Plan as amended, filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q (Reg. No. 001-33913) for the quarter ended January 31, 2014, as filed with the Securities and Exchange Commission on March 6, 2014, and incorporated herein by reference.
†10.3	Quanex Building Products Corporation Restoration Plan, filed as Exhibit 10.8 of Amendment No. 4 to the Registrant's Registration Statement on Form 10 (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on March 17, 2008, and incorporated herein by reference.
†10.4	Quanex Building Products Corporation Supplemental Employees Retirement Plan, filed as Exhibit 10.9 of Amendment No. 4 to the Registrant's Registration Statement on Form 10 (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on March 17, 2008, and incorporated herein by reference.
†10.5	Form of Executive Severance Policy applicable to the Registrant and certain of its executive officers, 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 March 2, 2020 and incorporated herein by reference.
†10.6	Form of Indemnity Agreement between the Registrant and each of its independent directors, 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 August 29, 2008, and incorporated herein by reference.
†10.7	Form of Indemnity Agreement between the Registrant and each of its officers, filed as Exhibit 10.2 of the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on August 29, 2008, and incorporated herein by reference.
†10.8	Form of Stock Option Agreement for Employees under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, 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 April 29, 2014, and incorporated herein by reference.
†10.9	Form of Stock Option Agreement for Section 16 Officers under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 29, 2014, and incorporated herein by reference.
†10.10	Form of Stock Option Agreement for Key Leaders under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 29, 2014, and incorporated herein by reference.
†10.11	Form of Stock Option Agreement for Non-Employee Directors under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 29, 2014, and incorporated herein by reference.
†10.12	Form of Restricted Stock Award Agreement for Section 16 Officers under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.6 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 29, 2014, and incorporated herein by reference.
†10.13	Form of Restricted Stock Award Agreement for Key Leaders under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.7 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 29, 2014, and incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
†10.14	Form of Restricted Stock Unit Award Agreement for Section 16 Officers under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.10 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 29, 2014, and incorporated herein by reference.
†10.15	Form of Restricted Stock Unit Award Agreement for Key Leaders under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.11 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 29, 2014, and incorporated herein by reference.
†10.16	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.12 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on April 29, 2014, and incorporated herein by reference.
†10.17	Amended Form of Performance Share Award Agreement for Section 16 Officers under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on December 7, 2015, and incorporated herein by reference.
†10.18	Amended Form of Performance Share Award Agreement for Key Leaders under the Quanex Building Products Corporation 2008 Omnibus Incentive Plan, as amended, filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on December 7, 2015, and incorporated herein by reference.
†10.19	Agreement between Quanex Building Products Corporation and Scott Zuehlke, effective November 1, 2019, 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 November 1, 2019, and incorporated herein by reference.
10.20	Lease dated February 9, 2016, between Garner Properties Ltd. and HL Plastics Limited, filed as Exhibit 10.44 to the Registrant's Annual Report on Form 10-K (Reg. No. 001-33913) for the year ended October 31, 2016, as filed with the Securities and Exchange Commission on December 16, 2016, and incorporated herein by reference.
10.21	Amended and Completely Restated Lease Agreement dated August 25, 2016, between Lauren Real Estate Holding LLC and Quanex IG Systems, Inc., 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 August 26, 2016, and incorporated herein by reference.
†10.22	Amended and Restated Employee Stock Purchase Plan, as amended and restated effective April 1, 2017, filed as Annex A to the Registrant's Definitive Proxy Statement on Schedule 14A for its 2017 Annual Meeting of Stockholders (Reg. No 001-33919), as filed with the Securities and Exchange Commission on January 31, 2017, and incorporated herein by reference.
†10.23	Agreement between Quanex Building Products Corporation and George Wilson, effective August 1, 2017, filed as Exhibit 10.1 of the Registrant's Current Report on Form 8-K (Reg. No. 001-33919) as filed with the Securities and Exchange Commission on July 27, 2017, and herein incorporated by reference.
†10.24	Form of Key Leader Stock Settled Performance Restricted Stock Units Award Agreement filed as Exhibit 10.50 to the Registrant's Annual Report on Form 10-K (Reg. No. 001-33913) for the year ended October 31, 2017, as filed with the Securities and Exchange Commission on December 12, 2017, and incorporated herein by reference.
†10.25	Form of Section 16 Officer Stock Settled Performance Restricted Stock Units Award Agreement filed as Exhibit 10.51 to the Registrant's Annual Report on Form 10-K (Reg. No. 001-33913) for the year ended October 31, 2017, as filed with the Securities and Exchange Commission on December 12, 2017, and incorporated herein by reference.
10.26	First Amendment to the Amended and Completely Restated Lease Agreement by and among Quanex IG Systems, Inc. and Lauren Real Estate Holding LLC, dated November 1, 2022 as 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 November 1, 2022, and incorporated herein by reference.
†10.27	Agreement between Quanex Building Products Corporation and Paul Cornett, effective November 1, 2019, filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on November 1, 2019, and incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
†10.28	Quanex Building Products Corporation 2020 Omnibus Incentive Plan filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K (Reg. No. 001-33913), as filed with the Securities and Exchange Commission on March 2, 2020, and incorporated herein by reference.
†10.29	Form of Restricted Stock Award Agreement for Employees under the Quanex Building Products Corporation 2020 Omnibus Incentive Plan, filed as Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on March 6, 2020, and incorporated herein by reference.
†10.30	Form of Annual Incentive Award Agreement for Employees under the Quanex Building Products Corporation 2020 Omnibus Incentive Plan, filed as Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on June 5, 2020, and incorporated herein by reference.
†10.31	Form of Restricted Stock Award Agreement for Employees under the Quanex Building Products Corporation 2020 Omnibus Incentive Plan, filed as Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on June 5, 2020, and incorporated herein by reference.
†10.32	Form of Restricted Stock Unit Award Agreement for Employees under the Quanex Building Products Corporation 2020 Omnibus Incentive Plan, filed as Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on June 5, 2020, and incorporated herein by reference.
†10.33	Form of Performance Share Award Agreement for Employees under the Quanex Building Products Corporation 2020 Omnibus Incentive Plan, filed as Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on June 5, 2020, and incorporated herein by reference.
†10.34	Form of Performance Restricted Stock Unit Award Agreement for Employees under the Quanex Building Products Corporation 2020 Omnibus Incentive Plan, filed as Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on June 5, 2020, and incorporated herein by reference.
†10.35	Form of Restricted Stock Unit Award Agreement for independent Directors under the Quanex Building Products Corporation 2020 Omnibus Incentive Plan, filed as Exhibit 10.39 of the Registrant's Annual Report on Form 10-K (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on December 11, 2020, and incorporated herein by reference.
10.36	Lease Relating to Land and Buildings at Denby Hall Business Park, Denby, Ripley, Derbyshire, DE5 8JX, dated as of October 21, 2022, by and among Garner Holdings Limited, Liniar Limited, and Ryfields Close Management Company Limited, 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 October 26, 2022 and incorporated herein by reference.
10.37	First Amendment to the Amended and Completely Restated Lease Agreement by and among Quanex IG Systems, Inc. and Lauren Real Estate Holding LLC, dated November 1, 2022, 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 November 1, 2022 and incorporated herein by reference.
†10.38	Amended Form of Restricted Stock Award Agreement under the Quanex Building Products Corporation 2020 Omnibus Incentive Plan, as amended, 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 December 9, 2022 and incorporated herein by reference.
10.39	Amendment to Quanex Building Products Corporation Restoration Plan, dated June 1, 2023, as filed as Exhibit 10.1 on Form 10-Q (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on June 2, 2023, and incorporated herein by reference.
10.40	Amendment to Quanex Building Products Corporation Supplemental Employees Retirement Plan, dated June 1, 2023, as filed as Exhibit 10.2 on Form 10-Q (Reg. No. 001-33913) as filed with the Securities and Exchange Commission on June 2, 2023, and incorporated herein by reference.
*21.1	Subsidiaries of the Registrant.

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
*23.1	Consent of Grant Thornton LLP.
*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	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Quanex Building Products Corporation Clawback Policy filed as Exhibit 97.1 to the Registrant's Annual Report on Form 10-K (Reg. No. 001-33913) for the year ended October 31, 2023, as filed with the Securities and Exchange Commission on December 15, 2023, and incorporated herein by reference.
*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
† Management Compensation or Incentive Plan

As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant has not filed with this Annual Report on Form 10-K 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.