

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

FORM 10-Q

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

For the quarterly period ended March 31, 2025

OR

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

For the transition period from _____ to _____

Commission File Number: 001-14649



Trex Company, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

54-1910453
(I.R.S. Employer
Identification No.)

2500 Trex Way
Winchester, Virginia
(Address of principal executive offices)

22601
(Zip Code)

Registrant's telephone number, including area code: (540) 542-6300

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	TREX	New York Stock Exchange

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

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

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

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

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

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

The number of shares of the registrant's common stock, par value \$0.01 per share, outstanding at April 24, 2025 was 107,227,048 shares.

TREX COMPANY, INC.

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**PART I
FINANCIAL INFORMATION**

Item 1. Condensed Consolidated Financial Statements

TREX COMPANY, INC.

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(In thousands, except share and per share data)

	Three Months Ended March 31,	
	2025	2024
Net sales	\$ 339,993	\$ 373,635
Cost of sales	202,262	204,023
Gross profit	137,731	169,612
Selling, general and administrative expenses	56,068	50,600
Income from operations	81,663	119,012
Interest expense (income), net	76	(5)
Income before income taxes	81,587	119,017
Provision for income taxes	21,153	29,947
Net income	\$ 60,434	\$ 89,070
Basic earnings per common share	\$ 0.56	\$ 0.82
Basic weighted average common shares outstanding	107,180,665	108,640,168
Diluted earnings per common share	\$ 0.56	\$ 0.82
Diluted weighted average common shares outstanding	107,284,084	108,790,625
Comprehensive income	\$ 60,434	\$ 89,070

See Notes to Condensed Consolidated Financial Statements (Unaudited).

TREX COMPANY, INC.

Condensed Consolidated Balance Sheets
(In thousands, except share data)

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
(Unaudited)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,963	\$ 1,292
Accounts receivable, net	391,064	88,356
Inventories	176,419	207,282
Prepaid expenses and other assets	19,744	21,978
Total current assets	592,190	318,908
Property, plant and equipment, net	967,276	922,868
Operating lease assets	49,976	52,195
Goodwill and other intangible assets, net	23,529	22,048
Other assets	8,228	8,279
Total assets	\$ 1,641,199	\$ 1,324,298
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 45,576	\$ 61,272
Accrued expenses and other liabilities	105,427	72,879
Accrued warranty	6,611	5,726
Line of credit	443,947	202,600
Total current liabilities	601,561	342,477
Deferred income taxes	56,032	56,032
Operating lease liabilities	39,788	41,979
Non-current accrued warranty	17,180	17,109
Other long-term liabilities	16,559	16,559
Total liabilities	731,120	474,156
Commitments and contingencies	—	—
Stockholders' equity		
Preferred stock, \$0.01 par value, 3,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value, 360,000,000 shares authorized; 141,170,958 and 141,098,251 shares issued and 107,227,012 and 107,154,305 shares outstanding, at March 31, 2025 and December 31, 2024, respectively	1,412	1,411
Additional paid-in capital	147,655	148,153
Retained earnings	1,622,884	1,562,450
Treasury stock, at cost, 33,943,946 and 33,943,946 shares at March 31, 2025 and December 31, 2024	(861,872)	(861,872)
Total stockholders' equity	910,079	850,142
Total liabilities and stockholders' equity	\$ 1,641,199	\$ 1,324,298

See Notes to Condensed Consolidated Financial Statements (Unaudited).

TREX COMPANY, INC.

Condensed Consolidated Statements of Changes in Stockholders' Equity

(Unaudited)

(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance, December 31, 2024	107,154,305	\$ 1,411	\$ 148,153	\$ 1,562,450	33,943,946	\$ (861,872)	\$ 850,142
Net income	—	—	—	60,434	—	—	60,434
Employee stock plans	6,068	—	299	—	—	—	299
Shares withheld for taxes on awards	(49,949)	—	(3,110)	—	—	—	(3,110)
Stock-based compensation	116,588	1	2,313	—	—	—	2,314
Balance, March 31, 2025	107,227,012	\$ 1,412	\$ 147,655	\$ 1,622,884	33,943,946	\$ (861,872)	\$ 910,079

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance, December 31, 2023	108,611,537	\$ 1,410	\$ 140,157	\$ 1,336,058	32,363,306	\$ (760,954)	\$ 716,671
Net income	—	—	—	89,070	—	—	89,070
Employee stock plans	5,640	—	397	—	—	—	397
Shares withheld for taxes on awards	(55,103)	—	(5,146)	—	—	—	(5,146)
Stock-based compensation	130,683	1	3,153	—	—	—	3,154
Balance, March 31, 2024	108,692,757	\$ 1,411	\$ 138,561	\$ 1,425,128	32,363,306	\$ (760,954)	\$ 804,146

See Notes to Condensed Consolidated Financial Statements (Unaudited).

TREX COMPANY, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2025	2024
OPERATING ACTIVITIES		
Net income	\$ 60,434	\$ 89,070
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	14,249	14,154
Deferred income taxes	—	(5,212)
Stock-based compensation	2,313	3,155
(Gain)/Loss on disposal of property, plant and equipment	(57)	2,122
Other non-cash adjustments	117	121
Changes in operating assets and liabilities:		
Accounts receivable	(302,708)	(332,333)
Inventories	30,863	(16,796)
Prepaid expenses and other assets	2,161	(319)
Accounts payable	4,187	26,238
Accrued expenses and other liabilities	15,278	12,041
Income taxes receivable/payable	19,150	33,715
Net cash used in operating activities	(154,013)	(174,044)
INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(79,486)	(37,720)
Purchased intangibles	(635)	—
Proceeds from sales of property, plant and equipment	156	106
Net cash used in investing activities	(79,965)	(37,614)
FINANCING ACTIVITIES		
Borrowings under line of credit	257,047	258,500
Principal payments under line of credit	(15,700)	(41,000)
Repurchases of common stock	(4,008)	(5,145)
Proceeds from employee stock purchase and option plans	300	397
Financing costs	10	—
Net cash provided by financing activities	237,649	212,752
Net increase in cash and cash equivalents	3,671	1,094
Cash and cash equivalents, beginning of period	1,292	1,959
Cash and cash equivalents, end of period	\$ 4,963	\$ 3,053
Supplemental Disclosure:		
Cash paid for interest, net of capitalized interest	\$ —	\$ —
Cash paid for income taxes, net	\$ 2,003	\$ 1,444
Supplemental non-cash investing and financing disclosure:		
Capital expenditures in accounts payable and accrued expenses	\$ 20,834	\$ 851

See Notes to Condensed Consolidated Financial Statements (Unaudited).

TREX COMPANY, INC.

Notes to Condensed Consolidated Financial Statements For the Three Months Ended March 31, 2025 and March 31, 2024 (Unaudited)

1. BUSINESS AND ORGANIZATION

Trex Company, Inc. (Trex or Company), is the world's largest manufacturer of high-performance, low-maintenance wood-alternative decking and railing products and a leader in outdoor living products and accessories, marketed under the brand name Trex®, with more than 30 years of product experience. A majority of its products are manufactured in a proprietary process that combines reclaimed wood fibers and scrap polyethylene. The Company is incorporated in Delaware. The principal executive offices are located at 2500 Trex Way, Winchester, Virginia 22601, and the telephone number at that address is (540) 542-6300. The Company operates in a single reportable segment.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and U.S. Securities and Exchange Commission instructions to Form 10-Q and Article 10 of Regulation S-X and, accordingly, the accompanying unaudited condensed consolidated financial statements do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal and recurring adjustments, except as otherwise described herein) considered necessary for a fair presentation have been included in the accompanying unaudited condensed consolidated financial statements. Certain reclassifications have been made to prior period balances to conform to current year presentation. The unaudited condensed consolidated financial statements include the accounts of the Company for all periods presented.

The unaudited consolidated results of operations for the three months ended March 31, 2025, are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2025. The Company's results of operations are affected by a number of factors, including, but not limited to, the cost to manufacture and distribute products, cost of raw materials, inflation, tariffs, consumer spending and preferences, interest rates, the impact of any supply chain disruptions, economic conditions, and/or any adverse effects from global health pandemics and geopolitical conflicts.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Annual Report of Trex Company, Inc. on Form 10-K for the year ended December 31, 2024, as filed with the U.S. Securities and Exchange Commission.

3. RECENTLY ADOPTED ACCOUNTING STANDARDS

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The guidance requires disclosure of significant segment expenses which are regularly provided to the chief operating decision maker (CODM), the composition of and amount of other segment items, the CODM's title and position within the organization, and how the CODM uses the reported measure(s) of segment's profit or loss to assess the performance of the segment. In addition, on an interim basis, all segment profit or loss and asset disclosures currently required on an annual basis must be reported, as well as those required by Topic 280. The guidance allows for multiple measures of a segment's profit or loss to be reported. Entities which have a single reportable segment must apply Topic 280 in its entirety. The guidance was effective for fiscal years beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. Early adoption was permitted. Entities are required to apply the amendments of this update retrospectively for all prior periods presented in the financial statements. The Company adopted the standard in the quarterly period ended December 31, 2024. The Company applied the standard retrospectively and accordingly, prior periods were adjusted. Adoption of this guidance did not impact consolidated results of operations and financial position.

4. NEW ACCOUNTING STANDARDS NOT YET ADOPTED

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement – Reporting Comprehensive Income – Disaggregation Disclosures." This guidance requires more detailed disclosure about the types of expenses presented within the expense captions of the financial statements. Specifically, disclosure of purchases of inventory, employee compensation, depreciation, and intangible asset amortization are required on both an interim and annual basis. In addition, a qualitative description of remaining amounts in relevant expense captions which have not separately been disaggregated will be required on an interim and annual basis. On an annual basis, disclosure of an entity's definition of selling expenses and the amount of selling expenses is required. The amendments to this update are effective for annual reporting periods beginning after December 15, 2026, and interim periods

beginning after December 15, 2027. Early adoption of this update is permitted. The amendments to this update should be applied prospectively to financial statements issued for reporting periods after the effective date of the update or retrospectively to any or all prior periods presented in the financial statements. The Company believes adoption will result in expanded financial statement footnote disclosure but does not believe adoption of this update will have a material impact on its consolidated results of operations. The Company is continuing to evaluate the impacts of adoption.

In December 2023, the FASB issued ASU No. 2023-09, *“Income Taxes (Topic 740): Improvements to Income Tax Disclosures.”* The guidance requires public entities to disclose additional categories of information related to federal, state, and foreign income taxes and additional details related to reconciling items should they meet a quantitative threshold. The guidance requires disclosure of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and to disaggregate the information by jurisdiction based on quantitative thresholds. The guidance is effective for fiscal year beginning after December 15, 2024. Early adoption was permitted. The guidance should be applied on a prospective basis, retrospective application is permitted. The Company does not expect adoption of the guidance to have a material effect on its consolidated results of operations and financial position.

5. INVENTORIES

Inventories valued at LIFO (last-in, first-out), consist of the following (in thousands):

	March 31, 2025	December 31, 2024
Finished goods	\$ 151,077	\$ 183,670
Raw materials	75,011	73,281
Total FIFO (first-in, first-out) inventories	226,088	256,951
Reserve to adjust inventories to LIFO value	(49,669)	(49,669)
Total LIFO inventories	<u>\$ 176,419</u>	<u>\$ 207,282</u>

The Company utilizes the LIFO method of accounting, which generally provides for the matching of current costs with current revenues. However, under the LIFO method, reductions in annual inventory balances may cause a portion of the Company’s cost of sales to be based on historical costs rather than current year costs (LIFO liquidation). Reductions in interim inventory balances expected to be replenished by year-end do not result in a LIFO liquidation. Accordingly, interim LIFO calculations are based, in part, on management’s estimates of expected year-end inventory levels and costs and may differ from actual results. Since inventory levels and costs are subject to factors beyond management’s control, interim results are subject to the final year-end LIFO inventory valuation. There were no LIFO inventory liquidations or related impact on the cost of sales in the three months ended March 31, 2025.

6. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following (in thousands):

	March 31, 2025	December 31, 2024
Prepaid expenses	\$ 19,242	\$ 21,353
Other	502	625
Total prepaid expenses and other assets	<u>\$ 19,744</u>	<u>\$ 21,978</u>

7. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

The carrying amount of goodwill at March 31, 2025, and December 31, 2024, was \$14.2 million. The Company’s intangible assets consist of domain names and internal use software. At March 31, 2025, and December 31, 2024, intangible assets were \$12.2 million and \$10.6 million and accumulated amortization was \$2.9 million and \$2.8 million, respectively. Intangible asset amounts were determined based on the estimated economics of the asset and are amortized over the estimated useful lives on a straight-line basis over 15 years for domain names and 10 years for internal use software, which approximates the pattern in which the economic benefits are expected to be received. The Company evaluates the recoverability of intangible assets periodically and considers events or circumstances that may warrant revised estimates of useful lives or that may indicate an impairment. Intangible asset amortization expense for the three months ended March 31, 2025, and March 31, 2024, was \$0.1 million and \$0.1 million, respectively.

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following (in thousands):

	March 31, 2025	December 31, 2024
Sales and marketing	\$ 39,522	\$ 22,874
Income taxes	20,067	917
Compensation and benefits	14,600	16,132
Operating lease liabilities	11,093	10,800
Capital projects	8,216	13,274
Manufacturing costs	4,000	2,904
Other	7,929	5,978
Total accrued expenses and other liabilities	<u>\$ 105,427</u>	<u>\$ 72,879</u>

9. DEBT

Revolving Credit Facility

Indebtedness prior to October 10, 2024. On May 18, 2022, the Company entered into a Credit Agreement (Credit Agreement) with certain lending parties thereto (Lenders) to amend and restate the Fourth Amended and Restated Credit Agreement dated as of November 5, 2019. Under the Credit Agreement, the Lenders agreed to provide the Company with one or more Revolving Loans in a collective maximum principal amount of \$400,000,000 (Loan Limit) throughout the term, which ends May 18, 2027 (Term). Included within the Loan Limit are sublimits for a Letter of Credit facility in an amount not to exceed \$60,000,000; and Swing Line Loans in an aggregate principal amount at any time outstanding not to exceed \$20,000,000. The Revolving Loans, the Letter of Credit facility and the Swing Line Loans are for the purpose of raising working capital and supporting general business operations.

On December 22, 2022, the Company entered into a First Amendment to the Credit Agreement (First Amendment). As a part of the First Amendment, the Credit Agreement was amended and restated to provide for an additional Revolving B Loan (as hereinafter defined). Under the First Amendment, the Lenders agreed to provide the Company with a Revolving B Loan consisting of one or more revolving loans in a collective maximum principal amount of \$150,000,000 (Revolving B Loan Limit) throughout the term, which ended December 22, 2024 (Revolving B Loan Term). Previously, under the Credit Agreement, there was no Revolving B Loan. The First Amendment also provided that TD Bank, N.A. would serve as Syndication Agent.

In conjunction with the First Amendment, on December 22, 2022, the Credit Agreement was amended and restated to refer to the original loan as the Revolving A Loan. The amended and restated Credit Agreement was made an Exhibit A to the First Amendment. All of the terms of the Credit Agreement apply to the Revolving B Loan.

The amended Credit Agreement provides the Company, in the aggregate, the ability to borrow an amount up to the Revolving A Loan Limit during the Revolving A Loan Term (which ends May 18, 2027) and Revolving B Loan Limit during the Revolving B Loan Term. The Company is not obligated to borrow any amount under the revolving loans. Within the respective loan limit, the Company may borrow, repay and reborrow at any time or from time to time while the notes issued pursuant to the Credit Agreement are in effect.

Base Rate Loans (as defined in the Credit Agreement) under the Revolving A Loan and the Swing Line Loans accrue interest at the Base Rate plus the Applicable Rate (as defined in the Credit Agreement) and Term SOFR Loans for the Revolving Loans accrue interest at the rate per annum equal to the sum of Term SOFR for such interest period plus the Applicable Rate (as defined in the Credit Agreement). The Base Rate for any day is a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by BOA as its prime rate, and (c) the Term SOFR plus 1.0% subject to certain interest rate floors. Repayment of all then outstanding principal, interest, fees and costs is due at the end of the Term.

With respect to Revolving B Loans (as defined in the First Amendment), for any day, the rate per annum is a tiered pricing based upon the Consolidated Debt to Consolidated EBITDA Ratio. The applicable rate for Revolving B Loans that are Base Rate Loans range between 1.20% and 2.15% and the applicable rate for Revolving B Loans that are Term SOFR/Term SOFR Daily Floating Rate range between 0.20% and 1.15%.

Under the terms of the Security and Pledge Agreement, the Company, subject to certain permitted encumbrances, as collateral security for the above-stated loans and all other present and future indebtedness of the Company owing to the Lenders grants a continuing security interest in certain collateral described and defined in the Security and Pledge Agreement but excluding the Excluded Property (as defined in the Security and Pledge Agreement).

Indebtedness on and after October 10, 2024. On October 10, 2024, the Company, entered into a Second Amendment to the Credit Agreement (Second Amendment) with certain lending parties thereto (Lenders) to amend that Credit Agreement dated as of May 18, 2022, as amended by that certain First Amendment dated as of December 22, 2022.

The Second Amendment provides the Company with Revolving A Loans in the maximum principal amount of \$400,000,000 (Revolving A Loans), Revolving B Loans in the maximum principal amount of \$150,000,000 (Revolving B Loans), and Letters of Credit and Swing Line Loans (as defined in the Credit Agreement). The Second Amendment extends the maturity date of the Revolving B Loans from December 22, 2024 to December 22, 2026.

Base Rate Loans (as defined in the Credit Agreement) under the Revolving A Loan and the Swing Line Loans accrue interest at the Base Rate plus the Applicable Rate (as defined in the Credit Agreement) and Term SOFR Loans for the Revolving Loans accrue interest at the rate per annum equal to the sum of Term SOFR for such interest period plus the Applicable Rate (as defined in the Credit Agreement). The Base Rate for any day is a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by BOA as its prime rate, and (c) the Term SOFR plus 1.0% subject to certain interest rate floors. Repayment of all then outstanding principal, interest, fees and costs is due at the end of the Term (as defined in the Credit Agreement).

With respect to Revolving B Loans (as defined in the Credit Agreement), for any day, the rate per annum is a tiered pricing based upon the Consolidated Debt to Consolidated EBITDA Ratio. The applicable rate for Revolving B Loans that are Base Rate Loans range between 0.20% and 1.15%. and the applicable rate for Revolving B Loans that are Term SOFR/Term SOFR Daily Floating Rate range between 1.20% and 2.15%.

The Company had \$443.9 million in borrowings outstanding under its revolving credit facility and available borrowing capacity of \$106.1 million at March 31, 2025. The weighted average interest rate on the revolving credit facility was 5.27% as of March 31, 2025.

Compliance with Debt Covenants and Restrictions

Pursuant to the terms of the Credit Agreement, the Company is subject to certain loan compliance covenants. The Company was in compliance with all covenants as of March 31, 2025. Failure to comply with the financial covenants could be considered a default of repayment obligations and, among other remedies, could accelerate payment of any amounts outstanding.

10. LEASES

The Company leases manufacturing and training facilities, storage warehouses, office space, and certain office and plant equipment under various operating leases. The Company's operating leases have remaining lease terms of up to 10 years. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

For the three months ended March 31, 2025 and March 31, 2024, total operating lease expense was \$3.0 million and \$2.0 million, respectively. The weighted average remaining lease term at March 31, 2025 and December 31, 2024 was 6.1 years and 6.3 years, respectively. The weighted average discount rate at March 31, 2025 and December 31, 2024 was 4.60% and 4.57%, respectively.

The following table includes supplemental cash flow information for the three months ended March 31, 2025 and March 31, 2024, and supplemental balance sheet information at March 31, 2025 and December 31, 2024 related to operating leases (in thousands):

Supplemental cash flow information	Three Months Ended	
	March 31,	
	2025	2024
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 2,661	\$ 2,007
Operating ROU assets obtained in exchange for lease liabilities	\$ 692	\$ 578
Supplemental balance sheet information	March 31,	December 31,
	2025	2024
Operating lease ROU assets	\$ 49,976	\$ 52,195
Operating lease liabilities:		
Accrued expenses and other current liabilities	\$ 11,093	\$ 10,800
Operating lease liabilities	39,788	41,979
Total operating lease liabilities	\$ 50,881	\$ 52,779

The following table summarizes maturities of operating lease liabilities at March 31, 2025 (in thousands):

Maturities of operating lease liabilities	
2025	\$ 8,518
2026	11,237
2027	10,641
2028	9,650
2029	4,385
Thereafter	15,555
Total lease payments	59,986
Less imputed interest	(9,105)
Total operating lease liabilities	<u>\$ 50,881</u>

11. FINANCIAL INSTRUMENTS

The Company considers the recorded value of its financial assets and liabilities, consisting primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, other current liabilities, and debt to approximate the fair value of the respective assets and liabilities on the Condensed Consolidated Balance Sheets at March 31, 2025 and December 31, 2024.

12. STOCKHOLDERS' EQUITY

Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2025	2024
Numerator:		
Net income available to common shareholders	\$ 60,434	\$ 89,070
Denominator:		
Basic weighted average shares outstanding	107,180,665	108,640,168
Effect of dilutive securities:		
Stock appreciation rights and options	34,543	71,202
Restricted stock	68,876	79,255
Diluted weighted average shares outstanding	107,284,084	108,790,625
Basic earnings per share	\$ 0.56	\$ 0.82
Diluted earnings per share	\$ 0.56	\$ 0.82

Diluted earnings per share is computed using the weighted average number of shares determined for the basic earnings per share computation plus the dilutive effect of common stock equivalents using the treasury stock method. The computation of diluted earnings per share excludes the following potentially dilutive securities because the effect would be anti-dilutive:

	Three Months Ended March 31,	
	2025	2024
Stock appreciation rights	129,069	55,132
Restricted stock	92,795	48,597

Stock Repurchase Program

On May 4, 2023, the Trex Board of Directors adopted a new stock repurchase program (2023 Stock Repurchase Program) of up to 10.8 million shares of its outstanding common stock. The 2023 Stock Repurchase Program has no set expiration date. During the three months ended March 31, 2025, the Company did not repurchase any shares of its outstanding common stock under the 2023 Stock Repurchase Program.

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company principally generates revenue from the manufacture and sale of its high-performance, low-maintenance, eco-friendly wood-alternative composite decking and railing products and accessories. Substantially all of its revenues are from contracts with customers, which are purchase orders of short-term duration of less than one year. Its customers, in turn, sell primarily to the residential market, which includes replacement, remodeling and new construction related to outdoor living products. The Company satisfies its performance obligations at a point in time. The shipment of each product is a separate performance obligation as the customer is able to derive benefit from each product shipped and no performance obligation remains after shipment. Upon shipment of the product, the customer obtains control over the distinct product and Trex satisfies its performance obligation. Any performance obligation that remains unsatisfied at the end of a reporting period is part of a contract that has an original expected duration of one year or less. Any variable consideration related to the unsatisfied performance obligation is allocated wholly to the unsatisfied performance obligation, is recognized when the product ships and the performance obligation is satisfied and is included in "Accrued expenses and other liabilities, Sales and marketing" in Note 8 to the Condensed Consolidated Financial Statements. For the three months ended March 31, 2025 and March 31, 2024, the Company's net sales were \$339,993 and \$373,635, respectively. During these periods, revenues were recognized at a point in time upon transfer of its outdoor living products under variable consideration contracts into the building products market.

14. STOCK-BASED COMPENSATION

At the annual meeting of stockholders of the Company held on May 4, 2023, the Company's stockholders approved the Trex Company, Inc. 2023 Stock Incentive Plan (Plan). The Company's board of directors unanimously approved the Plan on April 10, 2023, subject to stockholder approval. The Plan amends and restates in its entirety the Trex Company, Inc. 2014 Stock Incentive Plan (2014 Plan), which was last approved by the Company's stockholders at the annual meeting held on April 30, 2014. The Plan, which will be administered by the compensation committee of the board of directors, provides for the grant of stock options, restricted stock, restricted stock units, stock appreciation rights and unrestricted stock, which are referred to collectively as "awards." Awards may be granted under the Plan to officers, directors (including non-employee directors) and other employees of the Company or any subsidiary thereof, to any adviser, consultant, or other provider of services to the Company (and any employee thereof), and to any other individuals who are approved by the board of directors as eligible to participate in the Plan. Only employees of the Company or any subsidiary thereof are eligible to receive incentive stock options. Subject to certain adjustments as provided in the Plan, the total number of shares of common stock available for future grants under the Plan is 3,669,418 shares.

The following table summarizes the Company's stock-based compensation grants for the three months ended March 31, 2025:

	Stock Awards Granted	Weighted- Average Grant Price Per Share
Time-based restricted stock units	65,750	\$ 67.29
Performance-based restricted stock units (a)	97,063	\$ 65.34
Stock appreciation rights	43,597	\$ 67.33

- (a) Includes 75,210 of target performance-based restricted stock unit awards granted during the three months ended March 31, 2025, and adjustments of 1,093 and 20,760 to grants due to the actual performance level achieved for restricted stock and restricted stock units awarded in 2024 and 2023, respectively.

The fair value of each SAR is estimated on the date of grant using a Black-Scholes option-pricing formula. For SARs issued in the three months ended March 31, 2025 and March 31, 2024, the data and assumptions shown in the following table were used:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Weighted-average fair value of grants	\$ 33.49	\$ 44.83
Dividend yield	0%	0%
Average risk-free interest rate	4.3%	4.3%
Expected term (years)	5	5
Expected volatility	51.7%	51.2%

The Company recognizes stock-based compensation expense ratably over the period from the grant date to the earlier of: (1) the vesting date of the award, or (2) the date the grantee is eligible to retire without forfeiting the award. For performance-based restricted stock and performance-based restricted stock units, expense is recognized ratably over the performance and vesting period of each tranche based on management's judgment of the ultimate award that is likely to be paid out based on the achievement of the

predetermined performance measures. For the employee stock purchase plan, compensation expense is recognized related to the discount on purchases. Stock-based compensation expense is included in “Selling, general and administrative expenses” in the Condensed Consolidated Statements of Comprehensive Income. The following table summarizes the Company’s stock-based compensation expense (in thousands):

	Three Months Ended March 31,	
	2025	2024
Stock appreciation rights	\$ 295	\$ 271
Time-based restricted stock and restricted stock units	826	1,074
Performance-based restricted stock and restricted stock units	1,140	1,642
Employee stock purchase plan	52	166
Total stock-based compensation	\$ 2,313	\$ 3,153

Total unrecognized compensation cost related to unvested awards as of March 31, 2025 was \$17.3 million. The cost of these unvested awards is being recognized over the requisite vesting period of each award.

15. INCOME TAXES

The Company’s effective tax rate for the three months ended March 31, 2025 and March 31, 2024, was 25.9% and 25.2%, which resulted in income tax expense of \$21.2 million and \$29.9 million, respectively.

During the three months ended March 31, 2025 and March 31, 2024, the Company realized \$(0.1) million and \$0.6 million, respectively, of excess tax expense and excess tax benefit from stock-based awards and recorded a corresponding expense and benefit to income tax expense.

The Company analyzes its deferred tax assets each reporting period, considering all available positive and negative evidence in determining the expected realization of those deferred tax assets. As of March 31, 2025, the Company maintains a valuation allowance of \$2.6 million against deferred tax assets primarily related to state tax credits it estimates will expire before they are realized.

The Company operates in multiple tax jurisdictions, and, in the normal course of business, its tax returns are subject to examination by various taxing authorities. Such examinations may result in future assessments by these taxing authorities, and the Company accrues a liability when it believes that it is more likely than not that benefits of tax positions will not be realized. The Company believes that adequate provisions have been made for all tax returns subject to examination. As of March 31, 2025, for certain tax jurisdictions tax years 2020 through 2024 remain subject to examination. The Company believes that adequate provisions have been made for all tax returns subject to examination. Sales made to foreign distributors are not taxable in any foreign jurisdiction as the Company does not have a taxable presence in any foreign jurisdiction.

16. SEGMENT INFORMATION

The Company operates in one reportable segment, Trex Residential, with resource allocation and assessment of financial performance based on a consolidated basis.

Trex Residential manufactures composite decking and railing and related outdoor living products marketed under the brand name Trex®. The products are sold to its distributors and two national retailers who, in turn, sell primarily to the residential market, which includes replacement, remodeling and new construction.

The Company’s reportable segments are determined in accordance with its internal management structure, which is based on operations. The Company has identified its President and Chief Executive Officer as the Chief Operating Decision Maker (CODM). The Company’s CODM has final authority over resource allocation decisions and performance assessments and makes key operating decisions. The primary objective of the CODM is to optimize positive Company-wide performance and financial results. The CODM evaluates segment performance primarily based on net income and net sales. The CODM uses net income to assess performance and allocate resources as this measure provides insight into all aspects of the segment’s operations and overall success of the segment for a given period. The CODM also uses net sales to assess performance and allocate resources as this measure represents the amount of business the segment engaged in during a given period of time, is an indicator of market growth and acceptance of segment products, and represents the segment’s customers’ spending habits along with the amount of product the segment sells relative to its competitors. In addition, the CODM reviews significant segment expenses with a primary focus on cost of sales and total selling, general, and administrative expenses. These measures are provided in the accompanying Condensed Consolidated Statements of Comprehensive Income. Segment assets are reported on the Condensed Consolidated Balance Sheets.

17. SEASONALITY

The operating results for Trex have historically varied from quarter to quarter. Seasonal, erratic or prolonged adverse weather conditions may reduce the level of home improvement and construction activity and can shift sales of its products to a later period or decrease overall sales in affected locations. As part of its normal business practice and consistent with industry practice, Trex has historically offered incentive programs to its distributors and dealers to build inventory levels before the start of the prime deck-building season in order to ensure adequate availability of its product to meet anticipated seasonal consumer demand. The seasonal effects are often offset by the positive effect of the incentive programs.

18. COMMITMENTS AND CONTINGENCIES

Product Warranty

The Company warrants that for the applicable warranty period its products, when properly installed, used and maintained, will be free from material defects in workmanship and materials and its decking, cladding, fascia and railing products will not split, splinter, rot or suffer structural damage from termites or fungal decay.

Products sold on or after January 1, 2023: The warranty period for residential use is 50 years for Transcend[®] decking, 35 years for Select[®] decking and Universal Fascia, and 25 years for Enhance[®] decking and Transcend, Select, Enhance and Signature[®] railing. The warranty period for commercial use is 10 years, excluding Signature railing and Transcend cladding, which each have a warranty period of 25 years. The Company further warrants that Trex Transcend, Trex Enhance and Trex Select decking and cladding and Universal Fascia products will not fade in color from light and weathering exposure more than a certain amount and will be resistant to permanent staining from food and beverage substances or mold and mildew, provided the stain is cleaned within seven days of appearance, for the warranty period referred to above. If there is a breach of such warranties, the Company has an obligation either to replace the defective product or refund the purchase price.

Products sold prior to January 1, 2023: The warranty period is 25 years for residential use and 10 years for commercial use. With respect to Trex Signature railing, the warranty period is 25 years for both residential and commercial use. The Company further warrants that Trex Transcend, Trex Enhance, Trex Select and Universal Fascia products will not fade in color more than a certain amount and will be resistant to permanent staining from food substances or mold, provided the stain is cleaned within seven days of appearance, for the warranty period referred to above. If there is a breach of such warranties, the Company has an obligation either to replace the defective product or refund the purchase price.

The Company maintains a warranty reserve for the settlement of its product warranty claims. The Company accrues for the estimated cost of product warranty claims at the time revenue is recognized based on such factors as historical claims experience and estimated future claims. Management reviews and adjusts these estimates, if necessary, based on the differences between actual experience and historical estimates. Additionally, the Company accrues for warranty costs associated with occasional or unanticipated product quality issues if a loss is probable and can be reasonably estimated, as necessary.

The Company continues to receive and settle claims for decking products manufactured at its Nevada facility prior to 2007 that exhibit surface flaking and maintains a warranty reserve to provide for the settlement of these claims. Estimating the warranty reserve for surface flaking claims requires management to estimate the number of claims to be settled with payment and the average cost to settle each claim. The Company monitors surface flaking claims activity each quarter for indications that its estimates require revision.

The Company believes its product warranty and surface flaking reserves at March 31, 2025 are sufficient to cover future warranty obligations. The following is a reconciliation of the Company's product warranty and surface flaking reserves (in thousands):

	Three Months Ended March 31, 2025		
	Product Warranty	Surface Flaking	Total
Beginning balance, January 1	\$ 15,596	\$ 7,239	\$ 22,835
Provisions and changes in estimates	2,550	—	2,550
Settlements made during the period	(1,238)	(356)	(1,594)
Ending balance, March 31	<u>\$ 16,908</u>	<u>\$ 6,883</u>	<u>\$ 23,791</u>

	Three Months Ended March 31, 2024		
	Product Warranty	Surface Flaking	Total
Beginning balance, January 1	\$ 12,066	\$ 10,112	\$ 22,178
Provisions and changes in estimates	2,068	—	2,068
Settlements made during the period	(924)	(188)	(1,112)
Ending balance, March 31	<u>\$ 13,210</u>	<u>\$ 9,924</u>	<u>\$ 23,134</u>

Legal Matters

The Company has lawsuits, as well as other claims, pending against it which are ordinary routine litigation and claims incidental to the business. Management has evaluated the merits of these lawsuits and claims and believes that their ultimate resolution will not have a material effect on the Company's consolidated financial condition, results of operations, liquidity or competitive position.

Industrial Revenue Bonds

In October 2021, the Company announced plans to add a third manufacturing facility located in Little Rock, Arkansas (Little Rock). Construction on the new facility began in the second quarter of 2022. In connection with the construction of the new facility, during 2024 the Company and Little Rock entered into an agreement in which Little Rock agreed to issue up to \$450 million of its industrial revenue bonds (IRBs) for the purpose of constructing a manufacturing facility. Under the agreement, the Company transferred ownership of the facility to Little Rock and simultaneously leased the related asset from Little Rock. The Company is also the purchaser of the IRBs and, therefore, is the bondholder as well as the borrower/lessee of the Little Rock facility purchased with the IRB proceeds. As a result of the agreement, the Company was able to reduce the cost of certain state and local tax expenditures for twenty years. The Company has a purchase option included in the lease agreement for below the fair value of the asset, which prevents the transfer of the asset to Little Rock from being recognized as a sale. Furthermore, the Company has not derecognized the transferred asset and continues to recognize it in property, plant and equipment in the Consolidated Balance Sheets. The Company has the right and intends to set-off any obligations to make payments under the finance liability, with proceeds due from the IRBs. The liability and IRB asset are equal and are reported net in the Consolidated Balance Sheets. As of March 31, 2025, the gross asset and liability associated with the IRBs was \$100 million.

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

The following management discussion should be read in conjunction with the Trex Company, Inc. (Trex, Company, we or our) Annual Report on Form 10-K for the year ended December 31, 2024 filed with the U.S. Securities and Exchange Commission (SEC) and the condensed consolidated financial statements and notes thereto included in Part I, Item 1. "Financial Statements" of this quarterly report.

NOTE ON FORWARD-LOOKING STATEMENTS

This management's discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements regarding our expected financial position and operating results, our business strategy, our financing plans, forecasted demographic and economic trends relating to our industry and similar matters are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect," "intend" or similar expressions. We cannot promise you that our expectations in such forward-looking statements will turn out to be correct. Our actual results could be materially different from our expectations because of various factors, including the factors discussed under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC. These statements are also subject to risks and uncertainties that could cause the Company's actual operating results to differ materially. Such risks and uncertainties include, but are not limited to: the extent of market acceptance of the Company's current and newly developed products; the costs associated with the development and launch of new products and the market acceptance of such new products; the sensitivity of the Company's business to general economic conditions; the impact of seasonal and weather-related demand fluctuations on inventory levels in the distribution channel and sales of the Company's products; the availability and cost of third-party transportation services for the Company's products and raw materials; the Company's ability to obtain raw materials, including scrap polyethylene, wood fiber, and other materials used in making our products, at acceptable prices; increasing inflation and tariffs in the macro-economic environment; the Company's ability to maintain product quality and product performance at an acceptable cost; the Company's ability to increase throughput and capacity to adequately match supply with demand; the level of expenses associated with warranty claims, product replacement and consumer relations expenses related to product quality; the highly competitive markets in which the Company operates; cyber-attacks, security breaches or other security vulnerabilities; the impact of current and upcoming data privacy laws and the EU General Data Protection Regulation and the related actual or potential costs and consequences; material adverse impacts from global public health pandemics, geopolitical conflicts; and material adverse impacts related to labor shortages or increases in labor costs.

OVERVIEW

The following MD&A is intended to help the reader understand the operations and current business environment of the Company. The MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying notes thereto contained in "Item 1. Condensed Consolidated Financial Statements" of this report. MD&A includes the following sections:

- *Operations and Products* — a general description of our business, a brief overview of our reportable segment's products, and a discussion of our operational highlights.
- *Highlights and Financial Performance Quarter-to-Date and Year-to-Date* — a summary of financial performance and highlights for the three months ended March 31, 2025, a general discussion of factors that may affect our operations, and a description of relevant financial statement line items.
- *Results of Operations* — an analysis of our consolidated results of operations for the three months ended March 31, 2025 compared to the three months ended March 31, 2024.
- *Liquidity and Capital Resources* — an analysis of cash flows; contractual obligations, and a discussion of our capital and other cash requirements.

OPERATIONS AND PRODUCTS

Trex is the world's largest manufacturer of high-performance composite decking and railing products and a leader in outdoor living products, which are marketed under the brand name Trex® and manufactured in the United States. With more than 30 years of product experience, we offer a comprehensive set of aesthetically appealing and durable, low-maintenance product offerings in the decking, railing, fencing and outdoor lighting categories. A majority of the products are eco-friendly and leverage recycled and reclaimed materials to the extent possible. Trex decking is made in a proprietary process that combines reclaimed wood fibers and recycled polyethylene film, making Trex one of the largest recyclers of plastic film in North America. In addition to resisting fading and surface staining, Trex products require no sanding and sealing, resist moisture damage, provide a splinter-free surface and do not require chemical treatment against rot or insect infestation. Combined, these aspects yield significant aesthetic advantages and lower maintenance than wood decking and railing and ultimately render Trex products less costly than wood over the life of the deck. Special characteristics (including resistance to splitting, the ability to bend, and ease and consistency of machining and finishing)

facilitate installation, reduce contractor call-backs and afford consumers a wide range of design options. Trex products are sold to distributors and home centers for final resale primarily to the residential market.

Trex offers the following products:

<p>Decking and Accessories</p>	<p>Our principal decking products are Trex Signature[®], Trex Transcend[®] Lineage[™], Trex Transcend[®], Trex Select[®], and Trex Enhance[®]. In addition, our Trex Transcend decking product can also be used as cladding. Our high-performance, low-maintenance, eco-friendly composite decking products are comprised of a blend of 95 percent reclaimed wood fibers and recycled polyethylene film and feature a protective polymer shell for enhanced protection against fading, staining, mold, and scratching. Trex Signature decking offers realistic woodgrain aesthetics that raise the bar for beauty, performance, and sustainability and is available in two luxurious hues inspired by stunning natural settings. Trex Transcend Lineage is the next generation of design and performance in composite decking and is available in seven luxurious, on-trend hues inspired by some of the most picturesque locales in the United States. Our Trex Transcend decking provides elevated aesthetics paired with the highest level of performance and is available in six multi-tonal monochromatic classical earth tones and premium tropical colors. Trex Select decking offers the perfect pairing of price and minimal maintenance and is available in two nature-inspired earth tone colors. Our Trex Enhance boards pair the beauty of authentic wood-grain appearance with the durability of composite with minimal maintenance and the affordability of wood and is available in natural and basic colors.</p> <p>We also offer accessories to our decking products. The Trex Hideaway[®] Fastener Collection, offers solutions for every composite deck fastening and finishing need, featuring color-matched screws and plugs, specially engineered bits, depth setters, and clips, designed to make installation easier and more efficient while delivering a clean, cohesive aesthetic. Trex DeckLighting[™], an outdoor lighting system, is a line of energy-efficient LED dimmable deck lighting designed to use 75% less energy compared to incandescent lighting. It can be installed into the railing, stair risers, or the deck itself. The line includes a post cap light, deck rail light, riser light, a soffit light, and a recessed deck light.</p>
<p>Railing</p>	<p>Our railing products are Trex Signature[®] X-Series[™] Railing, Trex Signature[®] aluminum railing, Trex Transcend Railing, Trex Select[®] Railing, Trex Select[®] T-Rail, and Trex Enhance[™] Railing. Our high-performance cable rail, frameless glass rail, composite, and aluminum-deck railing kits and systems are sustainably manufactured, easy to install, and durable. Trex railing systems are built with the same durability as Trex decking and will not rot, warp, peel, or splinter and resist fading and corrosion. Trex Signature X-Series, made from approximately 30 percent recycled materials, is available in Charcoal Black with stainless steel or glass infill. Trex Signature aluminum railing, made from a minimum of 40 percent recycled content, is available in three colors and designed for consumers who want a sleek, contemporary look. Trex Transcend Railing, made from approximately 40 percent recycled content, is available in four colors that complement our Trex decking products. Trex Select[®] Railing, made from approximately 40 percent recycled content, is offered in a white finish and is ideal for consumers who desire a simple clean finished look for their deck. Trex Select[®] T-Rail, made from a minimum of 40 percent recycled materials, is available in square composite balusters in Classic White for a cohesive, coordinated look, or round aluminum balusters in Charcoal Black for a more modern contrast. Trex Enhance[™] railing is available in four composite colors, and an Enhance Steel line was recently introduced in Charcoal Black, to expand the Trex addressable market.</p>
<p>Fencing</p>	<p>Our Trex Seclusions[®] composite fencing product is offered through two specialty distributors. This product consists of structural posts, bottom rails, pickets, top rails, and decorative post caps. The top and bottom rails of Trex fencing are designed to provide a “picture frame” element and the deep rich colors have a matte surface to prevent harsh sunlight reflections.</p>

We are a licensor in a number of licensing agreements with third parties to manufacture and sell products under the Trex trademark. Our licensed products are:

Trex® Outdoor Furniture™	A line of outdoor furniture products manufactured and sold by PolyWood, Inc.
Trex® RainEscape®, Trex® Protect, Trex® RainEscape® Soffit Light, and Trex® Seal™ Ledger Flashing Tape	An above joist deck drainage system manufactured and sold by IBP, LLC. Trex Protect Joist, Beam and Rim tape is a self-adhesive butyl tape that protects wooden deck framing/substructure elements. Trex RainEscape Soffit Light is a plug-and-play LED Soffit light that is installed in the under-deck ceiling of a two-story deck. Trex Seal Ledger Flashing tape is butyl flashing tape with an aluminum liner.
Trex® Pergola	Pergolas made from low maintenance cellular PVC and all-aluminum product, manufactured by Home & Leisure, Inc. dba Structureworks Fabrication.
Trex® Lattice	Outdoor lattice boards manufactured and sold by Structureworks Fabrication.
Trex® Cornhole	Cornhole boards manufactured and sold by Johnson Enterprises, LLC. under a Trademark License Agreements with Trex Company, Inc.
Trex® Blade	A specialty saw blade for wood-alternative composite decking manufactured and sold by Freud America, Inc.
Trex® Spiral Stairs	A staircase alternative for use with all deck substructures manufactured and sold by SS Industries dba Paragon Stairs.
Trex® Outdoor Kitchens	Outdoor kitchen cabinetry manufactured and sold by Danver Outdoor Kitchens.

HIGHLIGHTS AND FINANCIAL PERFORMANCE

Highlights:

- *Trex Named America's Most Trusted® Outdoor Decking* for fifth consecutive year, according to a nationwide study by Lifestory Research.
- *Trex Expands Mid-Tier Composite Decking Options with New Performance Engineered™ Boards.* Additions to the Trex Select® decking line include brightened colors, updated design aesthetics, and Trex's proprietary SunComfortable™ technology.
- *Trex Ranked Among Barron's 100 Most Sustainable Companies for 2025.* Trex moved up 20 spots in its 2nd appearance on the Barron's List of 100 Most Sustainable Companies for 2025.
- *Trex Releases 2025 Outdoor Living Forecast.* In February 2025, Trex released its 2025 Outdoor Living Forecast highlighting five outdoor trends it expects to shape backyards in the coming year.
- *Trex Earned Top Honors at Environment + Energy Leader Awards.* Trex® Composite Decking was named Product of the Year and Judge's Choice Award as the top-scoring entry in the Consumer + Residential category.
- *Trex named Green Builder Media's Sustainable Brand Leader* in the decking category. Trex Select® was also selected by Green Builder editors as one of the 50 most sustainable products of the year.

Financial performance. The following table presents highlights of our financial performance for the quarter and year-to-date:

	Three Months Ended			
	March 31,		\$ Change	% Change
	2025	2024		
<i>(\$ 000s omitted, except per share data)</i>				
Net sales	\$ 339,993	\$ 373,635	\$ (33,642)	(9.0)%
Gross profit	\$ 137,731	\$ 169,612	\$ (31,881)	(18.8)%
Net income	\$ 60,434	\$ 89,070	\$ (28,636)	(32.1)%
EBITDA*	\$ 95,912	\$ 133,166	\$ (37,254)	(28.0)%
Diluted earnings per share	\$ 0.56	\$ 0.82	\$ (0.26)	(31.7)%

*A reconciliation of Net Income (GAAP) to EBITDA (non-GAAP) is presented on page 19 of this document under “Net Income and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).”

Capital expenditures. During the three months ended March 31, 2025, our capital expenditures were \$79.5 million primarily related to \$64.2 million for the Arkansas manufacturing facility, \$4.4 million in cost reduction initiatives, and \$7.4 million in capacity expansion in our existing facilities and safety, environmental and general support.

RESULTS OF OPERATIONS

General. Our results of operations are affected by a number of factors, including, but not limited to, the cost to manufacture and distribute products, cost of raw materials, inflation, interest rates, tariffs, consumer spending and preferences, the impact of any supply chain disruptions, economic conditions, and any adverse effects from global health pandemics and geopolitical conflicts.

Net Sales. Net sales consist of sales, net of discounts. The level of net sales is principally affected by sales volume and the prices paid for Trex products. Trex operating results have historically varied from quarter to quarter. Seasonal, erratic or prolonged adverse weather conditions in certain geographic regions reduce the level of home and commercial improvement and residential and commercial construction and can shift sales of our products to a later period or decrease overall sales in affected locations. As part of our normal business practice and consistent with industry practice, we have historically provided our distributors and dealers of our Trex products incentives to build inventory levels before the start of the prime deck-building season to ensure adequate availability of our product to meet anticipated seasonal consumer demand and to enable production planning. These incentives include payment discounts, favorable payment terms, price discounts, or volume rebates on specified products and other incentives based on increases in purchases as part of specific promotional programs. The timing of our incentive programs can significantly impact sales, receivables and inventory levels during the offering period.

Gross Profit. Gross profit represents the difference between net sales and cost of sales. Cost of sales consists of raw material costs, direct labor costs, manufacturing costs, subcontract costs and freight. Raw material costs generally include the costs to purchase and transport reclaimed wood fiber, reclaimed polyethylene, pigmentation for coloring our products, and commodities used in the production of railing. Direct labor costs include wages and benefits of personnel engaged in the manufacturing process. Manufacturing costs consist of costs of depreciation, utilities, maintenance supplies and repairs, indirect labor, including wages and benefits, and warehouse and equipment rental activities.

Less than 5% of our cost of sales is projected to be impacted by tariffs, the majority of tariffs are related to purchases of aluminum and steel used in our railing and fastening products. We have and will further mitigate some of the impact on our cost of sales through higher levels of existing pre-tariff inventory and supplier negotiations.

Selling, General and Administrative Expenses. The largest component of selling, general and administrative expenses is personnel related costs, which includes salaries, commissions, incentive compensation, and benefits of personnel engaged in sales and marketing, accounting, information technology, corporate operations, research and development, and other business functions. Another component of selling, general and administrative expenses is branding and other sales and marketing costs, which are used to build brand awareness. These costs consist primarily of advertising, merchandising, and other promotional costs. Other general and administrative expenses include professional fees, office occupancy costs attributable to the business functions previously referenced, and consumer relations expenses. As a percentage of net sales, selling, general and administrative expenses may vary from quarter to quarter due, in part, to the seasonality of our business.

Below is the discussion and analysis of our operating results and material changes in our operating results for the three months ended March 31, 2025 (2025 quarter) compared to the three months ended March 31, 2024 (2024 quarter).

Three Months Ended March 31, 2025 Compared To The Three Months Ended March 31, 2024

Net Sales

	Three Months Ended March		\$ Change	% Change
	2025	2024		
Net sales	\$ 339,993	\$ 373,635	\$ (33,642)	(9.0)%

Net sales decreased by \$33.6 million, or 9%, in the 2025 quarter compared to the 2024 quarter. The decrease was substantially due to a decrease in volume. The 2024 quarter included \$40 million in channel inventory build which did not reoccur in the 2025 quarter as the result of our revised inventory strategy.

Gross Profit

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Cost of sales	\$ 202,262	\$ 204,023	\$ (1,761)	(0.9)%
% of total net sales	59.5%	54.6%		
Gross profit	\$ 137,731	\$ 169,612	\$ (31,881)	(18.8)%
Gross margin	40.5%	45.4%		

Gross profit as a percentage of net sales, gross margin, was 40.5% in the 2025 quarter compared to 45.4% in the 2024 quarter. The decrease was primarily the result of lower production year over year as we level load our facilities and changes to our production process driven by refinements made to our Enhance[®] decking.

Selling, General and Administrative Expenses

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Selling, general and administrative expenses	\$ 56,068	\$ 50,600	\$ 5,468	10.8%
% of total net sales	16.5%	13.5%		

Selling, general and administrative expenses increased \$5.5 million to \$56.1 million, or 16.5% of net sales, in the 2025 quarter. The increase was primarily related to a \$3.4 million increase in branding, a \$1.0 million increase in personnel related expenses, \$1.0 million in start-up expenses related to Arkansas, and \$0.5 million related to ERP enhancements.

Provision for Income Taxes

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Provision for income taxes	\$ 21,153	\$ 29,947	\$ (8,794)	(29.4)%
Effective tax rate	25.9%	25.2%		

The effective tax rate for the 2025 quarter was comparable to the 2024 quarter and was 25.9% and 25.2%, respectively.

Net Income and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)¹ (dollars in thousands)

Reconciliation of net income (GAAP) to EBITDA (non-GAAP):

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Net income	\$ 60,434	\$ 89,070
Interest expense (income), net	76	(5)
Income tax expense	21,153	29,947
Depreciation and amortization	14,249	14,154
EBITDA	\$ 95,912	\$ 133,166

¹EBITDA represents net income before interest, income taxes, depreciation and amortization. EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States (GAAP). We have included data with respect to EBITDA because management believes it facilitates performance comparison between the Company and its competitors. Management considers EBITDA to be an important supplemental indicator of our core operating performance because it eliminates interest, income taxes, and depreciation and amortization charges to net income. In relation to competitors, EBITDA eliminates differences among companies in capitalization and tax structures, capital investment cycles and ages of related assets. For these reasons, management believes that EBITDA provides important information regarding the operating performance of the Company. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP and are not meant to be considered superior to or a substitute for our GAAP results.

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
EBITDA	\$ 95,912	\$ 133,166	\$ (37,254)	(28.0)%

EBITDA decreased 28% to \$95.9 million for the 2025 quarter compared to \$133.2 million for the 2024 quarter. The decrease in EBITDA was driven primarily by lower net sales and gross profit.

LIQUIDITY AND CAPITAL RESOURCES

We finance operations and growth primarily with cash flows from operations, borrowings under our revolving credit facilities, operating leases and normal trade credit terms from operating activities. At March 31, 2025, we had \$5.0 million of cash and cash equivalents.

Sources and Uses of Cash. The following table summarizes our cash flows from operating, investing and financing activities (in thousands):

	Three Months Ended March 31,	
	2025	2024
Net cash used in operating activities	\$ (154,013)	\$ (174,044)
Net cash used in investing activities	(79,965)	(37,614)
Net cash provided by financing activities	237,649	212,752
Net increase in cash and cash equivalents	\$ 3,671	\$ 1,094

Operating Activities

Cash used in operations was \$154 million during the 2025 three-month period compared to cash used in operations of \$174 million during the 2024 three-month period. The \$20 million decrease in cash used in operating activities was primarily related to a decrease in inventories and reduced profitability.

Investing Activities

Capital expenditures in the 2025 three-month period were \$79.5 million primarily related to \$64.2 million for the Arkansas manufacturing facility, \$4.4 million in cost reduction initiatives, and \$7.4 million in capacity expansion in our existing facilities and safety, environmental and general support.

Financing Activities

Net cash provided by financing activities in the 2025 three-month period consisted primarily of net borrowings under our line of credit.

Stock Repurchase Program. On February 16, 2018, the Trex Board of Directors adopted a stock repurchase program of up to 11.6 million shares of its outstanding common stock (Stock Repurchase Program). The Company repurchased 10.1 million shares under the Stock Repurchase Program. On May 4, 2023, the Trex Board of Directors adopted a new stock repurchase program (2023 Stock Repurchase Program) of up to 10.8 million shares of its outstanding common stock, and terminated the existing Stock Repurchase Program. The 2023 Stock Repurchase Program has no set expiration date and during the three months ended March 31, 2025 the Company did not repurchase any shares of its common stock under the 2023 Stock Repurchase Program.

Revolving Credit Facility

Indebtedness prior to October 10, 2024. On May 18, 2022, the Company entered into a Credit Agreement (Credit Agreement) with certain lending parties thereto (Lenders) to amend and restate the Fourth Amended and Restated Credit Agreement dated as of November 5, 2019. Under the Credit Agreement, the Lenders agreed to provide the Company with one or more Revolving Loans in a collective maximum principal amount of \$400,000,000 (Loan Limit) throughout the term, which ends May 18, 2027 (Term). Included within the Loan Limit are sublimits for a Letter of Credit facility in an amount not to exceed \$60,000,000; and Swing Line Loans in an aggregate principal amount at any time outstanding not to exceed \$20,000,000. The Revolving Loans, the Letter of Credit facility and the Swing Line Loans are for the purpose of raising working capital and supporting general business operations.

On December 22, 2022, the Company entered into a First Amendment to the Credit Agreement (First Amendment). As a part of the First Amendment, the Credit Agreement was amended and restated to provide for an additional Revolving B Loan (as hereinafter defined). Under the First Amendment, the Lenders agreed to provide the Company with a Revolving B Loan consisting of one or more revolving loans in a collective maximum principal amount of \$150,000,000 (Revolving B Loan Limit) throughout the term, which ended December 22, 2024 (Revolving B Loan Term). Previously, under the Credit Agreement, there was no Revolving B Loan. The First Amendment also provided that TD Bank, N.A. would serve as Syndication Agent.

In conjunction with the First Amendment, on December 22, 2022, the Credit Agreement was amended and restated to refer to the original loan as the Revolving A Loan. The amended and restated Credit Agreement was made an Exhibit A to the First Amendment. All of the terms of the Credit Agreement apply to the Revolving B Loan.

The amended Credit Agreement provides the Company, in the aggregate, the ability to borrow an amount up to the Revolving A Loan Limit during the Revolving A Loan Term (which ends May 18, 2027) and Revolving B Loan Limit during the Revolving B Loan Term. The Company is not obligated to borrow any amount under the revolving loans. Within the respective loan limit, the Company may borrow, repay and reborrow at any time or from time to time while the notes issued pursuant to the Credit Agreement are in effect.

Base Rate Loans (as defined in the Credit Agreement) under the Revolving A Loan and the Swing Line Loans accrue interest at the Base Rate plus the Applicable Rate (as defined in the Credit Agreement) and Term SOFR Loans for the Revolving Loans accrue interest at the rate per annum equal to the sum of Term SOFR for such interest period plus the Applicable Rate (as defined in the Credit Agreement). The Base Rate for any day is a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by BOA as its prime rate, and (c) the Term SOFR plus 1.0% subject to certain interest rate floors. Repayment of all then outstanding principal, interest, fees and costs is due at the end of the Term.

With respect to Revolving B Loans (as defined in the First Amendment), for any day, the rate per annum is a tiered pricing based upon the Consolidated Debt to Consolidated EBITDA Ratio. The applicable rate for Revolving B Loans that are Base Rate Loans range between 1.20% and 2.15% and the applicable rate for Revolving B Loans that are Term SOFR/Term SOFR Daily Floating Rate range between 0.20% and 1.15%.

Under the terms of the Security and Pledge Agreement, the Company, subject to certain permitted encumbrances, as collateral security for the above-stated loans and all other present and future indebtedness of the Company owing to the Lenders grants a continuing security interest in certain collateral described and defined in the Security and Pledge Agreement but excluding the Excluded Property (as defined in the Security and Pledge Agreement).

Indebtedness on and after October 10, 2024. On October 10, 2024, Trex entered into a Second Amendment to the Credit Agreement (Second Amendment) with certain lending parties thereto (Lenders) to amend that Credit Agreement dated as of May 18, 2022, as amended by that certain First Amendment dated as of December 22, 2022.

The Second Amendment provides us with Revolving A Loans in the maximum principal amount of \$400,000,000 (Revolving A Loans), Revolving B Loans in the maximum principal amount of \$150,000,000 (Revolving B Loans), and Letters of Credit and Swing Line Loans (as defined in the Credit Agreement). The Second Amendment extends the maturity date of the Revolving B Loans from December 22, 2024 to December 22, 2026.

Base Rate Loans (as defined in the Credit Agreement) under the Revolving A Loan and the Swing Line Loans accrue interest at the Base Rate plus the Applicable Rate (as defined in the Credit Agreement) and Term SOFR Loans for the Revolving Loans accrue interest at the rate per annum equal to the sum of Term SOFR for such interest period plus the Applicable Rate (as defined in the Credit Agreement). The Base Rate for any day is a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by BOA as its prime rate, and (c) the Term SOFR plus 1.0% subject to certain interest rate floors. Repayment of all then outstanding principal, interest, fees and costs is due at the end of the Term (as defined in the Credit Agreement).

With respect to Revolving B Loans (as defined in the Credit Agreement), for any day, the rate per annum is a tiered pricing based upon the Consolidated Debt to Consolidated EBITDA Ratio. The applicable rate for Revolving B Loans that are Base Rate Loans range between 0.20% and 1.15%. and the applicable rate for Revolving B Loans that are Term SOFR/Term SOFR Daily Floating Rate range between 1.20% and 2.15%.

At March 31, 2025, we had \$443.9 million in outstanding borrowings under the revolving credit facility and borrowing capacity under the facility of \$106.1 million.

Compliance with Debt Covenants and Restrictions. Pursuant to the terms of the Credit Agreement, the Company, is subject to certain loan compliance covenants. The Company was in compliance with all covenants at March 31, 2025. Failure to comply with the financial covenants could be considered a default of repayment obligations and, among other remedies, could accelerate payment of any amounts outstanding.

We believe that cash on hand, cash from operations and borrowings expected to be available under our revolving credit facilities will provide sufficient funds to fund planned capital expenditures, make scheduled principal and interest payments, fund warranty payments, and meet other cash requirements. We currently expect to fund future capital expenditures from operations and financing activities. The actual amount and timing of future capital requirements may differ materially from our estimate depending on the demand for Trex products and new market developments and opportunities.

Capital Requirements. Our capital expenditure guidance for 2025 is \$190 million to \$210 million. In addition to the construction of the Arkansas facility, our capital allocation priorities for 2025 include expenditures for internal growth opportunities, manufacturing cost reductions, upgrading equipment and support systems, and acquisitions which fit our long-term growth strategy as we continue to evaluate opportunities that would be a good strategic fit for Trex, and return of capital to shareholders.

As previously announced, the Company anticipates spending approximately \$550 million on the Arkansas facility, of which we have already invested \$451 million.

Inventory in Distribution Channels. We sell our decking and railing products through a tiered distribution system. We have over 50 distributors worldwide and two national retail merchandisers to which we sell our products. The distributors in turn sell the products to dealers and retail locations who in turn sell the products to end users. Significant increases in inventory levels in the distribution channel without a corresponding change in end-use demand could have an adverse effect on future sales.

Product Warranty. We warrant that for the applicable warranty period our products, when properly installed, used and maintained, will be free from material defects in workmanship and materials and our decking, cladding, fascia and railing products will not split, splinter, rot or suffer structural damage from termites or fungal decay.

Products sold on or after January 1, 2023: The warranty period for residential use is 50 years for Transcend® decking, 35 years for Select® decking and Universal Fascia, and 25 years for Enhance® decking and Transcend, Select, Enhance and Signature® railing. The warranty period for commercial use is 10 years, excluding Signature railing and Transcend cladding, which each have a warranty period of 25 years. We further warrant that Trex Transcend, Trex Enhance and Trex Select decking and cladding and Universal Fascia products will not fade in color from light and weathering exposure more than a certain amount and will be resistant to permanent staining from food and beverage substances or mold and mildew, provided the stain is cleaned within seven days of appearance, for the warranty period referred to above. If there is a breach of such warranties, we have an obligation either to replace the defective product or refund the purchase price.

Products sold prior to January 1, 2023: The warranty period is 25 years for residential use and 10 years for commercial use. With respect to Trex Signature railing, the warranty period is 25 years for both residential and commercial use. We further warrant that Trex Transcend, Trex Enhance, Trex Select and Universal Fascia products will not fade in color more than a certain amount and will be resistant to permanent staining from food substances or mold, provided the stain is cleaned within seven days of appearance, for the warranty period referred to above. If there is a breach of such warranties, we have an obligation either to replace the defective product or refund the purchase price.

We maintain a warranty reserve for the settlement of our product warranty claims. We accrue for the estimated cost of product warranty claims at the time revenue is recognized based on such factors as historical claims experience and estimated future claims. We review and adjust these estimates, if necessary, based on the differences between actual experience and historical estimates. Additionally, we accrue for warranty costs associated with occasional or unanticipated product quality issues if a loss is probable and can be reasonably estimated.

We continue to receive and settle claims for decking products manufactured at our Nevada facility prior to 2007 that exhibit surface flaking and maintain a warranty reserve to provide for the settlement of these claims. Estimating the warranty reserve for surface flaking claims requires us to estimate the number of claims to be settled with payment and the average cost to settle each claim. We monitor surface flaking claims activity each quarter for indications that our estimates require revision.

Seasonality. The operating results for Trex have historically varied from quarter to quarter. Seasonal, erratic or prolonged adverse weather conditions in certain geographic regions may reduce the level of home improvement and construction activity and can shift sales of our products to a later period or decrease overall sales in affected locations. As part of its normal business practice and consistent with industry practice, Trex has historically offered incentive programs to its distributors and dealers to build inventory

levels before the start of the prime deck-building season in order to ensure adequate availability of its product to meet anticipated seasonal consumer demand. The seasonal effects are often offset by the positive effect of the incentive programs.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding our exposure to certain market risks, see “Quantitative and Qualitative Disclosures about Market Risk,” in Part II, Item 7A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2024. There were no material changes to the Company’s market risk exposure during the three months ended March 31, 2025.

Item 4. Controls and Procedures

The Company’s management, with the participation of its President and Chief Executive Officer, who is the Company’s principal executive officer, and its Senior Vice President and Chief Financial Officer, who is the Company’s principal financial officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures as of March 31, 2025. Based on this evaluation, the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective. There have been no changes in the Company’s internal control over financial reporting during the three-month period ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

The Company has lawsuits, as well as other claims, pending against it which are ordinary routine litigation and claims incidental to the business. Management has evaluated the merits of these lawsuits and claims and believes that their ultimate resolution will not have a material effect on the Company's consolidated financial condition, results of operations, liquidity or competitive position.

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

(c) The following table provides information relating to the purchases of our common stock during the three months ended March 31, 2025 in accordance with Item 703 of Regulation S-K:

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit) (\$)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plan or Program
January 1, 2025 – January 31, 2025	—	—	—	8,954,464
February 1, 2025 – February 28, 2025	—	—	—	8,954,464
March 1, 2025 – March 31, 2025	49,949	62.28	—	8,954,464
Quarterly period ended March 31, 2025	<u>49,949</u>		<u>—</u>	

- (1) During the three months ended March 31, 2025, 49,949 shares were withheld by, or delivered to, the Company pursuant to provisions in agreements with recipients of restricted stock granted under the Company's 2014 and 2023 Stock Incentive Plan allowing the Company to withhold, or the recipient to deliver to the Company, the number of shares having the fair value equal to tax withholding due.
- (2) On May 4, 2023, the Trex Board of Directors adopted a new stock repurchase program of up to 10.8 million shares of its outstanding common stock, and terminated the existing Stock Repurchase Program. This repurchase program has no set expiration date and no shares were repurchased under the program during the three months ended March 31, 2025.

Item 5. Other Information

Insider Trading Arrangements

During the quarter ended March 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Submission of Matters to a Vote of Security Holders

Trex held its Annual Meeting of Stockholders on May 6, 2025. Only holders of Trex common stock at the close of business on March 10, 2025 (Record Date) were entitled to vote at the Annual Meeting. As of the Record Date, there were 107,219,921 shares of common stock entitled to vote. A total of 98,384,912 shares of common stock (91.8%), constituting a quorum, were represented in person or by valid proxies at the Annual Meeting.

The stockholders voted on three proposals at the Annual Meeting. The proposals are described in detail in the Company's definitive proxy statement dated March 24, 2025. The final results for the votes regarding each proposal are set forth below.

Proposal 1: Trex stockholders elected three directors to the Board to serve for a three-year term until the 2028 annual meeting of stockholders and until their successors are duly elected and qualified. The votes regarding this proposal were as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
Bryan H. Fairbanks	90,434,504	1,710,655	102,035	6,137,718
Kristine L. Juster	78,964,624	13,068,438	214,132	6,137,718
D. Christian Keffer	90,477,067	1,675,491	94,636	6,137,718

Proposal 2: Trex stockholders approved, on an advisory basis, the compensation of the Company's executive officers named in the Company's definitive proxy statement dated March 24, 2025. The votes regarding this proposal were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
83,040,121	8,316,545	890,528	6,137,718

Proposal 3: Trex stockholders ratified the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2025. The votes regarding this proposal were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
92,208,001	6,130,987	45,924	—

Item 6. Exhibits

See Exhibit Index at the end of the Quarterly Report on Form 10-Q for the information required by this Item which is incorporated by reference.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by reference			
		Form	Exhibit	Filing Date	File No.
3.1	Restated Certificate of Incorporation of Trex Company, Inc. dated July 28, 2021.	10-Q	3.6	August 2, 2021	001-14649
3.2	First Certificate of Amendment to the Restated Certificate of Incorporation of Trex Company, Inc. dated May 5, 2022	10-Q	3.2	May 9, 2022	001-14649
3.3	Amended and Restated By-Laws of the Company dated February 21, 2024	10-K	3.3	February 26, 2024	001-14649
31.1*	Certification of Chief Executive Officer of the Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.				
31.2*	Certification of Chief Financial Officer of the Company pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.				
32***	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350).				
101.INS*	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.				
104.1	Cover Page Interactive Data File—The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.				

* Filed herewith.

*** Furnished herewith.

CERTIFICATION

I, Bryan H. Fairbanks, certify that:

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

Date: May 8, 2025

/s/ Bryan H. Fairbanks

Bryan H. Fairbanks
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Brenda K. Lovcik, certify that:

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

Date: May 8, 2025

/s/ Brenda K. Lovcik

Brenda K. Lovcik

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

**Certifications of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

The undersigned, the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer of Trex Company, Inc. (the "Company"), each hereby certifies that, on the date hereof:

- (a) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2025 filed on the date hereof with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2025

/s/ Bryan H. Fairbanks

Bryan H. Fairbanks

President and Chief Executive Officer

Date: May 8, 2025

/s/ Brenda K. Lovcik

Brenda K. Lovcik

Senior Vice President and Chief Financial Officer
