UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2024

OR

o **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: 001-39322

The AZEK Company Inc.

(Exact name of registrant as specified in its charter)

Delaware	**90-1017663**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1330 W Fulton Street, Suite 350, Chicago, Illinois	**60607**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (877) 275-2935

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value $0.001 per share	**AZEK**	**The 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 x No o

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	o

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. o

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

As of January 31, 2025, the registrant had 143,671,503 shares of Class A Common Stock, $0.001 par value per share, and no shares of Class B Common Stock, $0.001 par value per share, outstanding.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

The AZEK Company Inc.
Condensed Consolidated Balance Sheets
(In thousands of U.S. dollars, except for share and per share amounts)
(Unaudited)

in thousands	December 31, 2024	September 30, 2024
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 148,134	$ 164,025
Trade receivables, net of allowances	33,680	49,922
Inventories	256,755	223,682
Prepaid expenses	17,021	9,876
Other current assets	22,565	23,872
Total current assets	478,155	471,377
Property, plant and equipment - net	459,660	462,201
Goodwill	973,950	967,816
Intangible assets - net	146,295	154,518
Other assets	115,514	111,799
Total assets	$ 2,173,574	$ 2,167,711
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 47,725	$ 57,909
Accrued rebates	72,592	68,211
Current portion of long-term debt obligations	3,300	3,300
Accrued expenses and other liabilities	62,867	87,618
Total current liabilities	186,484	217,038
Deferred income taxes	42,518	42,342
Long-term debt—less current portion	428,819	429,668
Other non-current liabilities	128,112	121,798
Total liabilities	785,933	810,846
Commitments and contingencies (See Note 17)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized and no shares issued or outstanding at December 31, 2024 and September 30, 2024, respectively	—	—
Class A common stock, $0.001 par value; 1,100,000,000 shares authorized, 157,849,527 shares issued at December 31, 2024 and 157,148,821 shares issued at September 30, 2024, respectively	158	157
Class B common stock, $0.001 par value; 100,000,000 shares authorized and no shares issued or outstanding at December 31, 2024 and at September 30, 2024, respectively	—	—
Additional paid-in capital	1,714,191	1,694,066
Retained earnings (accumulated deficit)	107,126	89,002
Accumulated other comprehensive income (loss)	(566)	(1,682)
Treasury stock, at cost, 14,294,005 and 14,134,558 shares at December 31, 2024 and September 30, 2024, respectively	(433,268)	(424,678)
Total stockholders' equity	1,387,641	1,356,865
Total liabilities and stockholders' equity	$ 2,173,574	$ 2,167,711

See Notes to Condensed Consolidated Financial Statements (Unaudited).

The AZEK Company Inc.
Condensed Consolidated Statements of Comprehensive Income
(In thousands of U.S. dollars, except for share and per share amounts)
(Unaudited)

in thousands	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023
Net sales	$ 285,429	$ 240,444
Cost of sales	181,878	149,794
Gross profit	103,551	90,650
Selling, general and administrative expenses	74,887	77,246
Loss on disposal of property, plant and equipment	1,414	2,185
Operating income	27,250	11,219
Other income and expenses:		
Interest expense, net	7,663	7,910
Gain on sale of business	—	(38,515)
Total other (income) and expenses	7,663	(30,605)
Income before income taxes	19,587	41,824
Income tax expense	1,463	16,676
Net income	$ 18,124	$ 25,148
Other comprehensive income (loss):		
Unrealized gain (loss) due to change in fair value of derivatives, net of tax	$ 1,116	$ (3,095)
Total other comprehensive income (loss)	1,116	(3,095)
Comprehensive income	$ 19,240	$ 22,053
Net income per common share:		
Basic	$ 0.13	$ 0.17
Diluted	0.12	0.17
Weighted-average common shares outstanding:		
Basic	143,345,740	147,297,662
Diluted	145,380,814	148,876,282

See Notes to Condensed Consolidated Financial Statements (Unaudited).

The AZEK Company Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands of U.S. dollars, except for share amounts)
(Unaudited)

	Common Stock				Treasury Stock					
	Class A		Class B						Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance – September 30, 2024	157,148,821	$ 157	—	$ —	14,134,558	$ (424,678)	$ 1,694,066	$ 89,002	$ (1,682)	$ 1,356,865
Net income	—	—	—	—	—	—	—	18,124	—	18,124
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	1,116	1,116
Stock-based compensation	—	—	—	—	—	—	4,890	—	—	4,890
Exercise of vested stock options	503,055	1	—	—	—	—	11,672	—	—	11,673
Issuance of common stock under employee stock plan, net of shares withheld for taxes	197,651	—	—	—	—	—	(4,941)	—	—	(4,941)
Treasury stock purchases	—	—	—	—	159,447	(8,590)	8,504	—	—	(86)
Balance – December 31, 2024	157,849,527	158	—	—	14,294,005	(433,268)	1,714,191	107,126	(566)	1,387,641

	Common Stock				Treasury Stock					
	Class A		Class B						Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance – September 30, 2023	155,967,736	$ 156	100	$ —	8,268,423	$ (189,666)	$ 1,662,322	$ (64,377)	$ 1,878	$ 1,410,313
Net income	—	—	—	—	—	—	—	25,148	—	25,148
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	(3,095)	(3,095)
Stock-based compensation	—	—	—	—	—	—	8,422	—	—	8,422
Exercise of vested stock options	136,885	—	—	—	—	—	3,238	—	—	3,238
Issuance of common stock under employee stock plan, net of shares withheld for taxes	236,482	—	—	—	—	—	(3,822)	—	—	(3,822)
Conversion of Class B common stock into Class A common stock	100	—	(100)	—	—	—	—	—	—	—
Treasury stock purchases	—	—	—	—	2,291,607	(80,800)	(20,000)	—	—	(100,800)
Balance – December 31, 2023	156,341,203	156	—	—	10,560,030	(270,466)	1,650,160	(39,229)	(1,217)	1,339,404

See Notes to Condensed Consolidated Financial Statements (Unaudited) .

The AZEK Company Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands of U.S. dollars)
(Unaudited)

	Three Months Ended December 31, 2024	2023
Operating activities:		
Net income	$ 18,124	$ 25,148
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:		
Depreciation	24,332	21,773
Amortization of intangibles	8,723	10,164
Non-cash interest expense	406	412
Non-cash lease expense	2	(48)
Deferred income tax benefit	(193)	(8,192)
Non-cash compensation expense	4,890	8,422
Loss on disposition of property, plant and equipment	1,414	2,185
Gain on sale of business	—	(38,515)
Changes in certain assets and liabilities:		
Trade receivables	16,242	21,151
Inventories	(33,073)	(61,344)
Prepaid expenses and other currents assets	(5,838)	(1,920)
Accounts payable	(5,515)	(9,319)
Accrued expenses and interest	(17,770)	15,125
Other assets and liabilities	1,821	(1,330)
Net cash provided by (used in) operating activities	13,565	(16,288)
Investing activities:		
Purchases of property, plant and equipment	(21,596)	(17,681)
Proceeds from disposition of fixed assets	254	122
Divestiture, net of cash disposed	—	133,089
Acquisitions, net of cash acquired	(11,000)	—
Net cash provided by (used in) investing activities	(32,342)	115,530
Financing activities:		
Payments on 2024 Term Loan Facility	(1,100)	—
Payments on Term Loan Agreement	—	(1,500)
Principal payments of finance lease obligations	(865)	(713)
Exercise of vested stock options	11,672	3,238
Cash paid for shares withheld for taxes	(4,941)	(3,822)
Purchases of treasury stock	—	(100,000)
Excise taxes for share repurchase	(1,880)	—
Net cash provided by (used in) financing activities	2,886	(102,797)
Net increase in cash and cash equivalents	(15,891)	(3,555)
Cash and cash equivalents – Beginning of period	164,025	278,314
Cash and cash equivalents – End of period	$ 148,134	$ 274,759
Supplemental cash flow disclosure:		
Cash paid for interest, net of amounts capitalized	$ 8,907	$ 11,403
Cash paid for income taxes, net	613	1,351
Supplemental non-cash investing and financing disclosure:		
Capital expenditures in accounts payable at end of period	$ 4,825	$ 2,603
Right-of-use operating and finance lease assets obtained in exchange for lease liabilities	7,090	2,460

See Notes to Condensed Consolidated Financial Statements (Unaudited).

The AZEK Company Inc.
Notes to Condensed Consolidated Financial Statements
(In thousands of U.S. dollars, unless otherwise specified)
(Unaudited)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The AZEK Company Inc. (the "Company", "we", "us" or "our") is a Delaware corporation that holds all of the limited liability company interests in The AZEK Group LLC (f/k/a CPG International LLC), the entity which directly and indirectly holds all of the equity interests in the operating subsidiaries. The Company is an industry-leading designer and manufacturer of beautiful, low-maintenance and environmentally sustainable building products for residential, commercial and industrial markets. The Company's products include decking, railing, trim, siding, cladding, porch, moulding, pergolas and cabanas, outdoor furniture, bathroom and locker systems, and, prior to the Company's divestiture of its Vycom business, also included extruded plastic sheet products and other non-fabricated products for special applications in industrial markets. The Company operates in various locations throughout the United States. The Company's residential products are primarily branded under the brand names AZEK®, TimberTech®, VERSATEX®, ULTRALOX®, StruXure® and INTEX®, while the commercial products are branded under brand names including Scranton Products ®, Aria Partitions®, Eclipse Partitions®, Hiny Hiders® partitions, Tufftec Lockers® and Duralife Lockers®.

b. Summary of Significant Accounting Policies

Basis of Presentation

The Company operates on a fiscal year ending September 30. The accompanying unaudited Condensed Consolidated Financial Statements and notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, and in management's opinion, includes all adjustments, consisting of only normal recurring adjustments, necessary for the fair statement of the Company's financial position, its results of operations and cash flows for the interim periods presented. The results of operations for the three months ended December 31, 2024 and the cash flows for the three months ended December 31, 2024 are not necessarily indicative of the results to be expected for the full fiscal year or any other period. The Company's financial condition and 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, consumer spending and preferences, interest rates, the impact of any supply chain disruptions, economic conditions, and/or any adverse effects from geopolitical conflicts, global health pandemics and other factors beyond the Company's control. Management cannot predict the degree to, or the period over, which the Company may be affected by such factors.

The accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2024 (the "2024 Form 10-K") filed with the Securities and Exchange Commission (the "SEC") on November 20, 2024. The Condensed Consolidated Balance Sheet as of September 30, 2024 was derived from the audited financial statements at that date. There have been no material changes in the Company's significant accounting policies from those that were disclosed in on the 2024 Form 10-K, except as noted below.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Significant estimates include revenue recognition, reserves for excess inventory, inventory obsolescence, inventory valuation, product warranties, customer rebates, stock-based compensation, litigation, income taxes, contingent consideration, goodwill and intangible asset valuation and accounting for long-lived assets. Management's estimates and assumptions are evaluated on an ongoing basis and are based on historical experience, current conditions and available information. Actual results may differ from estimated amounts. Estimates are revised as additional information becomes available.

Accounting Policies

Refer to the 2024 Form 10-K for a discussion of the Company's accounting policies, as updated below and for recently adopted accounting standards.

Research and Development Costs

Research and development costs primarily relate to new product development, product claims support and manufacturing process improvements. Such costs are expensed as incurred and are included in "Selling, general and administrative expenses" within the Condensed Consolidated Statements of Comprehensive Income (Loss). Total research and development expenses were $ 4.0 million and $3.1 million, respectively, for the three months ended December 31, 2024 and 2023.

Recently Adopted Accounting Pronouncements

None.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This standard requires all public entities that are subject to segment reporting requirements to disclose additional information, including significant segment expenses and other segment items on an annual and interim basis. It also requires the disclosure of the title and the position of the chief operating decision maker and how the reported measures are used for making business decisions. This standard is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company intends to adopt the updated standard for the annual reporting period beginning October 1, 2024. The Company does not expect the adoption of this standard will have a material impact on its disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This standard expands the disclosure requirements primarily on the rate reconciliation and income tax paid. For public entities, this standard is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The Company intends to adopt the updated standard for the annual reporting period beginning October 1, 2025. The Company does not expect the adoption of this standard will have a material impact on its disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This standard requires all public companies to disclose more detailed information about certain costs and expenses in the notes to the financial statements at interim and annual reporting periods. This standard is effective for annual reporting periods beginning after December 15, 2026, with early adoption permitted. The Company intends to adopt the updated standard for the annual reporting period beginning October 1, 2027. The Company is currently evaluating the impact the adoption of this standard will have on its disclosure.

2. REVENUE

The Company recognizes revenues when control of the promised goods is transferred to the Company’s customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods, at a point in time, when shipping occurs.

The Company also engages in customer rebates, which are recorded in “Net sales” in the Condensed Consolidated Statements of Comprehensive Income (Loss) and in “Accrued rebates” and “Trade receivables” in the Condensed Consolidated Balance Sheets. The Company recorded accrued rebates of $72.6 million and $67.9 million as of December 31, 2024 and 2023, respectively, and contra trade receivables of $7.1 million and $4.5 million as of December 31, 2024 and 2023, respectively. The rebate activity was as follows (in thousands):

	Three Months Ended December 31,	
	2024	2023
Beginning balance	$ 74,796	$ 66,958
Rebate expense	20,719	22,239
Rebate payments	(15,851)	(16,804)
Ending balance	$ 79,664	$ 72,393

The Company records deferred revenue when cash payments are received or due in advance of the Company’s performance.

3. DIVESTITURE

On November 1, 2023, the Company completed the sale of its Vycom business within the Commercial segment for net proceeds of approximately $ 131.8 million. The divestiture allowed the Company to focus on the highest value portions of its business and provided additional cash to finance its capital allocation priorities. The gain on sale of $37.7 million was recognized in "Gain on sale of business" within the Condensed Consolidated Statements of Comprehensive Income (Loss) for the year ended September 30, 2024. The Company did not report the sale in discontinued operations as it was not a strategic shift that would have a major effect on the Company's operations and financial results.

See Note 12 for more information on the Commercial segment.

4. INVENTORIES

Inventories are valued at the lower of cost or net realizable value, and are reduced for slow-moving and obsolete inventory. The inventories cost is recorded at standard cost, which approximates actual cost, on a first-in first-out ("FIFO") basis. Inventories consisted of the following (in thousands):

in thousands	December 31, 2024	September 30, 2024
Raw materials	$ 54,357	$ 52,370
Work in process	26,112	25,650
Finished goods	176,286	145,662
Total inventories	$ 256,755	$ 223,682

5. PROPERTY, PLANT AND EQUIPMENT—NET

Property, plant and equipment – net consisted of the following (in thousands):

	December 31, 2024	September 30, 2024
Land	$ 3,209	$ 3,209
Buildings and improvements	128,721	115,828
Manufacturing equipment	684,504	668,044
Computer equipment	35,419	34,535
Furniture and fixtures	7,473	7,996
Vehicles	2,407	2,375
Total property, plant and equipment	861,733	831,987
Construction in progress	48,451	59,006
	910,184	890,993
Accumulated depreciation	(450,524)	(428,792)
Total property, plant and equipment – net	$ 459,660	$ 462,201

Depreciation expense was approximately $22.6 million and $20.5 million in the three months ended December 31, 2024 and 2023, respectively. During the three months ended December 31, 2024 and 2023, $0.2 million and $1.1 million of interest was capitalized, respectively.

6. GOODWILL AND INTANGIBLE ASSETS—NET

Goodwill

Goodwill consisted of the following (in thousands):

	Residential	Commercial	Total
Goodwill before impairment as of September 30, 2024	$ 953,882	$ 13,934	$ 967,816
Accumulated impairment losses as of September 30, 2024	—	—	—
Goodwill, net as of September 30, 2024	$ 953,882	$ 13,934	$ 967,816
Acquisition	$ 6,134	$ —	$ 6,134
Goodwill before impairment as of December 31, 2024	$ 960,016	$ 13,934	$ 973,950
Accumulated impairment losses as of December 31, 2024	—	—	—
Goodwill, net as of December 31, 2024	$ 960,016	$ 13,934	$ 973,950

During the three months ended December 31, 2024, the Company acquired a business for $ 12.0 million, which consisted of $11.0 million cash and $1.0 million contingent consideration. The business is included in our Residential segment and was deemed immaterial.

Intangible assets, net

The Company did not have any indefinite lived intangible assets other than goodwill as of December 31, 2024 and September 30, 2024. Finite-lived intangible assets consisted of the following (in thousands):

		December 31, 2024					
	Lives in Years	Gross Carrying Value		Accumulated Amortization		Net Carrying Value	
Proprietary knowledge	10 — 15	$	300,490	$	(271,403)	$	29,087
Trademarks	5 — 20		217,730		(169,627)		48,103
Customer relationships	12 — 19		156,952		(89,477)		67,475
Patents	9 — 10		8,500		(6,900)		1,600
Other intangibles	3 — 15		4,075		(4,045)		30
Total intangible assets		$	687,747	$	(541,452)	$	146,295

		September 30, 2024					
	Lives in Years	Gross Carrying Value		Accumulated Amortization		Net Carrying Value	
Propriety knowledge	10 — 15	$	300,490	$	(268,358)	$	32,132
Trademarks	5 — 20		217,730		(167,015)		50,715
Customer relationships	12 — 19		156,452		(86,600)		69,852
Patents	9 — 10		8,500		(6,715)		1,785
Other intangible assets	3 — 15		4,076		(4,042)		34
Total intangible assets		$	687,248	$	(532,730)	$	154,518

Amortization expense was $8.7 million and $10.2 million in the three months ended December 31, 2024 and 2023, respectively. As of December 31, 2024, the remaining weighted-average amortization period for acquired intangible assets was 10.4 years.

7. COMPOSITION OF CERTAIN BALANCE SHEET ACCOUNTS

Allowance for Doubtful Accounts

Allowance for doubtful accounts consisted of the following (in thousands):

	Three Months Ended December 31,			
	2024		2023	
Beginning balance	$	941	$	1,773
Provision (release)		58		(433)
Divestiture		—		(32)
Ending balance	$	999	$	1,308

Accrued Expenses and Other Liabilities

Accrued expenses consisted of the following (in thousands):

	December 31, 2024	September 30, 2024
Employee related liabilities	$ 23,768	$ 45,099
Warranty	5,634	4,311
Marketing	4,728	3,465
Customer deposits	4,198	4,688
Lease liability - operating	4,158	4,547
Lease liability - finance	3,868	3,639
Freight	3,509	2,209
Professional fees	2,646	4,674
Utilities	2,172	2,810
Taxes	2,061	3,707
Construction in progress	979	1,355
Commissions	863	1,171
Interest rate swaps	752	1,902
Other	3,531	4,041
Total accrued expenses and other current liabilities	$ 62,867	$ 87,618

8. DEBT

Debt consisted of the following (in thousands):

	December 31, 2024	September 30, 2024
2024 Term Loan due September 26, 2031 — SOFR + 2.00% (6.36% at December 31, 2024 and 6.85% at September 30, 2024)	$ 438,900	$ 440,000
2024 Revolving Credit Facility through September 26, 2029 - SOFR + 1.0% + 0.5%	—	—
Total	438,900	440,000
Less unamortized deferred financing costs	(2,955)	(3,065)
Less unamortized original issue discount	(3,826)	(3,967)
Less current portion	(3,300)	(3,300)
Long-term debt—less current portion and unamortized deferred financing costs	$ 428,819	$ 429,668

Previous Credit Facilities

The Term Loan Agreement was a first lien term loan entered into on April 28, 2022 by the Company's wholly-owned subsidiary, The AZEK Group LLC. On September 26, 2024, the obligations under the Term Loan Agreement were paid off in full and the Term Loan Agreement was terminated. On September 26, 2024, The AZEK Group LLC entered into a new $440.0 million first lien term loan facility (the "2024 Term Loan Facility"), the proceeds of which were applied, among other uses, to prepay the obligations of the Term Loan Agreement in full.

The AZEK Group LLC had also entered into a revolving credit facility, as amended and restated from time to time (the “Revolving Credit Facility”), with certain of the Company's direct and indirect subsidiaries and certain lenders party thereto. The Revolving Credit Facility provided for maximum aggregate borrowings of up to $150.0 million, subject to an asset-based borrowing base. The borrowing base was limited to a set percentage of eligible accounts receivable and inventory, less reserves that may be established by the administrative agent and the collateral agent in the exercise of their reasonable credit judgment. The AZEK Group LLC had the option to increase the commitments under the Revolving Credit Facility by up to $100.0 million, subject to certain conditions. On September 26, 2024, the Revolving Credit Facility was terminated. On September 26, 2024, the AZEK Group LLC entered into a new $375.0 million first lien revolving credit facility (the "2024 Revolving Credit Facility" and, together with the 2024 Term Loan Facility, the “Senior Secured Credit Facilities”).

A “commitment fee” accrued on any unused portion of the commitments under the Revolving Credit Facility during the preceding three calendar month period. The commitment fees were $ 0.1 million under the Revolving Credit Facility for the three months ended December 31, 2023.

Current Credit Facilities

On September 26, 2024, The AZEK Group LLC (the “Borrower”), entered into a senior credit agreement (the “Senior Secured Credit Agreement”), consisting of the Senior Secured Credit Facilities.

The 2024 Term Loan Facility will mature on September 26, 2031, subject to acceleration or prepayment. Commencing on March 31, 2025, the 2024 Term Loan Facility will amortize in equal quarterly installments of 0.25% of the aggregate principal amount of the loans outstanding, subject to reduction for certain prepayments. The 2024 Revolving Credit Facility will mature on September 26, 2029 and the 2024 Revolving Credit Facility will not amortize.

All obligations under the Senior Secured Credit Facilities are unconditionally guaranteed jointly and severally by (i) the Company, (ii) the Borrower and (iii) the wholly owned domestic subsidiaries of the Borrower (the “Guarantors”). All future wholly-owned domestic subsidiaries of the Borrower will be required to guarantee the Senior Secured Credit Facilities, except to the extent such subsidiary is an immaterial subsidiary or an excluded subsidiary. The Senior Secured Credit Facilities are secured by a first priority security interest in the membership interests of the Borrower and substantially all of the present and future assets of the Borrower and the Guarantors named therein, including equity interests of their domestic subsidiaries, subject to certain exceptions.

The interest rate applicable to loans under the 2024 Term Loan Facility equals (i) in the case of alternative base rate borrowings, the highest of (a) the Federal Funds Rate plus ½ of 1.00%, (b) the Prime Rate and (c) the one-month Term SOFR plus 1.00% per annum, provided that, in no event will the alternative base rate be less than 1.50% per annum, plus an applicable margin of 1.00% and (ii) in the case of SOFR borrowings, Term SOFR for the applicable interest period, provided that, in no event will Term SOFR be less than 0.50%, plus an applicable margin of 2.00%.

The interest rate applicable to loans under the 2024 Revolving Credit Facility equals (i) in the case of alternative base rate borrowings, the highest of (a) the Federal Funds Rate (as defined in the Senior Secured Credit Agreement) plus ½ of 1.00%, (b) the Prime Rate (as defined in the Senior Secured Credit Agreement) and (c) the one-month Term SOFR (as defined in the Senior Secured Credit Agreement) plus 1.00% per annum, provided that, in no event will the alternative base rate be less than 1.00% per annum, plus an applicable margin between 0.50% and 1.25%, depending on the Company's first lien net leverage ratio and (ii) in the case of SOFR borrowings, Term SOFR for the applicable interest period, provided that, in no event will Term SOFR be less than 0.00%, plus an applicable margin between 1.50% and 2.25%, depending on the first lien net leverage ratio.

The Senior Secured Credit Facilities may be voluntarily prepaid in whole, or in part, in each case without premium or penalty (other than, (i) any breakage costs in connection with voluntary prepayments of Term SOFR Loans, and (ii) the Prepayment Premium, if applicable), subject to certain customary conditions. The Senior Secured Credit Agreement also requires mandatory prepayments of loans under the Senior Secured Credit Facilities from the proceeds of certain debt issuances and certain asset dispositions (subject to certain reinvestment rights) and, commencing with the fiscal year ended September 30, 2025, a percentage of excess cash flow (subject to step-downs upon Borrower achieving certain leverage ratios and other reductions in connection with other debt prepayments). The Senior Secured Credit Agreement contains affirmative covenants, negative covenants and financial maintenance covenants that are customary for agreements of this type. The Senior Secured Credit Agreement includes customary events of default, including upon the occurrence of a change of control.

As of December 31, 2024 and September 30, 2024, The AZEK Group LLC had $ 438.9 million and $440.0 million outstanding under the 2024 Term Loan Facility.

The AZEK Group LLC had no outstanding borrowings under the 2024 Revolving Credit Facility as of December 31, 2024 and September 30, 2024, respectively. In addition, The AZEK Group LLC had $2.3 million and $2.2 million of outstanding letters of credit held against the 2024 Revolving Credit Facility as of December 31, 2024 and September 30, 2024, respectively. The AZEK Group LLC had approximately $372.7 million available under the 2024 Revolving Credit Facility for future borrowings as of December 31, 2024.

As of December 31, 2024 and September 30, 2024, unamortized deferred financing fees related to the 2024 Term Loan Facility were $ 2.9 million and $3.1 million. As of December 31, 2024 and September 30, 2024, unamortized deferred financing costs, net of accumulated amortization, related to the 2024 Revolving Credit Facility were $3.0 million and $3.1 million.

A “commitment fee” accrues on any unused portion of the commitments under the 2024 Revolving Credit Facility during the preceding three calendar month period. The commitment fee is determined based on the first lien net leverage ratio and can range from 20 basis points to 35 basis points. The commitment fees were $0.2 million for the three months ended December 31, 2024.

Interest expense consisted of the following (in thousands):

	Three Months Ended December 31,	
	2024	2023
Interest expense:		
2024 Term Loan Facility	$ 7,337	$ —
Term Loan Agreement	—	11,358
2024 Revolving Credit Facility	200	—
Revolving Credit Facility	—	150
Other	1,385	1,123
Amortization - Deferred financing costs		
2024 Term Loan Facility	531	—
Term Loan Agreement	—	179
2024 Revolving Credit Facility	155	—
Revolving Credit Facility	—	66
Amortization - Original issue discount		
2024 Term Loan Facility	142	—
Term Loan Agreement	—	167
Capitalized interest	(157)	(1,079)
Interest expense	9,593	11,964
Interest income	(1,930)	(4,054)
Interest expense, net	$ 7,663	$ 7,910

See Note 11 for the fair value of the Company's debt as of December 31, 2024 and September 30, 2024.

9. PRODUCT WARRANTIES

The Company provides product assurance warranties of various lengths ranging from 5 years to lifetime for limited coverage for a variety of material and workmanship defects based on standard terms and conditions between the Company and its customers. Warranty coverage depends on the product involved. The warranty reserve activity consisted of the following (in thousands):

	Three Months Ended December 31,	
	2024	2023
Beginning balance	$ 18,291	$ 17,012
Adjustments to reserve	1,967	(388)
Warranty claims payment	(994)	(782)
Ending balance	19,264	15,842
Current portion of accrued warranty	(5,634)	(3,740)
Accrued warranty – less current portion	$ 13,630	$ 12,102

10. LEASES

The Company leases vehicles, machinery, manufacturing facilities, office space, land, and equipment under both operating and finance leases. The Company determines if an arrangement is a lease at inception. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As of December 31, 2024 and September 30, 2024, amounts associated with leases are included in Other assets, Accrued expenses and other liabilities and Other non-current liabilities in the Company's Condensed Consolidated Balance Sheet.

For leases with initial terms greater than 12 months, the Company considers these right-of-use assets, or ROU assets, and records the related asset and obligation at the present value of lease payments over the term. For leases with initial terms equal to or less than 12 months, the Company does not consider them as ROU assets and instead considers them short-term lease costs that are recognized on a straight-line basis over the lease term. The Company's leases may include escalation clauses, renewal options and/or termination options that are factored into the determination of lease term and lease payments when it is reasonably certain the option will be exercised. Renewal options range from 1 year to 20 years.

Lease assets and lease liabilities as of December 31, 2024 and September 30, 2024 were as follows (in thousands):

Leases	Classification on Balance Sheet	December 31, 2024	September 30, 2024
Assets			
ROU operating lease assets	Other assets	$ 21,685	$ 22,881
ROU finance lease assets	Other assets	85,320	79,916
Total lease assets		$ 107,005	$ 102,797
Liabilities			
Current			
Operating	Accrued expenses and other liabilities	$ 4,158	$ 4,547
Finance	Accrued expenses and other liabilities	3,868	3,639
Non-current			
Operating	Other non-current liabilities	19,869	20,675
Finance	Other non-current liabilities	91,466	85,496
Total lease liabilities		$ 119,361	$ 114,357

The components of lease expense for the three months ended December 31, 2024 and 2023 were as follows:

	Three Months Ended December 31,	
(in thousands)	2024	2023
Operating lease expense	$ 1,577	$ 1,478
Finance lease amortization of assets	1,685	1,301
Finance lease interest on lease liabilities	1,380	1,107
Short term	129	86
Sublease income	(4)	(28)
Total lease expense	$ 4,767	$ 3,944

The tables below present supplemental information related to leases as of December 31, 2024 and September 30, 2024:

Weighted-average remaining lease term (years)	December 31, 2024	September 30, 2024
Operating leases	8.7	8.6
Finance leases	22.5	23.2
Weighted-average discount rate		
Operating leases	6.6 %	6.5 %
Finance leases	6.3 %	6.2 %

The following table summarizes the maturities of lease liabilities at December 31, 2024:

(in thousands)	Operating Leases	Finance Leases	Total
2025	$ 4,405	$ 7,014	$ 11,419
2026	4,310	9,326	13,636
2027	3,718	9,917	13,635
2028	2,894	6,993	9,887
2029	2,688	6,508	9,196
Thereafter	14,649	140,207	154,856
Total lease payments	32,664	179,965	212,629
Less: interest	(8,637)	(84,631)	(93,268)
Present value of lease liability	$ 24,027	$ 95,334	$ 119,361

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB Accounting Standards Codification ("ASC") requirements for Fair Value Measurements and Disclosures establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs, the highest priority, are quoted prices in active markets for identical assets or liabilities. Level 2 inputs reflect other than quoted prices included in Level 1 that are either observable directly or through corroboration with observable market data. Level 3 inputs are unobservable inputs, due to little or no market activity for the asset or liability, such as internally-developed valuation models. The Company does not have any assets or liabilities measured at fair value on a recurring basis that are Level 3.

Derivative Instruments

The Company's objective in using interest rate derivative instruments is to hedge against interest rate volatility associated with its Senior Secured Credit Facilities by converting a portion of its floating rate debt to fixed rate debt. In November 2022, the Company entered into two interest rate swap agreements with Barclays Bank PLC to manage interest rate risk related to Term Loan. Each agreement has a notional amount of $150 million and will expire on October 31, 2025. One agreement swaps variable interest at a rate based on SOFR with a fixed rate of 4.39% and the second with a fixed rate of 4.48%.

In connection with the 2024 Term Loan refinancing on September 26, 2024, the hedging relationship between the two interest rate swaps and the 2022 Term Loan Agreement was de-designated and the new hedging relationship between these interest rate swaps and the 2024 Term Loan Facility was simultaneously re-designated. All key terms of the interest rate swap agreements remain the same at re-designation. See Note 8 for additional information on the current credit facilities.

At the inceptions of the swap agreements and as of December 31, 2024, both swaps were designated and qualified as cash flow hedges in accordance with ASC 815. The gain (loss) is recorded in Accumulated other comprehensive income (loss) and then reclassified into Interest expense in the same period in which the hedged transaction affects earnings. As of December 31, 2024, the Company expects to reclass approximately $0.8 million ($0.6 million after-tax) as an increase to interest expense in the next 12 months.

The following table provides the fair values of the interest rate derivative instruments as well as their classifications on the Balance Sheet as of December 31, 2024 and September 30, 2024 (in thousands):

			Fair Value as of	
	Fair Value Hierarchy	Balance Sheet Location	December 31, 2024	September 30, 2024
Liabilities				
Interest rate swaps	Level 2	Other current liabilities	$ 752	$ 1,902
Interest rate swaps	Level 2	Other non-current liabilities	$ —	$ 335

The Company estimates the fair value of interest rate swaps using a valuation model based on observable market data, such as yield curves. Both swaps are classified as Level 2 measurement in the fair value hierarchy.

The following tables summarize the effects of the interest rate derivative instruments on Accumulated other comprehensive income (loss) for the three months ended December 31, 2024 and 2023 (in thousands):

	Before-tax Amount	Income Tax Expense	Net of Tax Amount
Balance - September 30, 2024	$ (2,237)	$ (555)	$ (1,682)
Amount of gain recognized in other comprehensive income (loss)	1,689	423	1,266
Amount of gain reclassified from accumulated other comprehensive income (loss) into net income	(204)	(54)	(150)
Balance - December 31, 2024	$ (752)	$ (186)	$ (566)

	Before-tax Amount	Income Tax Expense	Net of Tax Amount
Balance - September 30, 2023	$ 2,493	$ 615	$ 1,878
Amount of loss recognized in other comprehensive income (loss)	(3,437)	(840)	(2,597)
Amount of gain reclassified from accumulated other comprehensive income (loss) into net income	(678)	(180)	(498)
Balance - December 31, 2023	$ (1,622)	$ (405)	$ (1,217)

Other Financial Instruments

The carrying values and the estimated fair values of the debt financial instruments (Level 2 measurements) consisted of the following (in thousands):

	December 31, 2024		September 30, 2024	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
2024 Term Loan Facility due September 26, 2031	$ 438,900	$ 443,289	$ 440,000	$ 443,300

12. SEGMENTS

Operating segments for the Company are determined based on information used by the chief operating decision maker ("CODM") in deciding how to evaluate performance and allocate resources to each of the segments. The CODM reviews Adjusted EBITDA and Adjusted EBITDA Margin as the key segment measures of performance. Adjusted EBITDA is defined as segment operating income (loss) plus depreciation and amortization, adjusted by adding thereto or subtracting therefrom stock-based compensation costs, acquisition and divestiture costs, and certain other items of expense and income. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by net sales.

The Company has two reportable segments, Residential and Commercial. The reportable segments were determined primarily based on products and end markets as follows:

- Residential—The Residential segment manufactures and distributes decking, rail, trim, moulding, pergolas and cabanas and accessories through a national network of dealers and distributors and multiple home improvement retailers providing extensive geographic coverage and enabling the Company to effectively serve contractors. This segment is impacted by trends in and the strength of home repair and remodel activity.
- Commercial—The Commercial segment manufactures, fabricates and distributes lockers and bathroom partitions. This segment is impacted by trends in and the strength of the repair and remodel sector and the new construction sector. This segment also previously included the Company's Vycom business, which manufactured resin-based extruded sheeting products for a variety of commercial and industrial applications. The Company sold the Vycom business on November 1, 2023. See Note 3 for additional information on the divestiture.

The segment data below includes data for Residential and Commercial for the three months ended December 31, 2024 and 2023 (in thousands).

	Three Months Ended December 31,	
	2024	2023
Net sales to customers		
Residential	$ 271,999	$ 223,000
Commercial	13,430	17,444
Total	$ 285,429	$ 240,444
Adjusted EBITDA		
Residential	$ 64,380	$ 51,979
Commercial	1,488	2,905
Total Adjusted EBITDA for reporting segments	$ 65,868	$ 54,884
Adjustments to Income before income tax provision		
Depreciation and amortization	(33,055)	(31,937)
Stock-based compensation costs	(4,890)	(8,468)
Acquisition and divestiture costs (1)	(149)	(492)
Gain on sale of business (2)	—	38,515
Other costs (3)	(524)	(2,768)
Interest expense, net	(7,663)	(7,910)
Income before income tax provision	$ 19,587	$ 41,824

(1) Acquisition and divestiture costs reflect costs related to acquisitions of $ 0.1 million in the three months ended December 31, 2024, and costs related to divestitures of $ 0.5 million in the three months ended December 31, 2023.

(2) Gain on sale of business relates to the sale of the Vycom business.

(3) Other costs include costs related to the restatement of the Company's consolidated financial statements and condensed consolidated interim financial information for each of the quarters within fiscal years ended September 30, 2023 and 2022, and for the fiscal quarter ended December 31, 2023 (the "Restatement") of $0.2 million in the three months ended December 31, 2024, costs related to the removal of dispensable equipment resulting from a modification of the Company's manufacturing process of $2.4 million in the three months ended December 31, 2023, reduction in workforce costs of $0.3 million in the three months ended December 31, 2023, costs for legal expenses of $ 0.1 million in the three months ended December 31, 2023, and other costs of $ 0.3 millio for the three months ended December 31, 2024.

13. CAPITAL STOCK

Share Repurchase Program

On May 5, 2022, the Board of Directors authorized the Company to repurchase up to $ 400 million of the Company's Class A common stock (the "2022 Share Repurchase Authorization"). On June 12, 2024, the Board of Directors authorized the Company to repurchase up to $600 million of the Company's Class A common stock (together with the 2022 Share Repurchase Authorization, the "Share Repurchase Program") in addition to the then remaining approximately $76 million available pursuant to the 2022 Share Repurchase Authorization. The Share Repurchase Program allows the Company to repurchase its shares opportunistically from time to time. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, accelerated share repurchases or tender offers, some of which may be effected through Rule 10b5-1 plans, or a combination of the foregoing. The timing of repurchases will depend upon several factors, including market and business conditions, and repurchases may be discontinued at any time.

The table below summarizes the Company's repurchases of its Class A common stock during the three months ended December 31, 2024 and 2023 (in thousands, except per share amount):

	Three Months Ended December 31,	
	2024	2023
Total number of shares repurchased	159	2,292
Reacquisition cost(1), (2), (3)	$ 85	$ 100,800
Average price per share	$ 53.87	$ 35.26

(1) On August 13, 2024, the Company entered into a $ 50 million accelerated share repurchase agreement (the "August 2024 ASR"), with JPMorgan Chase Bank ("JPMorgan"). JPMorgan delivered approximately 1 million initial shares to the Company on August 14, 2024, based on the closing price of the Company's Class A common stock of $ 40.00 on August 13, 2024. The total value of the initial shares represents 80% of the August 2024 ASR. JPMorgan terminated the August 2024 ASR on November 25, 2024 and delivered 159,447 additional shares to the Company on November 26, 2024 upon final settlement for no additional consideration. The average purchase price per share for shares purchased by the Company pursuant to the August 2024 ASR was $43.12.

(2) On December 4, 2023, the Company entered into a $ 100 million accelerated share repurchase agreement (the "December 2023 ASR") with Goldman Sachs & Co. LLC ("Goldman Sachs"). Goldman Sachs delivered 2,291,607 initial shares to the Company on December 6, 2023, based on the closing price of the Company's Class A common stock of $ 34.91 on December 4, 2023. The total value of the initial shares represents 80% of the December 2023 ASR. Goldman Sachs terminated the December 2023 ASR on February 5, 2024 and delivered 434,100 additional shares of Class A common stock to the Company on February 7, 2024 upon final settlement for no additional consideration. The average purchase price per share for shares purchased by the Company pursuant to the December 2023 ASR was $36.69.

(3) The Company recognized $ 0.1 million and $ 0.8 million excise tax as reacquisition cost of share repurchases for the three months ended December 31, 2024 and 2023, respectively.

As of December 31, 2024, the Company had approximately $ 557.0 million available for repurchases under the Share Repurchase Program.

14. STOCK-BASED COMPENSATION

The Company grants stock-based awards to attract, retain and motivate key employees and directors.

The 2020 Omnibus Incentive Compensation Plan ("2020 Plan"), provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, and performance-based or other equity-related awards to the Company's employees and directors. The maximum aggregate number of shares that may be issued under the 2020 Plan is 15,852,319 shares with 1,951,786 shares remaining in the reserve. The total aggregate number of shares may be adjusted as determined by the Board of Directors.

On December 11, 2023, the Compensation Committee of the Board of Directors authorized certain changes to a former employee's stock-based awards which were effective in connection with his retirement. These changes allow certain awards to continue to vest in due course following retirement and extend the exercisability of certain outstanding and exercisable stock options to the end of the contractual term of the options. This resulted in a Type III Modification (improbable to probable) as defined in accounting guidance, accounted for as a cancellation of the original award and an issuance of a new grant, as well as, a Type I Modification (probable to probable), accounted for as an exchange of the original award for a new grant under the revised terms. The modifications resulted in $1.9 million of stock-based compensation expense in the three months ended December 31, 2023.

Stock-based compensation expense for the three months ended December 31, 2024 and 2023 was $ 4.9 million and $8.5 million, respectively, recognized in "Selling, general and administrative expenses" in the Condensed Consolidated Statements of Comprehensive Income (Loss). Total income tax benefit for the three months ended December 31, 2024 and 2023 was $1.2 million and $1.7 million, respectively. As of December 31, 2024, the Company had not yet recognized compensation cost on unvested stock-based awards of $35.3 million, with a weighted average remaining recognition period of 2.2 years.

The Company uses the Black Scholes pricing model to estimate the fair value of its service-based awards as of the grant date. Under the terms of the 2020 Plan, all stock options will expire if not exercised within 10 years of the grant date.

The following table sets forth the significant assumptions used for the calculation of stock-based compensation expense for the three months ended December 31, 2024 and 2023:

	December 15, 2024 Grant Date		December 15, 2023 Grant Date	
Risk-free interest rate	4.29	%	3.93	%
Expected volatility	40.00	%	40.00	%
Expected term (in years)		6.00		6.00
Expected dividend yield	0.00	%	0.00	%

Stock Options

The following table summarizes the performance-based stock option activity for the three months ended December 31, 2024:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contract Term	Aggregate Intrinsic Value
			(in years)	(in thousands)
Outstanding at October 1, 2024	849,348	$ 23.00		
Granted	—	—		
Exercised	(199,804)	23.00		
Cancelled/Forfeited	—	—		
Outstanding at December 31, 2024	649,544	23.00	5.4	15,894
Vested and exercisable at December 31, 2024	649,544	$ 23.00	5.4	15,894

The following table summarizes the service-based stock option activity for the three months ended December 31, 2024:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contract Term	Aggregate Intrinsic Value
			(in years)	(in thousands)
Outstanding at October 1, 2024	2,879,532	$ 26.11		
Granted	86,876	53.51		
Exercised	(303,251)	23.34		
Cancelled/Forfeited	—	—		
Outstanding at December 31, 2024	2,663,157	27.32	6.2	54,201
Vested and exercisable at December 31, 2024	2,339,754	$ 25.79	5.9	50,732

Performance Restricted Stock Units

Performance restricted stock units were granted to officers and certain employees of the Company and represent the right to earn shares of Company common stock based on the achievement of company-wide financial performance targets, including net sales, return on net tangible assets, adjusted return on invested capital, and Adjusted EBITDA during the three-year performance period. Compensation cost is amortized into expense over the performance period, which is generally three years, and is based on the probability of meeting performance targets. The fair value of each performance share award is based on the closing stock price on the date of grant.

A summary of the performance-based restricted stock unit awards activity for the three months ended December 31, 2024 presented at target (unless otherwise noted) was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding and unvested at October 1, 2024	590,072	$ 29.65
Granted	146,562	53.51
Granted adjustment[(1)]	(52,782)	43.14
Vested	(55,859)	43.04
Forfeited	—	—
Outstanding and unvested at December 31, 2024	627,993	$ 32.90

(1) The fiscal year 2022 grant vested in December 2024 and 52,782 shares were reversed in connection therewith.

Restricted Stock Units

A summary of the service-based restricted stock unit awards activity for the three months ended December 31, 2024 was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding and unvested at October 1, 2024	677,024	$ 29.90
Granted	185,135	52.60
Vested	(238,241)	29.68
Forfeited	(7,181)	29.79
Outstanding and unvested at December 31, 2024	616,737	$ 36.80

15. EARNINGS PER SHARE

The Company computes earnings per common share ("EPS") under the two-class method which requires the allocation of all distributed and undistributed earnings attributable to the Company to common stock and other participating securities based on their respective rights to receive distributions of earnings or losses. The Company's Class A common stock and Class B common stock equally share in distributed and undistributed earnings, and, therefore, no allocation to participating securities or dilutive securities is performed.

Basic EPS attributable to common stockholders is calculated by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding. Diluted EPS is calculated by adjusting weighted average shares outstanding for the dilutive effect of potential common shares, determined using the treasury-stock method. For purposes of the diluted EPS calculation, restricted stock awards, restricted stock units and options to purchase shares of common stock are considered to be potential common shares. The following table sets forth the computation of the Company's basic and diluted EPS attributable to common stockholders (in thousands, except share and per share amounts):

	Three Months Ended December 31,	
	2024	2023
Numerator:		
Net income	$ 18,124	$ 25,148
Net income attributable to common stockholders - basic and diluted	$ 18,124	$ 25,148
Denominator:		
Weighted-average shares of common stock		
Basic	143,345,740	147,297,662
Diluted	145,380,814	148,876,282
Net income per share attributable to common stockholders:		
Net income per common share - basic	$ 0.13	$ 0.17
Net income per common share - diluted	$ 0.12	$ 0.17

The following table includes the number of shares that may be dilutive common shares in the future, and were not included in the computation of diluted net income (loss) per share because the effect was anti-dilutive:

	Three Months Ended December 31,	
	2024	2023
Stock Options	85,638	547,890
Restricted Stock Units	57,689	108,736

16. INCOME TAXES

The Company calculates the interim tax provision in accordance with the provisions of ASC 740-270, Income Taxes; Interim Reporting, specifically ASC-740-270-25-2. For interim periods, the Company estimates the annual effective income tax rate and applies the estimated rate to the year-to-date income or loss before income taxes. The effective income tax rates for the three months ended December 31, 2024 and 2023 were 7.5% and 39.9%, respectively. The decrease in the effective income tax rate for the three months ended December 31, 2024, as compared to the three months ended December 31, 2023, was primarily driven by tax benefits related to stock-based compensation and the removal of the tax effects related to the sale of the Vycom business.

17. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

In the normal course of the Company's business, it is at times subject to various other legal actions, in some cases for which the relief or damages sought may be substantial. Although the Company is not able to predict the outcome of legal actions to which it may be subject, after reviewing all pending and threatened actions with counsel and based on information currently available, management believes that the outcome of such actions, individually or in the aggregate, will not have a material adverse effect on the Company's results of operations or financial position. However, it is possible that the ultimate resolution of such matters, if unfavorable, may be material to the Company's results of operations in a particular future period as the time and amount of any resolution of such actions and its relationship to the future results of operations are not currently known. The Company accrues for losses when they are probable of occurrence and such losses are reasonably estimable. Legal costs expected to be incurred are accounted for as they are incurred.

18. CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY ONLY)

The AZEK Company Inc. (parent company only)
Balance Sheets
(In thousands of U.S. dollars, except for share and per share amounts)

	December 31, 2024	September 30, 2024
ASSETS:		
Non-current assets:		
Investments in subsidiaries	$ 1,387,641	$ 1,356,865
Total non-current assets	1,387,641	1,356,865
Total assets	$ 1,387,641	$ 1,356,865
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Total liabilities	$ —	$ —
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized and no shares issued or outstanding at December 31, 2024 and September 30, 2024, respectively	—	—
Class A common stock, $0.001 par value; 1,100,000,000 shares authorized, 157,849,527 shares issued at December 31, 2024 and 157,148,821 shares issued at September 30, 2024, respectively	158	157
Class B common stock, $0.001 par value; 100,000,000 shares authorized and no shares issued or outstanding at December 31, 2024 and at September 30, 2024, respectively	—	—
Additional paid-in capital	1,714,191	1,694,066
Retained earnings (accumulated deficit)	107,126	89,002
Accumulated other comprehensive income (loss)	(566)	(1,682)
Treasury stock, at cost, 14,294,005 and 14,134,558 shares at December 31, 2024 and September 30, 2024, respectively	(433,268)	(424,678)
Total stockholders' equity	1,387,641	1,356,865
Total liabilities and stockholders' equity	$ 1,387,641	$ 1,356,865

	Three Months Ended December 31,	
	2024	2023
Net income of subsidiaries	$ 18,124	$ 25,148
Net income of subsidiaries	$ 18,124	$ 25,148
Comprehensive income	$ 19,240	$ 22,053

The AZEK Company Inc. did not have any cash as of December 31, 2024 or September 30, 2024. Accordingly a Condensed Statement of Cash Flows has not been presented.

Basis of Presentation

The parent company financial statements should be read in conjunction with the Company's Consolidated Financial Statements and the accompanying notes thereto. For purposes of this condensed financial information, the Company's wholly owned and majority owned subsidiaries are recorded based upon its proportionate share of the subsidiaries' net assets (similar to presenting them on the equity method).

Since the restricted net assets of The AZEK Company Inc. and its subsidiaries exceed 25% of the consolidated net assets of the Company and its subsidiaries, the accompanying condensed parent company financial statements have been prepared in accordance with Rule 12-04, Schedule 1 of Regulation S-X. This information should be read in conjunction with the accompanying Condensed Consolidated Financial Statements.

Dividends from Subsidiaries

There were no cash dividends and $100.0 million in cash dividends paid to The AZEK Company Inc. from the Company's consolidated subsidiaries during the three months ended December 31, 2024 and 2023, respectively. Cash dividends of $100.0 million were used to fund the December 2023 ASR during the three months ended December 31, 2023.

Restricted Payments

The AZEK Group LLC is party to the Senior Secured Credit Facilities originally entered into on September 26, 2024. The obligations under the Senior Secured Credit Facilities are secured by substantially all of the present and future assets of the borrowers and guarantors, including equity interests of their domestic subsidiaries, subject to certain exceptions.

The obligations under the Senior Secured Credit Facilities are guaranteed by the Company and its wholly owned domestic subsidiaries other than certain immaterial subsidiaries and other excluded subsidiaries. The AZEK Group LLC is not permitted to make certain payments unless those payments are consistent with exceptions set forth in the agreements. These payments include repurchase of equity interests, fees associated with a public offering, income taxes due in other applicable payments. Further, the payments are only permitted if certain conditions are met related to availability and interest coverage as defined in the Senior Secured Credit Agreement and described in Note 8.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our annual consolidated financial statements and related notes and our discussion and analysis of financial condition and results of operations, which were included in our 2024 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission, or the SEC, on November 20, 2024, or our 2024 Form 10-K, as well as Item 1. Financial Statements in this Form 10-Q.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding future operations, cash flows, expansion plans, capital investments, capacity targets and other strategic initiatives, are forward-looking statements. In some cases, forward looking statements may be identified by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "could," "would," "expect," "objective," "plan," "potential," "seek," "grow," "target," "if," or the negative of these terms and similar expressions intended to identify forward-looking statements. In particular, statements about potential new products and product innovation, statements regarding the potential impact of climate change and extreme weather events or geopolitical conflicts, statements about the markets in which we operate and the economy more generally, including inflation and interest rates, growth of our various markets and growth in the use of engineered products as well as our ability to share in such growth, statements about our ability to source our raw materials in line with our expectations, future pricing for our products or our raw materials and our ability to successfully manage market and interest rate risks and control or reduce costs, statements with respect to our ability to meet future goals and targets, including our sustainability-related targets, goals and initiatives, statements about our material weaknesses and our plans to remediate such material weaknesses, statements about potential share repurchases, statements about our use of emerging technologies, including artificial intelligence, and our expectations, beliefs, plans, strategies, objectives, prospects, assumptions or future events or performance contained in the Quarterly Report on Form 10-Q are forward-looking statements. We have based these forward-looking statements primarily on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled "Risk Factors" set forth in Part I, Item 1A of our 2024 Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results may differ materially and adversely from those anticipated or implied in the forward-looking statements. You should read this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that such information provides a reasonable basis for these statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

Overview

We are an industry-leading designer and manufacturer of beautiful, low-maintenance and environmentally sustainable outdoor living products, including TimberTech ® decking and railing, Versatex® and AZEK® Trim, and StruXure® pergolas. Homeowners continue to invest in their homes and outdoor spaces and increasingly recognize the significant advantages of engineered, long-lasting products, which convert demand away from traditional materials, particularly wood. Our products transform those outdoor spaces by combining beautiful aesthetics with lower maintenance as compared to traditional materials. Our innovative range of outdoor living and home exterior products, including decking, railing, exterior trim, siding, cladding, pergolas and cabanas and accessories, inspires consumers to design outdoor spaces tailored to their unique lifestyle needs. In addition to our leading suite of outdoor living products, we sell a broad range of highly engineered products that are sold in commercial markets, including partitions, lockers and storage solutions. One of our core values is to "always do the right thing". In furtherance of that value, we are focused on sustainability across our operations and have adopted strategies to enable us to meet the growing demand for environmentally-friendly products.

We report our results in two segments: Residential and Commercial. In our Residential segment, our primary consumer brands, TimberTech and AZEK, are recognized by contractors and consumers for their premium aesthetics, uncompromising quality and performance, and diversity of style and design options. Our Commercial segment manufactures high-quality bathroom partitions and lockers and, prior to our divestiture of the Vycom business on November 1, 2023, also manufactured engineered sheet products. Over our history we have developed a reputation as a leading innovator in our markets by leveraging our differentiated manufacturing capabilities, material science expertise and product management proficiency to consistently introduce new products into the market. This long-standing commitment has enabled us to stay at the forefront of evolving industry trends and consumer demands, which in turn has allowed us to become a leader across our core product categories.

Recent Divestiture

On November 1, 2023, we completed the sale of the Vycom business within the Commercial segment for net proceeds of approximately $131.8 million. The divestiture allowed us to focus on the highest value portions of our business and provided additional cash to finance our capital allocation priorities. As a result of the divestiture, we recognized a pre-tax gain on sale of $37.7 million during the year ended September 30, 2024.

Results of Operations

Three Months Ended December 31, 2024 Compared to Three Months Ended December 31, 2023

The following table summarizes certain financial information relating to our operating results that have been derived from our unaudited Consolidated Financial Statements for the three months ended December 31, 2024 and 2023.

	Three Months Ended December 31,		$	%
(U.S. dollars in thousands)	2024	2023	Variance	Variance
Net sales	$ 285,429	$ 240,444	$ 44,985	18.7 %
Cost of sales	181,878	149,794	32,084	21.4 %
Gross profit	103,551	90,650	12,901	14.2 %
Selling, general and administrative expenses	74,887	77,246	(2,359)	(3.1) %
Loss on disposal of property, plant and equipment	1,414	2,185	(771)	(35.3) %
Operating income	27,250	11,219	16,031	142.9 %
Interest expense, net	7,663	7,910	(247)	(3.1) %
Gain on sale of business	—	(38,515)	38,515	N/M%
Income tax expense	1,463	16,676	(15,213)	(91.2) %
Net income	$ 18,124	$ 25,148	$ (7,024)	(27.9) %

"N/M" indicates the variance as a percentage is not meaningful.

Net Sales

Net sales for the three months ended December 31, 2024 increased by $45.0 million, or 18.7%, to $285.4 million from $240.4 million for the three months ended December 31, 2023. The increase was primarily due to higher sales volume in our Residential segment attributable to strong consumer demand and new stocking locations, partially offset by the sale of the Vycom business and weaker end market demand in our Commercial segment. Net sales for the three months ended December 31, 2024 increased for our Residential segment by 22.0% and decreased for our Commercial segment by 23.0%, respectively, as compared to the prior year period.

Cost of Sales

Cost of sales for the three months ended December 31, 2024 increased by $32.1 million, or 21.4%, to $181.9 million from $149.8 million for the three months ended December 31, 2023, primarily due to higher sales volume, increased freight costs and lower plant utilization.

Gross Profit

Gross profit for the three months ended December 31, 2024 increased by $12.9 million, or 14.2%, to $103.6 million from $90.7 million for the three months ended December 31, 2023. The increase in gross profit was primarily driven by higher net sales, partially offset by increased freight costs and lower plant utilization. Gross profit as a percent of net sales decreased to 36.3% for the three months ended December 31, 2024 compared to 37.7% for the three months ended December 31, 2023.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $2.4 million, or 3.1%, to $74.9 million, or 26.2% of net sales, for the three months ended December 31, 2024 from $77.2 million, or 32.1% of net sales, for the three months ended December 31, 2023. The decrease was primarily due to lower marketing and stock-based compensation expense, partially offset by higher personnel costs.

Loss on Disposal of Property, Plant and Equipment

Loss on disposal of property, plant and equipment decreased by $0.8 million to $1.4 million in the three months ended December 31, 2024 compared to $2.2 million in the three months ended December 31, 2023, primarily due to the removal of dispensable equipment resulting from a modification of our manufacturing process in the three months ended December 31, 2023 as compared to the disposition of property, plant and equipment in the normal course of business during the three months ended December 31, 2024.

Interest Expense, net

Interest expense, net decreased by $0.2 million, or 3.1%, to $7.7 million for the three months ended December 31, 2024 from $7.9 million for the three months ended December 31, 2023. Interest expense, net decreased due to lower principal balance outstanding and average interest rate, partially offset by lower interest income and capitalized interest during the three months ended December 31, 2024, when compared to the three months ended December 31, 2023.

Gain On Sale Of Business

Gain on sale of business was $38.5 million during the three months ended December 31, 2023, which related to the divestiture of the Vycom business within the Commercial segment.

Income Tax Expense

Income tax expense decreased by $15.2 million to $1.5 million for the three months ended December 31, 2024 compared to $16.7 million for the three months ended December 31, 2023. The decrease in our income tax expense was primarily driven by tax benefits related to stock-based compensation and the removal of the tax effects related to the sale of the Vycom business.

Net Income

Net income decreased by $7.0 million to $18.1 million for the three months ended December 31, 2024 compared to $25.1 million for the three months ended December 31, 2023, reflecting the impact from the Vycom divestiture gain on sale and due to the factors described above.

Segment Results of Operations

We report our results in two segments: Residential and Commercial. The key segment measures used by our chief operating decision maker in deciding how to evaluate performance and allocate resources to each of the segments are Segment Adjusted EBITDA and Segment Adjusted EBITDA Margin. Depending on certain circumstances, Segment Adjusted EBITDA and Segment Adjusted EBITDA Margin may be calculated differently, from time to time, than our Adjusted EBITDA and Adjusted EBITDA Margin, which are further discussed under the heading “Non-GAAP Financial Measures.” Segment Adjusted EBITDA and Segment Adjusted EBITDA Margin represent measures of segment profit reported to our chief operating decision maker for the purpose of making decisions about allocating resources to a segment and assessing its performance and are determined as disclosed in our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q consistent with the requirements of the Financial Accounting Standards Board’s, or FASB, Accounting Standards Codification, or ASC 280, Segment Reporting. We define Segment Adjusted EBITDA as a segment’s net income (loss) before income tax (benefit) expense and by adding to or subtracting therefrom interest expense, net, depreciation and amortization, share-based compensation costs, asset impairment and inventory revaluation costs, business transformation costs, capital structure transaction costs, acquisition costs, initial public offering costs and certain other costs. Segment Adjusted EBITDA Margin is equal to a segment’s Segment Adjusted EBITDA divided by such segment’s net sales.

Residential

The following table summarizes certain financial information relating to the Residential segment results that have been derived from our unaudited Condensed Consolidated Financial Statements for the three months ended December 31, 2024 and 2023.

	Three Months Ended December 31,			
(U.S. dollars in thousands)	2024	2023	$ Variance	% Variance
Net sales	$ 271,999	$ 223,000	$ 48,999	22.0 %
Segment Adjusted EBITDA	64,380	51,979	12,401	23.9 %
Segment Adjusted EBITDA Margin	23.7 %	23.3 %	N/A	N/A

Net Sales

Net sales for the three months ended December 31, 2024 increased by $49.0 million, or 22.0%, to $272.0 million from $223.0 million for the three months ended December 31, 2023. The increase was attributable to higher net sales related to our Deck, Rail & Accessories and our Exteriors businesses.

Segment Adjusted EBITDA

Segment Adjusted EBITDA for the three months ended December 31, 2024 increased by $12.4 million, or 23.9%, to $64.4 million from $52.0 million for the three months ended December 31, 2023. The increase was mainly driven by higher net sales and lower marketing and selling expenses.

Commercial

The following table summarizes certain financial information relating to the Commercial segment results that have been derived from our unaudited Condensed Consolidated Financial Statements for the three months ended December 31, 2024 and 2023.

	Three Months Ended December 31,			
(U.S. dollars in thousands)	2024	2023	$ Variance	% Variance
Net sales	$ 13,430	$ 17,444	$ (4,014)	(23.0) %
Segment Adjusted EBITDA	1,488	2,905	(1,417)	(48.8) %
Segment Adjusted EBITDA Margin	11.1 %	16.7 %	N/A	N/A

Net Sales

Net sales for the three months ended December 31, 2024 decreased by $4.0 million, or 23.0%, to $13.4 million from $17.4 million for the three months ended December 31, 2023, primarily due to the sale of the Vycom business and weaker demand in our Scranton Products business. Vycom net sales were $3.3 million for the three months ended December 31, 2023 (prior to its divestment on November 1, 2023).

Segment Adjusted EBITDA

Segment Adjusted EBITDA of the Commercial segment was $1.5 million for the three months ended December 31, 2024, compared to $2.9 million for the three months ended December 31, 2023. The decrease was primarily driven by lower net sales due to the sale of the Vycom business, weaker demand and higher purchased material costs.

Non-GAAP Financial Measures

To supplement our Condensed Consolidated Financial Statements prepared and presented in accordance with generally accepted accounting principles in the United States, or GAAP, we use certain non-GAAP performance financial measures, as described below, to provide investors with additional useful information about our financial performance, to enhance the overall understanding of our past performance and future prospects and to allow for greater transparency with respect to important metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP financial measures to assist investors in seeing our financial performance from management's view and because we believe they provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry. Our GAAP financial results include significant expenses that may not be indicative of our ongoing operations as detailed in the tables below.

However, non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, non-GAAP financial measures may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures used by other companies. As a result, non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, our Condensed Consolidated Financial Statements prepared and presented in accordance with GAAP.

	Three Months Ended December 31,	
(U.S. dollars in thousands, except per share amounts)	2024	2023
GAAP Financial Measures:		
Gross Profit	$ 103,551	$ 90,650
Gross Profit Margin	36.3%	37.7%
Net Income	$ 18,124	$ 25,148
Net Income Per Common Share - Diluted	$ 0.12	$ 0.17
Net Profit Margin	6.3%	10.5%
Net Cash Provided By (Used In) Operating Activities	$ 13,565	$ (16,288)
Net Cash Provided By (Used In) Investing Activities	$ (32,342)	$ 115,530
Net Cash Provided By (Used In) Financing Activities	$ 2,886	$ (102,797)

(U.S. dollars in thousands, except per share amounts)	Three Months Ended December 31, 2024		Three Months Ended December 31, 2023	
Non-GAAP Financial Measures:				
Adjusted Gross Profit	$	106,683	$	94,519
Adjusted Gross Profit Margin		37.4%		39.3%
Adjusted Net Income	$	25,096	$	15,031
Adjusted Diluted EPS	$	0.17	$	0.10
Adjusted EBITDA	$	65,868	$	54,884
Adjusted EBITDA Margin		23.1%		22.8%
Free Cash Flow	$	(8,031)	$	(33,969)

Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Net Income, Adjusted Diluted EPS, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow

We define Adjusted Gross Profit as gross profit before amortization, acquisition costs and certain other costs. Adjusted Gross Profit Margin is equal to Adjusted Gross Profit divided by net sales. We define Adjusted Net Income as net income (loss) before amortization, stock-based compensation costs, acquisition and divestiture costs, initial public offering and secondary offering costs, capital structure transaction costs and certain other items of expense and income as described below. We define Adjusted Diluted EPS as Adjusted Net Income divided by weighted average common shares outstanding—diluted, to reflect the conversion or exercise, as applicable, of all outstanding shares of restricted stock awards, restricted stock units and options to purchase shares of our common stock. We define Adjusted EBITDA as net income (loss) before interest expense, net, income tax (benefit) expense and depreciation and amortization and by adding to or subtracting therefrom items of expense and income as described below. Adjusted EBITDA Margin is equal to Adjusted EBITDA divided by net sales. We believe Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Net Income, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA Margin are useful to investors because they help identify underlying trends in our business that could otherwise be masked by certain expenses that can vary from company to company depending on, among other things, its financing, capital structure and the method by which its assets were acquired, and can also vary significantly from period to period. For example, we add back amortization and certain stock-based compensation costs when calculating Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Net Income and Adjusted Diluted EPS because we do not consider them indicative of our core operating performance. We believe their exclusion, and the exclusion of certain other expenses as described herein, facilitates comparisons of our operating performance on a period-to-period basis. Therefore, we believe that showing gross profit and net income, as adjusted to remove the impact of these expenses, is helpful to investors in assessing our gross profit and net income performance in a way that is similar to the way management assesses our performance. Additionally, EBITDA and EBITDA margin are common measures of operating performance in our industry, and we believe they facilitate operating comparisons. Our management also uses Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted EBITDA and Adjusted EBITDA Margin in conjunction with other GAAP financial measures for planning purposes, including as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance.

Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Net Income, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- These measures do not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;
- These measures do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect our income tax expense or the cash requirements to pay our taxes;
- Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Net Income, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA Margin exclude the expense of amortization of our assets, and Adjusted EBITDA and Adjusted EBITDA Margin also exclude the expense of depreciation of our assets, and, although these are non-cash expenses, the assets being depreciated or amortized may have to be replaced in the future;
- Adjusted Net Income, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA Margin exclude the expense associated with our equity compensation plan, although equity compensation has been, and will continue to be, an important part of our compensation strategy;

- Adjusted Gross Profit, Adjusted Net Income, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA Margin exclude acquisition costs and other costs, each of which can affect our current and future cash requirements; and
- Other companies in our industry may calculate Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Net Income, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA Margin differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, none of these metrics should be considered indicative of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

In addition, we provide Free Cash Flow, which is a non-GAAP financial measure that we define as net cash provided by (used in) operating activities less purchases of property, plant and equipment. We believe Free Cash Flow is useful to investors as an important liquidity measure of the cash that is available to us after capital expenditures. Free Cash Flow is used by our management as a measure of our ability to generate and use cash, including in order to invest in future growth, fund acquisitions, return capital to our stockholders and repay indebtedness. Our use of Free Cash Flow has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results under GAAP. Some of these limitations are:

- Free Cash Flow is not a substitute for net cash provided by (used in) operating activities, including because our capital expenditures as a manufacturing company can be significant and can vary from period to period;
- Free Cash Flow does not reflect our future contractual commitments or mandatory debt repayments and accordingly does not represent residual cash flow available for discretionary expenditures or the total increase or decrease in our cash balance for a given period; and
- Other companies in our industry may calculate Free Cash Flow differently than we do, limiting its usefulness as a comparative measure.

The following table presents reconciliations of the most comparable financial measures calculated in accordance with GAAP to these non-GAAP financial measures for the periods indicated:

Adjusted Gross Profit and Adjusted Gross Profit Margin Reconciliation

	Three Months Ended December 31,	
(U.S. dollars in thousands)	2024	2023
Gross Profit	$ 103,551	$ 90,650
Amortization	3,132	3,869
Adjusted Gross Profit	$ 106,683	$ 94,519

	Three Months Ended December 31,	
	2024	2023
Gross Margin	36.3 %	37.7 %
Amortization	1.1 %	1.6 %
Adjusted Gross Profit Margin	37.4 %	39.3 %

Adjusted Net Income and Adjusted Diluted EPS Reconciliation

(U.S. dollars in thousands, except per share amounts)	Three Months Ended December 31, 2024	2023
Net Income	$ 18,124	$ 25,148
Amortization	8,723	10,164
Stock-based compensation costs[1]	90	2,925
Acquisition and divestiture costs[2]	149	492
Gain on sale of business[3]	—	(38,515)
Other costs[4]	524	2,768
Tax impact of adjustments[5]	(2,514)	12,049
Adjusted Net Income	$ 25,096	$ 15,031

	Three Months Ended December 31, 2024	2023
Net Income	$ 0.12	$ 0.17
Amortization	0.07	0.07
Stock-based compensation costs	—	0.02
Acquisition and divestiture costs	—	—
Gain on sale of business	—	(0.26)
Other costs	—	0.02
Tax impact of adjustments	(0.02)	0.08
Adjusted Diluted EPS[6]	$ 0.17	$ 0.10

(1) Stock-based compensation costs reflect expenses related to our initial public offering. Expenses related to our recurring awards granted each fiscal year are excluded from the Adjusted Net Income reconciliation.

(2) Acquisition and divestiture costs reflect costs related to acquisitions of $0.1 million in the three months ended December 31, 2024, and costs related to divestitures of $0.5 million in the three months ended December 31, 2023.

(3) Gain on sale of business relates to the sale of the Vycom business.

(4) Other costs include costs related to the restatement of our consolidated financial statements and condensed consolidated interim financial information for each of the quarters within fiscal years ended September 30, 2023 and 2022, and for the fiscal quarter ended December 31, 2023, or the Restatement, of $0.2 million in the three months ended December 31, 2024, costs related to the removal of dispensable equipment resulting from a modification of our manufacturing process of $2.4 million in the three months ended December 31, 2023, reduction in workforce costs of $0.3 million in the three months ended December 31, 2023, costs for legal expenses of $0.1 million in the three months ended December 31, 2023, and other costs of $0.3 million for the three months ended December 31, 2024.

(5) Tax impact of adjustments, except for gain on sale of business, are based on applying a combined U.S. federal and state statutory tax rate of 26.5% for the three months ended December 31, 2024 and 2023, respectively. Tax impact of adjustment for gain on sale of business is based on applying a combined U.S. federal and state statutory tax rate of 42.1% for the three months ended December 31, 2023.

(6) Weighted average common shares outstanding used in computing diluted net income per common share of 145,380,814 and 148,876,282 for the three months ended December 31, 2024 and 2023, respectively.

Table of contents

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliation

	Three Months Ended December 31,	
(U.S. dollars in thousands)	2024	2023
Net Income	$ 18,124	$ 25,148
Interest expense, net	7,663	7,910
Depreciation and amortization	33,055	31,937
Income tax expense	1,463	16,676
Stock-based compensation costs	4,890	8,468
Acquisition and divestiture costs (1)	149	492
Gain on sale of business (2)	—	(38,515)
Other costs (3)	524	2,768
Total adjustments	47,744	29,736
Adjusted EBITDA	$ 65,868	$ 54,884

	Three Months Ended December 31,	
	2024	2023
Net Profit Margin	6.3 %	10.5 %
Interest expense, net	2.7 %	3.3 %
Depreciation and amortization	11.6 %	13.2 %
Income tax expense	0.5 %	6.9 %
Stock-based compensation costs	1.7 %	3.5 %
Acquisition and divestiture costs	0.1 %	0.2 %
Gain on sale of business	— %	(16.0) %
Other costs	0.2 %	1.2 %
Total adjustments	16.8 %	12.3 %
Adjusted EBITDA Margin	23.1 %	22.8 %

(1) Acquisition and divestiture costs reflect costs related to acquisitions of $0.1 million in the three months ended December 31, 2024, and costs related to divestitures of $0.5 million in the three months ended December 31, 2023.

(2) Gain on sale of business relates to the sale of the Vycom business.

(3) Other costs include costs related to the Restatement of $0.2 million in the three months ended December 31, 2024, costs related to the removal of dispensable equipment resulting from a modification of our manufacturing process of $2.4 million in the three months ended December 31, 2023, reduction in workforce costs of $0.3 million in the three months ended December 31, 2023, costs for legal expenses of $0.1 million in the three months ended December 31, 2023, and other costs of $0.3 million for the three months ended December 31, 2024.

Free Cash Flow Reconciliation

	Three Months Ended December 31,	
(U.S. dollars in thousands)	2024	2023
Net cash provided by (used in) operating activities	$ 13,565	$ (16,288)
Less: Purchases of property, plant and equipment	(21,596)	(17,681)
Free Cash Flow	$ (8,031)	$ (33,969)
Net cash provided by (used in) investing activities	$ (32,342)	$ 115,530
Net cash provided by (used in) financing activities	$ 2,886	$ (102,797)

Liquidity and Capital Resources

Liquidity Outlook

Our primary cash needs are to fund operations, working capital, capital expenditures, debt service, share repurchases and any acquisitions we may undertake. As of December 31, 2024, we had cash and cash equivalents of $148.1 million and total indebtedness of $438.9 million. The AZEK Group LLC (f/k/a CPG International LLC), our direct, wholly owned subsidiary, had approximately $372.7 million available under our 2024 Revolving Credit Facility for future borrowings as of December 31, 2024.

We believe we will have adequate liquidity over the next 12 months to operate our business and to meet our cash requirements as a result of cash flows from operating activities, available cash balances and availability under our Revolving Credit Facility after consideration of our debt service and other cash requirements. In the longer term, our liquidity will depend on many factors, including our results of operations, our future growth, the timing and extent of our expenditures to develop new products and improve our manufacturing capabilities, the expansion of our sales and marketing activities and the extent to which we make acquisitions. Changes in our operating plans, material changes in anticipated sales, increased expenses, acquisitions or other events may cause us to seek additional equity and/or debt financing in future periods.

Holding Company Status

We are a holding company and do not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our subsidiaries impose restrictions on our subsidiaries' ability to pay dividends or make other distributions to us.

The AZEK Group LLC is party to the Revolving Credit Facility and the Term Loan Agreement, or, together, the Senior Secured Credit Facilities. The obligations under the Senior Secured Credit Facilities are secured by specified assets. The obligations under the Senior Secured Credit Facilities are guaranteed by us and the wholly owned domestic subsidiaries of The AZEK Group LLC other than certain immaterial subsidiaries and other excluded subsidiaries.

The Senior Secured Credit Facilities contain covenants restricting payments of dividends by The AZEK Group LLC unless certain conditions, as provided in the Senior Secured Credit Facilities, are met. The covenants under our Senior Secured Credit Facilities provide for certain exceptions for specific types of payments. However, other than restricted payments under the specified exceptions, the covenants under our Term Loan Agreement generally prohibit the payment of dividends unless the Total Net Leverage Ratio (as defined in the Term Loan Agreement) of The AZEK Group LLC, on a pro forma basis, is no greater than 4.25:1.00 and no event of default has occurred and is occurring.

Since our and our subsidiaries' restricted net assets exceed 25% of our consolidated net assets, in accordance with Rule 12-04, Schedule 1 of Regulation S-X, refer to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for condensed parent company financial statements of the Company.

Cash Sources

We have historically relied on cash flows from operations generated by The AZEK Group LLC, borrowings under the credit facilities, issuances of notes and other forms of debt financing and capital contributions to fund our cash needs.

On September 26, 2024, our subsidiary, The AZEK Group LLC, Wells Fargo Bank, National Association, as administrative agent and collateral agent, or the Revolver Administrative Agent, and the lenders party thereto entered into the 2024 Revolving Credit Facility. The 2024 Revolving Credit Facility provides for maximum aggregate borrowings of up to $375.0 million, subject to our Total Net Leverage Ratio remaining below 4.00:1.00 and our Interest Coverage Ratio (as defined in the Senior Secured Credit Agreement) remaining above 3.00:1.00. As of December 31, 2024 and September 30, 2024, The AZEK Group LLC had no outstanding borrowings under the Revolving Credit Facility and had $2.3 million and $2.2 million of outstanding letters of credit held against the Revolving Credit Facility, respectively. As of December 31, 2024 and September 30, 2024, The AZEK Group LLC had approximately $372.7 million and $372.8 million available under the borrowing base for future borrowings in addition to cash and cash equivalents on hand of $148.1 million and $164.0 million, respectively.

Cash Uses

Our principal cash requirements have included working capital, capital expenditures, payments of principal and interest on our debt, share repurchases, and, if market conditions warrant, making selected acquisitions. We may elect to use cash from operations, debt proceeds, equity or a combination thereof to finance future acquisition opportunities.

The table below details the total operating, investing and financing activity cash flows for the three months ended December 31, 2024 and 2023.

Cash Flows

(U.S. dollars in thousands)	Three Months Ended December 31, 2024		Three Months Ended December 31, 2023		$ Variance		% Variance	
Net cash provided by (used in) operating activities	$	13,565	$	(16,288)	$	29,853	183.3	%
Net cash provided by (used in) investing activities		(32,342)		115,530		(147,872)	(128.0)	%
Net cash provided by (used in) financing activities		2,886		(102,797)		105,683	102.8	%
Net increase in cash and cash equivalents	$	(15,891)	$	(3,555)	$	(12,336)	(347.0)	%

Operating Activities

Net cash provided by (used in) operating activities was $13.6 million and $(16.3) million for the three months ended December 31, 2024 and 2023, respectively. The $29.9 million increase in cash provided by operating activities is primarily related to a slower inventory build and increased profitability due to higher net sales, excluding the gain on sale of business in the three months ended December 31, 2023.

Investing Activities

Net cash provided by (used in) investing activities was $(32.3) million and $115.5 million for the three months ended December 31, 2024 and 2023, respectively. Net cash provided by (used in) investing activities for the three months ended December 31, 2024 primarily consisted of $(21.6) million for purchases of property, plant and equipment in the normal course of business and $(11.0) million for completed acquisitions, while net cash provided by (used in) investing activities for the three months ended December 31, 2023, consisted of $(17.7) million for purchases of property, plant and equipment in the normal course of business and $133.1 million net proceeds from the sale of the Vycom business.

Financing Activities

Net cash provided by (used in) financing activities was $2.9 million and $(102.8) million for the three months ended December 31, 2024 and 2023, respectively. Net cash provided by financing activities for the three months ended December 31, 2024 primarily consisted of $(1.1) million of debt principal payments, $(1.9) million of excise tax payments for share repurchase, $(4.9) million of cash paid for shares withheld for taxes, partially offset by $11.7 million of exercise of vested stock options, while net cash used in financing activities for the three months ended December 31, 2023 primarily consisted of $(100.0) million of treasury stock repurchases and $(1.5) million of debt principal payments.

Share Repurchase Program

On May 5, 2022, the Board of Directors authorized us to repurchase up to $400 million of our Class A common stock. On June 12, 2024, the Board of Directors authorized us to repurchase up to $600 million of our Class A common stock in addition to the then remaining approximately $76 million available pursuant to our prior authorization. The program allows us to repurchase our shares opportunistically from time to time. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, accelerated share repurchases or tender offers, some of which may be effected through Rule 10b5-1 plans, or a combination of the foregoing. The timing of repurchases will depend upon several factors, including market and business conditions, and repurchases may be discontinued at any time.

The table below summarizes our repurchases of our Class A common stock during the three months ended December 31, 2024 and 2023 (in thousands, except per share amount):

	Three Months Ended December 31, 2024		Three Months Ended December 31, 2023	
Total number of shares repurchased		159		2,292
Reacquisition cost(1), (2), (3)	$	85	$	100,800
Average price per share	$	53.87	$	35.26

(1) On August 13, 2024, we entered into a $50 million accelerated share repurchase agreement, or the "August 2024 ASR", with JPMorgan Chase Bank, or JPMorgan. JPMorgan delivered approximately 1 million initial shares to us on August 14, 2024, based on the closing price of our Class A common stock of $40.00 on August 13, 2024. The total value of the initial shares represents 80% of the August 2024 ASR. JPMorgan terminated the August 2024 ASR on November 25, 2024 and delivered 159,447 additional shares to us on November 26, 2024 upon final settlement for no additional consideration. The average purchase price per share for shares purchased by us pursuant to the August 2024 ASR was $43.12.

(2) On December 4, 2023, we entered into a $100 million accelerated share repurchase agreement, or the “December 2023 ASR” with Goldman Sachs & Co. LLC, or “Goldman Sachs”. Goldman Sachs delivered 2,291,607 initial shares to us on

December 6, 2023, based on the closing price of our Class A common stock of $34.91 on December 4, 2023. The total value of the initial shares represents 80% of the December 2023 ASR. Goldman Sachs terminated the December 2023 ASR on February 5, 2024 and delivered 434,100 additional shares of Class A common stock to us on February 7, 2024 upon final settlement for no additional consideration. The average purchase price per share for shares purchased by us pursuant to the December 2023 ASR was $36.69.

(3) We recognized $0.1 million and $0.8 million excise tax as reacquisition cost of share repurchases for the three months ended December 31, 2024 and 2023, respectively.

As of December 31, 2024, we had approximately $557.0 million available for repurchases under the Share Repurchase Program.

See Note 13 in the Notes to Condensed Consolidated Financial Statements for additional information.

Availability under our Senior Secured Credit Facilities

On September 26, 2024, The AZEK Group LLC entered into the Senior Secured Credit Agreement, a new $815.0 million senior credit agreement, consisting of the $440.0 million 2024 Term Loan Facility and the $375.0 million 2024 Revolving Credit Facility.

The 2024 Term Loan Facility will mature on September 26, 2031, subject to acceleration or prepayment. Commencing on March 31, 2025, the 2024 Term Loan Facility will amortize in equal quarterly installments of 0.25% of the aggregate principal amount of the loans outstanding, subject to reduction for certain prepayments. The 2024 Revolving Credit Facility will mature on September 26, 2029, and the 2024 Revolving Credit Facility will not amortize.

All obligations under the Senior Secured Credit Facilities are unconditionally guaranteed jointly and severally by (i) The AZEK Company Inc., (ii) The AZEK Group LLC, or the Borrower, and (iii) the wholly owned domestic subsidiaries of the Borrower, or the Guarantors. All future wholly-owned domestic subsidiaries of the Borrower will be required to guarantee the Senior Secured Credit Facilities, except to the extent such subsidiary is an immaterial subsidiary or an excluded subsidiary. The Senior Secured Credit Facilities are secured by a first priority security interest in the membership interests of the Borrower and substantially all of the present and future assets of the Borrower and the Guarantors named therein, including equity interests of their domestic subsidiaries, subject to certain exceptions.

The interest rate applicable to loans under the 2024 Term Loan Facility equals (i) in the case of alternative base rate borrowings, the highest of (a) the Federal Funds Rate (as defined in the Senior Secured Credit Agreement) plus ½ of 1.00%, (b) the Prime Rate (as defined in the Senior Secured Credit Agreement) and (c) the one-month Term SOFR (as defined in the Senior Secured Credit Agreement) plus 1.00% per annum, provided that, in no event will the alternative base rate be less than 1.50% per annum, plus an applicable margin of 1.00% and (ii) in the case of SOFR borrowings, Term SOFR for the applicable interest period, provided that, in no event will Term SOFR be less than 0.50%, plus an applicable margin of 2.00%.

The interest rate applicable to loans under the 2024 Revolving Credit Facility equals (i) in the case of alternative base rate borrowings, the highest of (a) the Federal Funds Rate plus ½ of 1.00%, (b) the Prime Rate and (c) the one-month Term SOFR plus 1.00% per annum, provided that, in no event will the alternative base rate be less than 1.00% per annum, plus an applicable margin between 0.50% and 1.25%, depending on our first lien net leverage ratio and (ii) in the case of SOFR borrowings, Term SOFR for the applicable interest period, provided that, in no event will Term SOFR be less than 0.00%, plus an applicable margin between 1.50% and 2.25%, depending on the first lien net leverage ratio.

The Senior Secured Credit Facilities may be voluntarily prepaid in whole, or in part, in each case without premium or penalty (other than, (i) any breakage costs in connection with voluntary prepayments of Term SOFR Loans, and (ii) the Prepayment Premium, if applicable), subject to certain customary conditions. The Senior Secured Credit Facilities also require mandatory prepayments of loans under the Senior Secured Credit Facilities from the proceeds of certain debt issuances and certain asset dispositions (subject to certain reinvestment rights) and, commencing with the fiscal year ended September 30, 2025, a percentage of excess cash flow (subject to step-downs upon the Borrower achieving certain leverage ratios and other reductions in connection with other debt prepayments). The Senior Secured Credit Agreement contains affirmative covenants, negative covenants and financial maintenance covenants that are customary for facilities of this type. The Senior Secured Credit Facilities include customary events of default, including upon the occurrence of a change of control.

A “commitment fee” accrues on any unused portion of the commitments under the 2024 Revolving Credit Facility during the preceding three calendar month period. The commitment fee is determined based on the first lien net leverage ratio and can range from 20 basis points to 35 basis points.

The Borrower has the right to arrange for incremental term loans and revolving loan commitments, either through an incremental amendment to the Senior Secured Credit Agreement or through the incurrence of incremental equivalent debt, in each case, in an amount that shall not exceed the sum of (i) the Fixed Incremental Amount, as defined in the Senior Secured Credit Agreement, and (ii) the Ratio Incremental Amount, as defined in the Senior Secured Credit Agreement.

Restrictions on Dividends

The Senior Secured Credit Facilities each restrict payments of dividends unless certain conditions, as provided in the Senior Secured Credit Agreement are met.

Contingent Commitments

We have contractual commitments for purchases of certain minimum quantities of raw materials at index-based prices, and non-cancelable capital and operating leases, outstanding letters of credit and fixed asset purchase commitments. For a description of our contractual obligations and commitments, see Notes 8 “Debt”, 10 “Leases” and 17 “Commitments and Contingencies” to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Critical Accounting Policies and Estimates

Our unaudited Condensed Consolidated Financial Statements are prepared in accordance with U.S. GAAP. The preparation of these unaudited Condensed Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates.

There have been no material changes to our critical accounting policies as compared to the critical accounting policies and significant judgments and estimates disclosed in our 2024 Form 10-K, except as updated in Note 1 of our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This standard requires all public entities that are subject to segment reporting requirements to disclose additional information, including significant segment expenses and other segment items on an annual and interim basis. It also requires the disclosure of the title and the position of the chief operating decision maker and how the reported measures are used for making business decisions. This standard is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We intend to adopt the updated standard for the annual reporting period beginning October 1, 2024. We do not expect the adoption of this standard will have a material impact on our disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This standard expands the disclosure requirements primarily on the rate reconciliation and income tax paid. For public entities, this standard is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. We intend to adopt the updated standard for the annual reporting period beginning October 1, 2025. We do not expect the adoption of this standard will have a material impact on our disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This standard requires all public companies to disclose more detailed information about certain costs and expenses in the notes to the financial statements at interim and annual reporting periods. This standard is effective for annual reporting periods beginning after December 15, 2026, with early adoption permitted. We intend to adopt the updated standard for the annual reporting period beginning October 1, 2027. We are currently evaluating the impact the adoption of this standard will have on our disclosures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are subject to interest rate risk in connection with our long-term debt. Our principal interest rate risk relates to the Senior Secured Credit Facilities. To meet our seasonal working capital needs, we borrow periodically on our variable rate revolving line of credit under the 2024 Revolving Credit Facility. As of December 31, 2024 and September 30, 2024, we had $438.9 million and $440.0 million outstanding under the Term Loan Agreement, respectively, and no outstanding amounts under the Revolving Credit Facility, respectively. The Term Loan Agreement and Revolving Credit Facility bear interest at variable rates. An increase or decrease of 100 basis points in the floating rates on the amounts outstanding under the Senior Secured Credit Facilities, after giving effect to related derivatives, as of December 31, 2024 and 2023, would have increased or decreased annual cash interest by approximately $1.4 million and $2.9 million, respectively.

We have entered into and may continue to enter into, agreements such as floating for fixed-rate interest rate swaps and other hedging contracts in order to hedge against interest rate volatility associated with our Senior Secured Credit Facilities. For example, effective November 2022, we entered into interest rate swaps, which swapped interest at a rate based on SOFR on a notional amount of $300 million for a fixed rate. We do not intend or expect to enter into interest rate swaps or other derivative transactions for speculative purposes. In the future, in order to manage our interest rate risk, we may refinance our existing debt.

Credit Risk

As of December 31, 2024 and September 30, 2024, our cash and cash equivalents were maintained at major financial institutions in the United States, and our current deposits are likely in excess of insured limits. We believe these institutions have sufficient assets and liquidity to conduct their operations in the ordinary course of business with little or no credit risk to us.

Foreign Currency Risk

Substantially all of our business is currently conducted in U.S. dollars. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar as compared to other currencies would have a material effect on our operating results.

Inflation

Our cost of sales is subject to inflationary pressures and price fluctuations of the raw materials we use and other costs, including freight and labor costs. Geopolitical tensions and other economic uncertainties may increase inflationary pressures, including causing increases in the prices for goods and services and exacerbating global supply chain disruptions, which have resulted in, and may continue to result in, shortages in materials and services and related issues. Historically, we have generally been able over time to offset, in whole or in part, the effects of inflation and price fluctuations through sales price increases and production efficiencies associated with technological enhancements and volume growth; however, we cannot reasonably estimate our ability to offset any increases in raw material prices or freight or labor costs or other inflationary pressures in the future. Sustained or increased inflationary pressures may have an adverse effect on our business, financial condition and results of operations if the selling prices of our products do not increase with these increased costs or we cannot identify cost efficiencies.

Raw Materials

We rely upon the supply of certain raw materials in our production processes; however, we do not typically enter into fixed price contracts with our suppliers and currently have no fixed price contracts with our major vendors. The primary raw materials we use in the manufacture of our products are various petrochemical resins, including polyethylene, polypropylene and PVC resins, reclaimed polyethylene and PVC material, waste wood fiber and aluminum. In addition, we utilize a variety of other additives including modifiers, TiO2 and pigments. The exposures associated with these costs are primarily managed through terms of the sales and by maintaining relationships with multiple vendors. Prices for spot market purchases are negotiated on a continuous basis in line with the market at the time. We have not entered into hedges with respect to our raw material costs at this time, but we may choose to enter into such hedges in the future. Other than short term supply contracts for resins with indexed based pricing and occasional strategic purchases of larger quantities of certain raw materials, we generally buy materials on an as-needed basis.

The cost of some of the raw materials we use in the manufacture of our products is subject to significant price volatility. For example, the cost of petrochemical resins used in our manufacturing processes has historically varied significantly and has been affected by changes in supply and demand and in the price of crude oil. Substantially all of our resins are purchased under supply contracts that average approximately one to two years, for which pricing is variable based on an industry benchmark price index. The resin supply contracts are negotiated annually and generally provide that we are obligated to purchase a minimum amount of resins from each supplier. In addition, the price of reclaimed polyethylene material, waste wood fiber, aluminum, other additives (including modifiers, TiO2 and pigments) and other raw materials fluctuates depending on, among other things, overall market supply and demand and general business conditions.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were not effective as of December 31, 2024 because of the material weaknesses in our internal control over financial reporting described in Part II, Item 9A of our 2024 Form 10-K.

Management's Plan to Remediate the Material Weaknesses

As it relates to the material weaknesses that exist as of December 31, 2024, we are in the process of implementing our remediation plans and have been taking the following steps to address the root cause of the material weaknesses described above:

- With the assistance from our external consultant, we have evaluated, redesigned and implemented certain internal controls impacted by the material weaknesses.
- We have enhanced controls, both within our information technology environment and business process controls, to establish and maintain appropriate segregation of duties.
- We have provided training over the execution and review of manual journal entry controls to all applicable employees of the Company.
- In addition to our in-house training, we hired an external consultant to provide additional training to all applicable employees regarding prompt internal reporting of identified issues and concerns.
- We have provided technical accounting training to individuals involved in the process to reconcile inventory on a monthly basis.
- We have enhanced the design of the inventory reconciliation controls to standardize the review to improve the reliability of information used by accounting personnel.
- We have enhanced our monitoring level controls to detect material and unusual variances in inventory account balances and cost of sales activity.

While we believe these efforts will improve our internal controls and address the root cause of the material weaknesses, such material weaknesses will not be remediated until we have concluded, through testing, that our controls are operating effectively for a sufficient period of time.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in litigation relating to claims arising out of our operations and businesses that cover a wide range of matters, including, among others, contract and employment claims, personal injury claims, product liability claims and warranty claims. Currently, there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of any current or future litigation cannot be predicted with certainty and, regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of litigation.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed under the heading “Risk Factors” in our 2024 Form 10-K. You should carefully consider the risk factors in our 2024 Form 10-K and our other filings made with the SEC. You should be aware that such risk factors and other information may not describe every risk we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

Issuer Purchases of Equity Securities

The following table provides information with respect to our purchases of our Class A common stock during the three months ended December 31, 2024:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs(1), (2), (3)	Maximum approximate dollar value of shares that may yet be purchased under the plans or programs(1), (2), (3)
October 1, 2024 – October 31, 2024	—	$ —	—	$ 557,110,157
November 1, 2024 – November 30, 2024	159,447	53.87	159,447	557,025,108
December 1, 2024 – December 31, 2024	—	—	—	557,025,108
Total	159,447	$ 53.87	159,447	

(1) On May 5, 2022, the Board of Directors authorized us to repurchase up to $400 million of our Class A common stock. On June 12, 2024, the Board of Directors authorized us to repurchase up to $600 million of our Class A common stock in addition to the then remaining approximately $76 million available pursuant to our prior authorization.

(2) On August 13, 2024, we entered into August 2024 ASR with JPMorgan. JPMorgan delivered approximately 1 million initial shares to us on August 14, 2024, based on the closing price of our Class A common stock of $40.00 on August 13, 2024. The total value of the initial shares represents 80% of the August 2024 ASR. JPMorgan terminated the August 2024 ASR on November 25, 2024 and delivered 159,447 additional shares to us on November 26, 2024 upon final settlement for no additional consideration. The average purchase price per share for shares purchased by us pursuant to the August 2024 ASR was $43.12.

(3) We recognized $0.1 million excise tax as reacquisition cost of share repurchases for the three months ended December 31, 2024.

See Note 13 in the Notes to Condensed Consolidated Financial Statements for additional information on share repurchase program.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information

None.

Item 6. Exhibits

		Incorporated by Reference			
Exhibit No.	**Description**	**Form**	**Exhibit**	**Filing Date**	**File No.**
3.1	Second Restated Certificate of Incorporation of The AZEK Company Inc.	8-K	3.2	03/01/2023	001-39322
3.2	Amended and Restated Bylaws of The AZEK Company Inc. (Effective June 12, 2024)	10-Q	3.2	06/14/2024	001-39322
4.2	Registration Rights Agreement, by and among The AZEK Company Inc. and the other parties named therein	10-Q	4.2	08/14/2020	001-39322
10.1*	First Amendment, dated November 26, 2024, to Guarantee and Collateral Agreement, dated as of September 26, 2024, by and among The AZEK Company Inc., The AZEK Group LLC, each of the Subsidiaries identified therein and Wells Fargo Bank, National Association, as administrative agent and collateral agent				
10.2†	The AZEK Company Inc. Executive Severance Plan	8-K	10.1	12/19/2024	001-39322
10.3†	Jesse Singh Executive Severance Plan Participation Agreement	8-K	10.2	12/19/2024	001-39322
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*				
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*				
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+				
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+				
101.INS	Inline XBRL Instance Document*				
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents*				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

* Filed herewith.

\+ Furnished herewith. This certification is deemed furnished and not filed for purpose of Section 18 of the Exchange Act or otherwise subject to the liability of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

† Management contract or compensatory plan.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The AZEK Company Inc.

Date: February 5, 2025	By:	/s/ Ryan Lada
		Ryan Lada Senior Vice President, Chief Financial Officer and Treasurer *(Principal Financial Officer)*

Exhibit 10.1

FIRST AMENDMENT TO GUARANTEE AND COLLATERAL AGREEMENT

This FIRST AMENDMENT TO GUARANTEE AND COLLATERAL AGREEMENT is entered into as of November 26, 2024 (this "**Amendment**"), by and between THE AZEK GROUP LLC, a Delaware limited liability company, as Borrower, THE AZEK COMPANY INC., a Delaware limited liability company, as Holdings, each other Subsidiary of Holdings (as defined below) identified on each signature page herein (each, a "**Guarantor**" and collectively, the "**Guarantors**"), and WELLS FARGO BANK, NATIONAL ASSOCATION ("**Wells Fargo**") as administrative agent and as collateral agent (in such capacities, the "**Administrative Agent**") for the Secured Parties.

WHEREAS, the Borrower, The AZEK Company, Inc. ("**Holdings**"), the lenders party thereto, the other parties thereto and the Administrative Agent have entered into that certain Credit Agreement, dated as of September 26, 2024 (as amended, restated, supplemented, waived or otherwise modified from time to time, the "**Credit Agreement**");

WHEREAS, to secure the Obligations under the Credit Agreement, the Guarantors and the Administrative Agent have entered into to that certain Guarantee and Collateral Agreement, dated as of September 26, 2024 (as amended, restated, supplemented, waived or otherwise modified from time to time, the "**Existing Security Agreement**");

WHEREAS, pursuant to Section 9.08(f) of the Credit Agreement, the Administrative Agent, with the consent of the Borrower, may amend any Loan Document without the consent of any Lender or the Required Lenders (as defined in the Credit Agreement) in order to correct, amend or cure any ambiguity, inconsistency or defect or correct any typographical error or other manifest error in any Loan Document, including the Existing Security Agreement;

WHEREAS, pursuant to Section 9.08(f), the Borrower and the Administrative Agent have agreed to amend the Existing Security Agreement on the terms herein.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. Capitalized terms used in this Amendment and not otherwise defined herein shall have the respective meanings assigned thereto in the Credit Agreement or the Existing Security Agreement as amended by this Amendment (the "**Amended Security Agreement**"), as applicable.

ARTICLE II.
AMENDMENTS TO EXISTING SECURITY AGREEMENT

Section 2.1 Amendments to the Existing Security Agreement. Subject to the satisfaction of the conditions to effectiveness set forth in Section 3.1 herein the Existing Security Agreement shall be and hereby is amended as follows:

(a) The definition of "Secured Parties" in the Existing Security Agreement is amended to add the words "and any Qualified Counterparty and any Cash Management Bank" after "the Lenders" in clause (a).

(b) The preliminary statement of the Existing Security Agreement is amended to insert ", each other Subsidiary of Holdings party hereto" after "THE AZEK COMPANY, INC., a Delaware corporation ("Holdings")".

(c) The last paragraph of Section 3.01 of the Existing Security Agreement is amended to remove "the last paragraph of Article IV of the Credit Agreement and".

(d) Section 4.02(b) of the Existing Security Agreement is amended to remove "Section 5.04(f)" in the last sentence and insert "Section 5.04(d)" in lieu thereof.

In addition, each of Holdings and each Subsidiary of Holdings acknowledges and agrees that it has signed the Existing Security Agreement in its capacity as a Guarantor and as a Pledgor and (i) references to "Pledgors" in the Existing Security Agreement and the Amended Security Agreement include any person acting in its capacity as a Pledgor or a Guarantor as the context may require and (ii) references to "Guarantors" in the Existing Security Agreement and the Amended Security Agreement include any person acting in its capacity as a Guarantor or a Pledgor as the context may require.

ARTICLE III. CONDITIONS PRECEDENT

Section 3.1 Conditions Precedent. This Amendment shall become effective if and when (a) the Administrative Agent has received this Amendment duly executed by the Borrower, Holdings, the other Guarantors and Pledgors and the Administrative Agent and (b) five (5) Business Days shall have passed following the posting of this Amendment to the Lenders, unless the Required Lenders shall have objected in writing to this Amendment within such five (5) Business Day period.

ARTICLE IV. CONTINUING EFFECT; REAFFIRMATION

Section 4.1 Continuing Effect; Reaffirmation. Each of the Borrower and the other Guarantors and Pledgors hereby (a) acknowledges and agrees that the Existing Security Agreement (including any schedules and exhibits thereto), as amended hereby, is and remains in full force and effect, (b) acknowledges, confirms and agrees that nothing herein shall constitute a novation or accord and satisfaction with respect to the Existing Security Agreement, and (c) reaffirms the grant to the Administrative Agent for the benefit of the Secured Parties of a continuing first priority Lien on and security interest in, all of such Guarantor's and Pledgor's right, title and interest in, to and under the Collateral, to secure the payment and performance when due of the Obligations. The Guarantors and Pledgors each hereby further ratifies and confirms, in all respects, all of its obligations and liabilities under the Amended Security Agreement.

ARTICLE V. MISCELLANEOUS

Section 5.1 Loan Document. This Amendment shall for all purposes be deemed to be a Loan Document.

Section 5.2 Amendment; Waiver. No amendment, waiver, consent or modification of any provision of this Amendment shall be effective except in accordance with Section 7.09 of the Amended Security Agreement.

Section 5.3 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns in accordance with Section 7.05 of the Amended Security Agreement.

Section 5.4 Section Headings. Section headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

Section 5.5 Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were on the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by DocuSign, e-mail or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 5.6 GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 5.7 Waiver of Jury Trial, Jurisdiction; Etc. Section 7.10 (*Waiver of Jury Trial*) and Section 7.14 (*Jurisdiction; Consent to Service of Process*) of the Existing Security Agreement shall apply, *mutatis mutandis*, to this Amendment as if fully set forth herein.

Section 5.8 Counterparts; Miscellaneous. This Amendment may be executed in one or more counterparts, all of which when taken together will constitute one agreement. The words “execution,” “signed,” “signature,” and words of like import in this Amendment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, and any other state law based on the Uniform Electronic Transactions Act. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each party have caused this Amendment to be executed and delivered by its officer thereunto duly authorized, as of the date first above written

THE AZEK GROUP LLC,
as the Borrower Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Senior Vice President, Chief Operations Officer & Chief Financial Officer

AZEK BUILDING PRODUCTS LLC
(f/k/a CPG BUILDING PRODUCTS LLC),
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Vice President

CPG SUB I CORPORATION
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Director & Vice President

SCRANTON PRODUCTS INC.,
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Director & Vice President

VERSATEX HOLDINGS, LLC,
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Vice President

STRUXURE OUTDOOR, LLC,
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Vice President

ULTRALOX TECHNOLOGY, LLC
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Vice President

WES, LLC,
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Vice President

INTEX MILLWORK SOLUTIONS, LLC,
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Vice President

L.B. PLASTICS LLC,
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Vice President

RETURN POLYMERS, INC.,
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Director & Vice President

VERSATEX BUILDING PRODUCTS, LLC,
as a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Vice President

THE AZEK COMPANY INC.,
as Holdings, a Guarantor and a Pledgor

By: /s/ Peter Clifford
Name: Peter Clifford
Title: Senior Vice President, Chief Operations Officer & Chief Financial Officer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Philip Foxworthy
Name: Philip Foxworthy
Title: Relationship Manager

Exhibit 31.1

Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jesse Singh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The AZEK 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2025

By: /s/ Jesse Singh

Jesse Singh

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Ryan Lada, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The AZEK 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2025

By: /s/ Ryan Lada

Ryan Lada

Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of The AZEK Company Inc., (the "Company") for the period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 5, 2025

By: /s/ Jesse Singh

Jesse Singh

Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of The AZEK Company Inc., (the "Company") for the period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 5, 2025	By:	/s/ Ryan Lada
		Ryan Lada
		Chief Financial Officer
		(Principal Financial Officer)