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

FORM 10-Q

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

For the quarter ended March 31, 2025

OR

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

For the transition period from _____ to _____

Commission file number 1-13905

COMPX INTERNATIONAL INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

57-0981653
(IRS Employer
Identification No.)

5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2620
(Address of principal executive offices)

Registrant's telephone number, including area code (972) 448-1400

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------|-------------------|---|
| Class A common stock | CIX | NYSE American |

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 and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See 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 | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> | | |

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

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

As of May 1, 2025, the registrant had 12,318,557 shares of Class A common stock, \$.01 par value per share, outstanding.

COMPX INTERNATIONAL INC.

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Items 2, 3, 4 and 5 of Part II are omitted because there is no information to report.

COMPX INTERNATIONAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| ASSETS | December 31, 2024 | March 31, 2025 (unaudited) |
|---|----------------------|----------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 60,782 | \$ 56,128 |
| Accounts receivable, net | 14,113 | 18,030 |
| Inventories, net | 28,366 | 29,158 |
| Prepaid expenses and other | 2,035 | 1,638 |
| Total current assets | <u>105,296</u> | <u>104,954</u> |
| Other assets: | | |
| Note receivable from affiliate | 9,300 | 9,300 |
| Goodwill | 23,742 | 23,742 |
| Other noncurrent assets | 680 | 658 |
| Total other assets | <u>33,722</u> | <u>33,700</u> |
| Property and equipment: | | |
| Land | 5,390 | 5,390 |
| Buildings | 23,262 | 23,254 |
| Equipment | 75,605 | 75,967 |
| Construction in progress | 589 | 524 |
| | <u>104,846</u> | <u>105,135</u> |
| Less accumulated depreciation | 80,820 | 81,583 |
| Net property and equipment | <u>24,026</u> | <u>23,552</u> |
| Total assets | <u>\$ 163,044</u> | <u>\$ 162,206</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 14,971 | \$ 11,094 |
| Income taxes payable to affiliate | 804 | 2,510 |
| Total current liabilities | <u>15,775</u> | <u>13,604</u> |
| Noncurrent liabilities: | | |
| Deferred income taxes | 1,067 | 972 |
| Other | 57 | 49 |
| Total noncurrent liabilities | <u>1,124</u> | <u>1,021</u> |
| Stockholders' equity: | | |
| Preferred stock | — | — |
| Class A common stock | 123 | 123 |
| Additional paid-in capital | 53,396 | 53,396 |
| Retained earnings | 92,626 | 94,062 |
| Total stockholders' equity | <u>146,145</u> | <u>147,581</u> |
| Total liabilities and stockholders' equity | <u>\$ 163,044</u> | <u>\$ 162,206</u> |

Commitments and contingencies (Note 7)

See accompanying Notes to Condensed Consolidated Financial Statements.

COMPX INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In thousands, except per share data)

| | Three months ended | |
|---|---------------------------|-------------|
| | March 31, | |
| | 2024 | 2025 |
| | (unaudited) | |
| Net sales | \$ 37,971 | \$ 40,272 |
| Cost of sales | 28,304 | 28,109 |
| Gross margin | 9,667 | 12,163 |
| Selling, general and administrative expense | 5,952 | 6,294 |
| Operating income | 3,715 | 5,869 |
| Interest income | 1,224 | 873 |
| Income before income taxes | 4,939 | 6,742 |
| Provision for income taxes | 1,185 | 1,611 |
| Net income | \$ 3,754 | \$ 5,131 |
| Other comprehensive loss, marketable securities adjustment: | | |
| Unrealized loss arising during year, net | (5) | — |
| Comprehensive income | \$ 3,749 | \$ 5,131 |
| Basic and diluted net income per common share | \$.31 | \$.42 |
| Basic and diluted weighted average shares outstanding | 12,314 | 12,319 |

See accompanying Notes to Condensed Consolidated Financial Statements.

COMPX INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

| | Three months ended March 31, 2024 and 2025 (unaudited) | | | | |
|----------------------------------|---|---|------------------------------|---|---|
| | Class A common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive loss | Total stockholders' equity |
| Balance at December 31, 2023 | \$ 123 | \$ 53,275 | \$ 115,457 | \$ (6) | \$ 168,849 |
| Net income | — | — | 3,754 | — | 3,754 |
| Cash dividends (\$.30 per share) | — | — | (3,694) | — | (3,694) |
| Other comprehensive loss | — | — | — | (5) | (5) |
| Balance at March 31, 2024 | <u>\$ 123</u> | <u>\$ 53,275</u> | <u>\$ 115,517</u> | <u>\$ (11)</u> | <u>\$ 168,904</u> |
| Balance at December 31, 2024 | \$ 123 | \$ 53,396 | \$ 92,626 | \$ — | \$ 146,145 |
| Net income | — | — | 5,131 | — | 5,131 |
| Cash dividends (\$.30 per share) | — | — | (3,695) | — | (3,695) |
| Balance at March 31, 2025 | <u>\$ 123</u> | <u>\$ 53,396</u> | <u>\$ 94,062</u> | <u>\$ —</u> | <u>\$ 147,581</u> |

See accompanying Notes to Condensed Consolidated Financial Statements.

COMPX INTERNATIONAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Three months ended | |
|---|--------------------|------------------|
| | March 31, | |
| | 2024 | 2025 |
| | (unaudited) | |
| Cash flows from operating activities: | | |
| Net income | \$ 3,754 | \$ 5,131 |
| Depreciation and amortization | 926 | 945 |
| Deferred income taxes | (151) | (95) |
| Noncash interest income | (351) | — |
| Other, net | 58 | 75 |
| Change in assets and liabilities: | | |
| Accounts receivable, net | (264) | (3,921) |
| Inventories, net | 3,107 | (863) |
| Accounts payable and accrued liabilities | (5,990) | (3,515) |
| Accounts with affiliates | 265 | 1,696 |
| Prepays and other, net | 318 | 410 |
| Net cash provided by (used in) operating activities | <u>1,672</u> | <u>(137)</u> |
| Cash flows from investing activities: | | |
| Capital expenditures | (305) | (822) |
| Proceeds from maturities of marketable securities | 12,000 | — |
| Note receivable from affiliate: | | |
| Collections | 6,000 | 500 |
| Advances | (5,200) | (500) |
| Net cash provided by (used in) investing activities | <u>12,495</u> | <u>(822)</u> |
| Cash flows from financing activities - | | |
| Dividends paid | (3,694) | (3,695) |
| Cash and cash equivalents - net change from: | | |
| Operating, investing and financing activities | 10,473 | (4,654) |
| Balance at beginning of period | 41,393 | 60,782 |
| Balance at end of period | <u>\$ 51,866</u> | <u>\$ 56,128</u> |
| Supplemental disclosures - | | |
| Cash paid for income taxes | \$ 1,071 | \$ — |
| Noncash investing activities - | | |
| Change in accruals for capital expenditures | (58) | (352) |

See accompanying Notes to Condensed Consolidated Financial Statements.

COMPX INTERNATIONAL INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

(unaudited)

Note 1 – Organization and basis of presentation:

Organization. We (NYSE American: CIX) were approximately 87% owned by NL Industries, Inc. (NYSE: NL) at March 31, 2025. At March 31, 2025, Valhi, Inc. (NYSE: VHI) owned approximately 83% of NL's outstanding common stock and a wholly-owned subsidiary of Contran Corporation owned approximately 91% of Valhi's outstanding common stock. A majority of Contran's outstanding voting stock is held directly by Lisa K. Simmons, and by family stockholders (Thomas C. Connelly (the husband of Ms. Simmons' late sister), a family-owned entity and various family trusts established for the benefit of Ms. Simmons, Mr. Connelly and their children) who are required to vote their shares of Contran voting stock in the same manner as Ms. Simmons. Such voting rights are personal to Ms. Simmons and last through April 22, 2030. The remainder of Contran's outstanding voting stock is held by another trust (the "Family Trust"), which was established for the benefit of Ms. Simmons and her late sister and their children and for which a third-party financial institution serves as trustee. Consequently, at March 31, 2025, Ms. Simmons and the Family Trust may be deemed to control Contran, and therefore may be deemed to indirectly control the wholly-owned subsidiary of Contran, Valhi, NL and us.

Basis of presentation. Consolidated in this Quarterly Report are the results of CompX International Inc. and its subsidiaries. The unaudited Condensed Consolidated Financial Statements contained in this Quarterly Report have been prepared on the same basis as the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2024 that we filed with the Securities and Exchange Commission ("SEC") on March 5, 2025 (the "2024 Annual Report"). In our opinion, we have made all necessary adjustments (which include only normal recurring adjustments) in order to state fairly, in all material respects, our consolidated financial position, results of operations and cash flows as of the dates and for the periods presented. We have condensed the Consolidated Balance Sheet at December 31, 2024 contained in this Quarterly Report as compared to our audited Consolidated Financial Statements at that date, and we have omitted certain information and footnote disclosures (including those related to the Consolidated Balance Sheet at December 31, 2024) normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Our results of operations for the interim period ended March 31, 2025 may not be indicative of our operating results for the full year. The Condensed Consolidated Financial Statements contained in this Quarterly Report should be read in conjunction with our 2024 Consolidated Financial Statements contained in our 2024 Annual Report.

Our operations are reported on a 52 or 53-week year. For presentation purposes, annual and quarterly information in the Condensed Consolidated Financial Statements and accompanying notes are presented as ended March 31, 2024, December 31, 2024 and March 31, 2025. The actual dates of our annual and quarterly periods are March 31, 2024, December 29, 2024 and March 30, 2025, respectively. Unless otherwise indicated, references in this report to "we", "us" or "our" refer to CompX International Inc. and its subsidiaries, taken as a whole.

Note 2 – Business segment information:

Our chief operating decision maker (“CODM”) evaluates segment performance based on segment operating income, which is defined as income before income taxes, exclusive of certain general corporate income and expense items (primarily interest income) and certain non-recurring items (such as gains or losses on the disposition of long-lived assets outside the ordinary course of business).

| | Three months ended | |
|---|---------------------------|------------------|
| | March 31, | |
| | 2024 | 2025 |
| | (In thousands) | |
| Net sales: | | |
| Security Products | \$ 29,887 | \$ 30,230 |
| Marine Components | 8,084 | 10,042 |
| Total | <u>\$ 37,971</u> | <u>\$ 40,272</u> |
| Cost of sales: | | |
| Security Products | \$ 21,115 | \$ 21,232 |
| Marine Components | 7,189 | 6,877 |
| Total | <u>\$ 28,304</u> | <u>\$ 28,109</u> |
| Gross Margin: | | |
| Security Products | \$ 8,772 | \$ 8,998 |
| Marine Components | 895 | 3,165 |
| Total | <u>\$ 9,667</u> | <u>\$ 12,163</u> |
| Segment selling, general and administrative expense: | | |
| Security Products | \$ 3,322 | \$ 3,477 |
| Marine Components | 861 | 924 |
| Total | <u>\$ 4,183</u> | <u>\$ 4,401</u> |
| Operating income: | | |
| Security Products | \$ 5,450 | \$ 5,521 |
| Marine Components | 34 | 2,241 |
| Segment operating income | 5,484 | 7,762 |
| Corporate operating expenses | (1,769) | (1,893) |
| Operating income | 3,715 | 5,869 |
| Interest income | 1,224 | 873 |
| Income before income taxes | <u>\$ 4,939</u> | <u>\$ 6,742</u> |
| Depreciation and amortization: | | |
| Security Products | \$ 625 | \$ 644 |
| Marine Components | 301 | 301 |
| Total | <u>\$ 926</u> | <u>\$ 945</u> |

Intersegment sales are not material. Our CODM is not regularly provided financial information related to the assets of the reportable segments, including capital expenditures, and he does not evaluate their performance or allocate resources to them based on assets. Therefore, total assets by reportable segment are not included in our segment disclosure.

Note 3 – Accounts receivable, net:

| | December 31, 2024 | March 31, 2025 |
|---------------------------------|------------------------------|---------------------------|
| | (In thousands) | |
| Accounts receivable, net: | | |
| Security Products | \$ 12,149 | \$ 14,352 |
| Marine Components | 2,034 | 3,748 |
| Allowance for doubtful accounts | (70) | (70) |
| Total accounts receivable, net | <u>\$ 14,113</u> | <u>\$ 18,030</u> |

Note 4 – Inventories, net:

| | December 31, 2024 | March 31, 2025 |
|------------------------|------------------------------|---------------------------|
| | (In thousands) | |
| Raw materials: | | |
| Security Products | \$ 4,063 | \$ 4,137 |
| Marine Components | 1,589 | 1,904 |
| Total raw materials | <u>5,652</u> | <u>6,041</u> |
| Work-in-process: | | |
| Security Products | 13,241 | 13,414 |
| Marine Components | 4,397 | 4,876 |
| Total work-in-process | <u>17,638</u> | <u>18,290</u> |
| Finished goods: | | |
| Security Products | 2,895 | 2,972 |
| Marine Components | 2,181 | 1,855 |
| Total finished goods | <u>5,076</u> | <u>4,827</u> |
| Total inventories, net | <u>\$ 28,366</u> | <u>\$ 29,158</u> |

Note 5 – Accounts payable and accrued liabilities:

| | December 31, 2024 | March 31, 2025 |
|--|------------------------------|---------------------------|
| | (In thousands) | |
| Accounts payable: | | |
| Security Products | \$ 3,016 | \$ 3,078 |
| Marine Components | 671 | 770 |
| Corporate | — | 53 |
| Payable to affiliate - Contran | — | 142 |
| Employee benefits | 9,794 | 5,286 |
| Taxes other than on income | 295 | 460 |
| Insurance | 280 | 292 |
| Professional services | 263 | 288 |
| Customer tooling | 147 | 142 |
| Advances from customers | 100 | 134 |
| Deferred revenue | 97 | 91 |
| Other | 308 | 358 |
| Total accounts payable and accrued liabilities | <u>\$ 14,971</u> | <u>\$ 11,094</u> |

Note 6 – Income taxes:

| | Three months ended | |
|--|---------------------------|-----------------|
| | March 31, | |
| | 2024 | 2025 |
| | (In thousands) | |
| Expected tax expense, at the U.S. federal statutory income tax rate of 21% | \$ 1,037 | \$ 1,416 |
| State income taxes | 145 | 190 |
| Other, net | 3 | 5 |
| Total provision for income taxes | <u>\$ 1,185</u> | <u>\$ 1,611</u> |
| Comprehensive provision for income taxes allocable to: | | |
| Net income | \$ 1,185 | \$ 1,611 |
| Other comprehensive loss - marketable securities | (1) | — |
| Total | <u>\$ 1,184</u> | <u>\$ 1,611</u> |

Note 7 – Commitments and contingencies:

From time to time, we may be involved in various environmental, contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to our business. At least quarterly our management discusses and evaluates the status of any pending litigation to which we are a party. The factors considered in such evaluation include, among other things, the nature of such pending cases, the status of such pending cases, the advice of legal counsel and our experience in similar cases (if any). Based on such evaluation, we make a determination as to whether we believe (i) it is probable a loss has been incurred, and if so if the amount of such loss (or a range of loss) is reasonably estimable, or (ii) it is reasonably possible but not probable a loss has been incurred, and if so if the amount of such loss (or a range of loss) is reasonably estimable, or (iii) the probability a loss has been incurred is remote. We have not accrued any amounts for litigation matters because of the uncertainty of the liability and inability to reasonably estimate the liability, if any. We currently believe the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on our Consolidated Financial Statements, results of operations or liquidity.

Note 8 – Financial instruments:

The following table presents the financial instruments that are not carried at fair value but which require fair value disclosure:

| | December 31, 2024 | | March 31, 2025 | |
|---------------------------|--------------------------|-------------------|------------------------|-------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | (In thousands) | | | |
| Cash and cash equivalents | \$ 60,782 | \$ 60,782 | \$ 56,128 | \$ 56,128 |

Due to their near-term maturities, the carrying amounts of accounts receivable and accounts payable are considered equivalent to fair value. See Notes 3 and 5.

Note 9 – Related party transactions:

From time to time, we may have loans and advances outstanding between us and various related parties pursuant to term and demand notes. We generally enter into these loans and advances for cash management purposes. When we loan funds to related parties, we are generally able to earn a higher rate of return on the loan than we would earn if we invested the funds in other instruments, and when we borrow from related parties, we are generally able to pay a lower rate of interest than we would pay if we had incurred third-party indebtedness. While certain of these loans to affiliates may be of a lesser credit quality than cash equivalent instruments otherwise available to us, we believe we have considered the credit risks in the terms of the applicable loans. In this regard, we have an unsecured revolving demand promissory note with Valhi under which, as amended, we agreed to loan Valhi up to \$25 million. Our loan to Valhi, as amended, bears interest at prime plus 1.00%, payable quarterly, with all principal due on demand, but in any event no earlier than December 31, 2026. Loans made to Valhi at any time under the agreement are at our discretion. At March 31, 2025, the

outstanding principal balance receivable from Valhi under the promissory note was \$9.3 million. Interest income (including unused commitment fees) on our loan to Valhi was \$.3 million and \$.2 million for the three months ended March 31, 2024 and 2025, respectively.

Note 10 – Recent Accounting Pronouncements:

In December 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU requires additional annual disclosure and disaggregation for the rate reconciliation, income taxes paid and income tax expense by federal, state and non-U.S. tax jurisdictions. In addition, the standard increases the disclosure requirements for items included in the rate reconciliation that meet a quantitative threshold. The ASU is effective for us beginning with our 2025 Annual Report. The ASU may be applied prospectively; however, entities have the option to apply it retrospectively. We are in the process of evaluating the additional disclosure requirements.

In November 2024, the FASB issued ASU No. 2024-03, *Reporting Comprehensive Income - Expense Disaggregation Disclosures*. The ASU requires additional information about specific expense categories in the notes to financial statements for both interim and annual reporting periods. The ASU is effective for us beginning with our 2027 Annual Report, and for interim reporting in the first quarter of 2028, with early adoption permitted. We are in the process of evaluating the additional disclosure requirements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

We are a leading manufacturer of engineered components utilized in a variety of applications and industries. Through our Security Products segment we manufacture mechanical and electrical cabinet locks and other locking mechanisms used in postal, recreational transportation, office and institutional furniture, cabinetry, tool storage and healthcare applications. We also manufacture wake enhancement systems, stainless steel exhaust systems, gauges, throttle controls, trim tabs and related hardware and accessories for the recreational marine and other industries through our Marine Components segment.

General

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Statements in this Quarterly Report that are not historical facts are forward-looking in nature and represent management's beliefs and assumptions based on currently available information. In some cases, you can identify forward-looking statements by the use of words such as "believes," "intends," "may," "should," "could," "anticipates," "expects" or comparable terminology, or by discussions of strategies or trends. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we do not know if these expectations will be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results. Actual future results could differ materially from those predicted. The factors that could cause actual future results to differ materially from those described herein are the risks and uncertainties discussed in this Quarterly Report and those described from time to time in our other filings with the SEC and include, but are not limited to, the following:

- Future supply and demand for our products;
- Changes in our raw material and other operating costs (such as zinc, brass, aluminum, steel and energy costs), including as a result of additional or changed tariffs on imported raw materials, and our ability to pass those costs on to our customers or offset them with reductions in other operating costs;
- Price and product competition from low-cost manufacturing sources (such as China);
- The impact of pricing and production decisions;
- Customer and competitor strategies including substitute products;
- Uncertainties associated with new product development and the development of new product features;
- Pending or possible future litigation (such as litigation related to our use of certain permitted chemicals in our production process) or other actions;
- Our ability to protect or defend our intellectual property rights;
- Potential difficulties in integrating future acquisitions;
- Decisions to sell operating assets other than in the ordinary course of business;
- Environmental matters (such as those requiring emission and discharge standards for existing and new facilities);
- The ultimate outcome of income tax audits, tax settlement initiatives or other tax matters, including future tax reform;
- Government laws and regulations and possible changes therein including new environmental, health and safety, sustainability or other regulations;
- General global economic and political conditions that disrupt our supply chain, reduce demand or perceived demand for component products or impair our ability to operate our facilities (including changes in the level of gross domestic product in various regions of the world, natural disasters, terrorist acts, global conflicts and public health crises);

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- Operating interruptions (including, but not limited to, labor disputes, leaks, natural disasters, fires, explosions, unscheduled or unplanned downtime, transportation interruptions, certain regional and world events or economic conditions and public health crises);
- The introduction of new, or changes in existing, tariffs, trade barriers or trade disputes (including tariffs imposed by the U.S. government on imports from China and Mexico);
- Technology related disruptions (including, but not limited to, cyber attacks; software implementation, upgrades or improvements; technology processing failures; or other events) related to our technology infrastructure that could impact our ability to continue operations, or at key vendors which could impact our supply chain, or at key customers which could impact their operations and cause them to curtail or pause orders; and
- Possible disruption of our business or increases in the cost of doing business resulting from terrorist activities or global conflicts.

Should one or more of these risks materialize (or the consequences of such development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those currently forecasted or expected. We disclaim any intention or obligation to update or revise any forward-looking statement whether as a result of changes in information, future events or otherwise.

Operating Income Overview

In the first quarter of 2025 operating income increased to \$5.9 million compared to \$3.7 million in the first quarter of 2024. The increase in operating income in the first quarter of 2025 compared to 2024 is primarily due to higher Marine Components sales and gross margin.

We sell a large number of products that have a wide variation in selling price and manufacturing cost, which results in certain practical limitations on our ability to quantify the impact of changes in individual product sales quantities and selling prices on our net sales, cost of sales and gross margin. In addition, small variations in period-to-period net sales, cost of sales and gross margin can result from changes in the relative mix of our products sold.

Results of Operations

| | Three months ended | | | |
|------------------------------|------------------------|---------|-----------|---------|
| | March 31, | | | |
| | 2024 | % | 2025 | % |
| | (Dollars in thousands) | | | |
| Net sales | \$ 37,971 | 100.0 % | \$ 40,272 | 100.0 % |
| Cost of sales | 28,304 | 74.5 | 28,109 | 69.8 |
| Gross margin | 9,667 | 25.5 | 12,163 | 30.2 |
| Operating costs and expenses | 5,952 | 15.7 | 6,294 | 15.6 |
| Operating income | \$ 3,715 | 9.8 % | \$ 5,869 | 14.6 % |

Net sales. Net sales increased \$2.3 million in the first quarter of 2025 compared to the same period in 2024 due to higher Marine Components sales primarily to the towboat and government markets and to a lesser extent higher Security Products sales primarily to the government security market. See segment discussion below.

Cost of sales and gross margin. Cost of sales as a percentage of sales decreased 4.7% in the first quarter of 2025 compared to the same period in 2024. As a result, gross margin as a percentage of sales increased over the same period. Gross margin percentage increased in the first quarter of 2025 compared to the same period in 2024 primarily due to higher gross margin percentage at Marine Components. See segment discussion below.

Operating costs and expenses. Operating costs and expenses consist primarily of sales and administrative-related personnel costs, sales commissions and advertising expenses directly related to product sales and administrative costs relating to business unit and corporate management activities, as well as any gains and losses on property and equipment. Operating costs and expenses for the first quarter of 2025 increased \$3 million compared to the same period in 2024 primarily due to higher employee salaries and benefits at both segments. Operating costs and expenses as a percentage of net sales for the first quarter of 2025 were comparable to the first quarter of 2024.

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Operating income. As a percentage of net sales, operating income for the first quarter of 2025 increased compared to the same period of 2024 and was primarily impacted by the factors impacting sales, cost of sales, gross margin and operating costs and expenses. See segment discussion below.

Interest income. Interest income decreased \$.4 million in the first quarter of 2025 compared to the same period in 2024 primarily due to lower average interest rates and decreased cash balances.

Provision for income taxes. A tabular reconciliation of our actual tax provision to the U.S. federal statutory income tax rate is included in Note 6 to the Condensed Consolidated Financial Statements. Our operations are wholly within the U.S. and therefore our effective income tax rate is primarily reflective of the U.S. federal statutory rate and applicable state taxes.

Segment Results

Key performance indicators for our segments are gross margin and operating income.

| | Three months ended | | % Change |
|------------------------------|-------------------------------|-------------|---------------------|
| | March 31, | | |
| | 2024 | 2025 | |
| | (Dollars in thousands) | | |
| Security Products: | | | |
| Net sales | \$ 29,887 | \$ 30,230 | 1 % |
| Cost of sales | 21,115 | 21,232 | 1 |
| Gross margin | 8,772 | 8,998 | 3 |
| Operating costs and expenses | 3,322 | 3,477 | 5 |
| Operating income | \$ 5,450 | \$ 5,521 | 1 |
| Gross margin | 29.4 % | 29.8 % | |
| Operating income margin | 18.2 | 18.3 | |

Security Products. Security Products net sales increased 1% in the first quarter of 2025 compared to the same period last year primarily due to \$1.6 million higher sales to the government security market and \$.3 million higher sales to the healthcare market, substantially offset by lower sales to various other original equipment manufacturing (“OEM”) markets including the transportation, tool storage, bank equipment and vending/gaming markets. Gross margin and operating income as a percentage of net sales in the first quarter of 2025 were comparable to the same period in 2024.

| | Three months ended | | % Change |
|------------------------------|-------------------------------|-------------|---------------------|
| | March 31, | | |
| | 2024 | 2025 | |
| | (Dollars in thousands) | | |
| Marine Components: | | | |
| Net sales | \$ 8,084 | \$ 10,042 | 24 % |
| Cost of sales | 7,189 | 6,877 | (4) |
| Gross margin | 895 | 3,165 | 254 |
| Operating costs and expenses | 861 | 924 | 7 |
| Operating income | \$ 34 | \$ 2,241 | 6,491 |
| Gross margin | 11.1 % | 31.5 % | |
| Operating income margin | .4 | 22.3 | |

Marine Components. Marine Components net sales increased 24% in the first quarter of 2025 compared to the same period last year primarily due to \$1.7 million higher sales to the towboat market and \$1.2 million higher sales to the government market, partially offset by lower sales to various other markets including \$.3 million lower sales to the center console market. Gross margin as a percentage of net sales increased in the first quarter of 2025 compared to the same period last year primarily due to lower cost inventory produced during the fourth quarter of 2024 and sold in the first quarter of 2025, as well as, increased coverage of fixed costs. Operating income margin increased primarily due to increases in gross margin discussed above.

Outlook. First quarter sales and operating income exceeded prior year on the strength of improved demand at Marine Components, primarily in the towboat and government markets. Security Products sales improved slightly from prior year, as increased sales to the government security market were mostly offset by softness across a variety of markets. The raw material price increases we began experiencing in the third quarter of 2024 have continued through the first quarter of 2025 and we are starting to see some surcharges related to tariffs on certain commodity raw materials.

We expect Security Products net sales in 2025 to improve modestly over 2024, and we expect gross margin and operating income percentages in 2025 to be slightly above 2024 due to price increases implemented in the first quarter and an improved Security Products product mix. We expect Marine Components net sales to increase in 2025 predominantly due to higher expected sales to the government and industrial markets. In the first quarter Marine Components benefited from an increase in sales related to a one-time stocking event at a towboat OEM customer. For the remainder of the year, we expect demand from the towboat market to be consistent with 2024. Overall, we expect Marine Components to have improved gross margins and operating income percentages in 2025 compared to 2024 due to increased coverage of fixed costs on higher expected sales volumes.

We manufacture substantially all of our products in the U.S. and source a substantial majority of our raw materials from U.S. suppliers. We also source certain components, primarily electronic components from Asia, including China. In anticipation of the U.S. federal government tariffs announcements, we increased purchases of certain electronic components and other components to mitigate the potential near-term impact of tariffs. As noted above, we have recently experienced some raw material and component price increases related to tariffs. We believe we can increase selling prices to our customers to recoup our increased raw material costs, although the extent to which we can fully recover such costs will depend on a variety of factors including the ultimate tariff rate, the length of time tariffs are in effect, and the ability of our customers to substitute alternative products. We will continue to monitor current and anticipated near-term customer demand levels to ensure our production capabilities and inventories are aligned accordingly.

Our expectations for our operations and the markets we serve are based on a number of factors outside our control. Currently, our supply chains are stable and transportation and logistical delays are minimal. We have in the past experienced global and domestic supply chain challenges, and any future impacts on our operations will depend on, among other things, any future disruption in our operations or our suppliers' operations, the effect of tariffs and the impact of economic conditions, consumer confidence and geopolitical events on demand for our products or our customers' and suppliers' operations, all of which remain uncertain and cannot be predicted.

Liquidity and Capital Resources

Consolidated cash flows –

Operating activities. Trends in cash flows from operating activities, excluding changes in assets and liabilities, have generally been similar to the trends in operating earnings. Changes in assets and liabilities result primarily from the timing of production, sales and purchases. Changes in assets and liabilities generally tend to even out over time. However, period-to-period relative changes in assets and liabilities can significantly affect the comparability of cash flows from operating activities.

We generally report a net use of cash from operating activities in the first three months of each year due to seasonal changes in the level of our working capital. Our net cash provided by operating activities for the first three months of 2025 decreased by \$1.8 million as compared to the first three months of 2024. The decrease in net cash provided is primarily due to the net effects of:

- A \$5.1 million decrease in the amount of net cash provided by relative changes in our inventories, receivables, prepaids, payables and non-tax related accruals in 2025;
- A \$2.2 million increase in operating income in 2025; and
- A \$1.1 million decrease in cash paid for taxes in 2025 due to the relative timing of payments.

Changes in working capital can have a significant effect on cash flows from operating activities. As shown below, the change in our average days sales outstanding from December 31, 2024 to March 31, 2025 varied by segment primarily as a result of relative changes in the timing of sales and collections relative to the end of the quarter. For comparative purposes, we have provided December 31, 2023 and March 31, 2024 numbers below.

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| Days Sales Outstanding: | December 31, 2023 | March 31, 2024 | December 31, 2024 | March 31, 2025 |
|--------------------------------|------------------------------|---------------------------|------------------------------|---------------------------|
| Security Products | 37 Days | 43 Days | 36 Days | 43 Days |
| Marine Components | 31 Days | 35 Days | 23 Days | 34 Days |
| Consolidated CompX | 36 Days | 42 Days | 33 Days | 41 Days |

As shown below, our average number of days in inventory at December 31, 2024 was comparable to March 31, 2025 as the increase at Security Products was offset by the decline at Marine Components. Security Products days in inventory at March 31, 2025 increased from December 31, 2024 primarily due to increased inventory to meet current and expected customer demand. The average number of days in inventory for Marine Components declined from December 31, 2024 to March 31, 2025 due to sales growth in the first quarter of 2025. For comparative purposes, we have provided December 31, 2023 and March 31, 2024 numbers below.

| Days in Inventory: | December 31, 2023 | March 31, 2024 | December 31, 2024 | March 31, 2025 |
|---------------------------|------------------------------|---------------------------|------------------------------|---------------------------|
| Security Products | 77 Days | 82 Days | 85 Days | 88 Days |
| Marine Components | 175 Days | 108 Days | 130 Days | 114 Days |
| Consolidated CompX | 95 Days | 89 Days | 94 Days | 94 Days |

Investing activities. Our capital expenditures were \$.8 million and \$.3 million in the first three months of 2025 and 2024, respectively. During the first three months of 2025, the promissory note balance with Valhi had net activity of nil (\$.5 million of gross borrowings and \$.5 million of gross repayments). During the first three months of 2024, Valhi repaid a net \$.8 million under the promissory note (\$.5 million of gross borrowings and \$.6 million of gross repayments). See Note 9 to our Condensed Consolidated Financial Statements.

During the first three months of 2024, we received gross proceeds totaling \$12.0 million related to U.S. treasury bill maturities.

Financing activities. Financing activities consisted only of cash dividends. Our board of directors declared a regular quarterly dividend of \$.30 per share in each of the first quarters of 2024 and 2025. The declaration and payment of future dividends and the amount thereof, if any, is discretionary and is dependent upon our results of operations, financial condition, cash requirements for our businesses, contractual requirements and restrictions and other factors deemed relevant by our board of directors. The amount and timing of past dividends is not necessarily indicative of the amount or timing of any future dividends which we might pay.

Future cash requirements –

Liquidity. Our primary source of liquidity on an ongoing basis is our cash flow from operating activities, which is generally used to (i) fund capital expenditures, (ii) repay short-term or long-term indebtedness incurred primarily for capital expenditures, investment activities or reducing our outstanding stock, (iii) provide for the payment of dividends (if declared), and (iv) lend to affiliates. From time-to-time, we will incur indebtedness, primarily to fund capital expenditures or business combinations.

Periodically, we evaluate liquidity requirements, alternative uses of capital, capital needs and available resources in view of, among other things, our capital expenditure requirements, dividend policy and estimated future operating cash flows. As a result of this process, we have in the past and may in the future seek to raise additional capital, refinance or restructure indebtedness, issue additional securities, modify our dividend policy or take a combination of such steps to manage our liquidity and capital resources. In the normal course of business, we may review opportunities for acquisitions, joint ventures or other business combinations in the component products industry. In the event of any such transaction, we may consider using available cash, issuing additional equity securities or increasing our indebtedness or that of our subsidiaries.

We believe that cash generated from operations together with cash on hand, as well as our ability to obtain external financing, will be sufficient to meet our liquidity needs for working capital, capital expenditures, debt service, dividends (if declared) and any amounts we might loan from time to time under the terms of our revolving loan to Valhi discussed in Note 9 to our Condensed Consolidated Financial Statements (which loans would be solely at our discretion) for both

the next 12 months and five years. To the extent that our actual operating results or other developments differ from our expectations, our liquidity could be adversely affected.

All of our \$56.1 million aggregate cash and cash equivalents at March 31, 2025 were held in the U.S.

Capital expenditures. Firm purchase commitments for capital projects in process at March 31, 2025 totaled \$.7 million. We expect our capital expenditures for 2025 will be approximately \$3.4 million primarily to meet our existing customer demand and those required to properly maintain our facilities and technology infrastructure.

Stock repurchase program. At March 31, 2025, we have 523,647 shares available for repurchase under a stock repurchase program authorized by our board of directors.

Commitments and contingencies –

We are subject to certain commitments and contingencies, as more fully described in our 2024 Annual Report or in Note 7 to our Condensed Consolidated Financial Statements.

Recent accounting pronouncements –

See Note 10 to our Condensed Consolidated Financial Statements.

Critical accounting policies –

There have been no changes in the first three months of 2025 with respect to our critical accounting policies presented in Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2024 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to market risk from changes in interest rates and raw material prices. There have been no material changes in these market risks since we filed our 2024 Annual Report, and we refer you to Part I, Item 7A – “Quantitative and Qualitative Disclosure About Market Risk” in our 2024 Annual Report. See also Note 8 to our Condensed Consolidated Financial Statements.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures which, as defined in Exchange Act Rule 13a-15(e), means controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit to the SEC under the Securities Exchange Act of 1934, as amended (the “Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit to the SEC under the Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions to be made regarding required disclosure. Our management with the participation of Scott C. James, our President and Chief Executive Officer, and Amy A. Samford, our Executive Vice President and Chief Financial Officer, has evaluated the design and operating effectiveness of our disclosure controls and procedures as of March 31, 2025. Based upon their evaluation, these executive officers have concluded that our disclosure controls and procedures are effective as of the date of such evaluation.

Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting which, as defined in Exchange Act Rule 13a-15(f), means a process designed by, or under the supervision of, our principal executive and principal financial officers, or persons performing similar functions, and effected by our board of directors, management and other personnel, to provide reasonable assurance

regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets,
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- Provide reasonable assurance regarding prevention or timely detection of an unauthorized acquisition, use or disposition of our assets that could have a material effect on our Condensed Consolidated Financial Statements.

Changes in Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2025 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.

Refer to Note 7 to our Condensed Consolidated Financial Statements and our 2024 Annual Report for descriptions of certain legal proceedings.

ITEM 1A. Risk Factors.

Reference is made to the 2024 Annual Report for a discussion of risk factors related to our businesses.

ITEM 6. Exhibits.

| <u>Item No.</u> | <u>Exhibit Index</u> |
|-----------------|--|
| 31.1 | Certification |
| 31.2 | Certification |
| 32.1 | Certification |
| 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) |

SIGNATURES

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

COMPX INTERNATIONAL INC.
(Registrant)

Date: May 6, 2025

By: /s/ Amy A. Samford
Amy A. Samford
Executive Vice President and Chief Financial Officer

By: /s/ Amy E. Ruf
Amy E. Ruf
Vice President and Controller

CERTIFICATION

I, Scott C. James, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of CompX International 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 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 registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2025

By: /s/ Scott C. James

Scott C. James
President and Chief Executive Officer

CERTIFICATION

I, Amy A. Samford, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of CompX International 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 registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2025

By: /s/ Amy A. Samford

Amy A. Samford
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION 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 of CompX International Inc. (the Company) on Form 10-Q for the period ending March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Scott C. James, President and Chief Executive Officer of the Company and I, Amy A. Samford, Executive Vice President and Chief Financial Officer of the Company, 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; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Scott C. James

Scott C. James
President and Chief Executive Officer

By: /s/ Amy A. Samford

Amy A. Samford
Executive Vice President and Chief Financial Officer

Date: May 6, 2025

Note: The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.
