

VIRCO MFG CORPORATION

FORM 10-Q (Quarterly Report)

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Address	2027 HARPERS WAY TORRANCE, CA, 90501
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Industry	Business Support Supplies
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended **April 30, 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 **1-8777**

VIRCO MFG. CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

95-1613718

(I.R.S. Employer
Identification No.)

2027 Harpers Way, Torrance, CA

(Address of Principal Executive Offices)

90501

(Zip Code)

Registrant's Telephone Number, Including Area Code: (310) 533-0474

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
<u>Common Stock, \$0.01 par value per share</u>	<u>VIRC</u>	<u>The Nasdaq Stock Market LLC</u>

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer ☐
Non-accelerated filer ☐

Accelerated filer ☒
Smaller reporting company ☒
Emerging growth company ☐

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

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

The number of shares outstanding for each of the registrant's classes of common stock, as of the latest practicable date:

Common Stock, \$.01 par value — 15,738,138 shares as of June 6, 2025.

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PART I. Financial Information

Item 1. Financial Statements

Virco Mfg. Corporation

Unaudited Condensed Consolidated Balance Sheets

	4/30/2025	1/31/2025	4/30/2024
	(In thousands)		
Assets			
Current assets			
Cash	\$ 935	\$ 26,867	\$ 644
Trade accounts receivables, net	12,279	13,004	19,772
Income tax receivable	3,806	4,060	66
Inventories	74,029	55,647	71,333
Prepaid expenses and other current assets	3,233	2,595	3,974
Total current assets	<u>94,282</u>	<u>102,173</u>	<u>95,789</u>
Non-current assets			
Property, plant, and equipment, net	36,482	36,428	34,074
Operating lease right-of-use assets	34,384	35,593	6,274
Deferred income tax assets, net	5,862	5,821	6,705
Other assets, net	12,772	11,931	9,631
Total assets	<u>\$ 183,782</u>	<u>\$ 191,946</u>	<u>\$ 152,473</u>

See accompanying notes to unaudited condensed consolidated financial statements.

Virco Mfg. Corporation
Unaudited Condensed Consolidated Balance Sheets

	4/30/2025	1/31/2025	4/30/2024
	(In thousands, except share and par value data)		
Liabilities			
Current liabilities			
Accounts payable	\$ 15,706	\$ 11,593	\$ 19,202
Accrued compensation and employee benefits	5,202	11,064	5,626
Current portion of long-term debt	261	258	250
Current portion of operating lease liability	2,562	1,673	6,221
Other accrued liabilities	7,458	9,687	10,362
Total current liabilities	<u>31,189</u>	<u>34,275</u>	<u>41,661</u>
Non-current liabilities			
Accrued self-insurance retention	1,251	780	1,244
Accrued pension expenses	6,255	6,746	9,480
Income tax payable, less current portion	237	200	206
Long-term debt, less current portion	3,812	3,878	6,766
Operating lease liability, less current portion	34,628	36,007	915
Other long-term liabilities	810	795	564
Total non-current liabilities	<u>46,993</u>	<u>48,406</u>	<u>19,175</u>
Commitments and contingencies (Notes 6, 7 and 13)			
Stockholders' equity			
Preferred stock:			
Authorized 3,000,000 shares, \$0.01 par value; none issued or outstanding	—	—	—
Common stock:			
Authorized 25,000,000 shares, \$0.01 par value; issued and outstanding 15,738,138 shares at 4/30/2025, 16,087,082 shares at 1/31/2025, and 16,207,612 shares at 4/30/2024	157	161	162
Additional paid-in capital	113,616	117,549	120,048
Accumulated deficit	(8,528)	(8,867)	(27,235)
Accumulated other comprehensive income (loss)	355	422	(1,338)
Total stockholders' equity	<u>105,600</u>	<u>109,265</u>	<u>91,637</u>
Total liabilities and stockholders' equity	<u>\$ 183,782</u>	<u>\$ 191,946</u>	<u>\$ 152,473</u>

See accompanying notes to unaudited condensed consolidated financial statements.

Virco Mfg. Corporation
Unaudited Condensed Consolidated Statements of Income

	Three months ended	
	4/30/2025	4/30/2024
	(In thousands, except per share data)	
Net sales	\$ 33,754	\$ 46,735
Costs of goods sold	17,734	26,388
Gross profit	16,020	20,347
Selling, general and administrative expenses	16,114	17,376
Operating (loss) income	(94)	2,971
Unrealized gain on investment in trust account	(1,175)	(215)
Pension expense	27	107
Interest expense, net	60	208
Income before income taxes	994	2,871
Income tax expense	262	731
Net income	\$ 732	\$ 2,140
Cash dividends declared per common share:	\$ 0.025	\$ 0.020
Net income per common share:		
Basic	\$ 0.05	\$ 0.13
Diluted	\$ 0.05	\$ 0.13
Weighted average shares of common stock outstanding:		
Basic	15,757	16,264
Diluted	15,773	16,393

See accompanying notes to unaudited condensed consolidated financial statements.

Virco Mfg. Corporation
Unaudited Condensed Consolidated Statements of Comprehensive Income

	Three months ended	
	4/30/2025	4/30/2024
	(In thousands)	
Net income	\$ 732	\$ 2,140
Other comprehensive income:		
Pension adjustments (net of tax adjustment of \$23 and \$10 at April 30, 2025 and 2024, respectively)	(67)	(28)
Net comprehensive income	<u>\$ 665</u>	<u>\$ 2,112</u>

See accompanying notes to unaudited condensed consolidated financial statements.

Virco Mfg. Corporation
Unaudited Condensed Consolidated Statements of Cash Flows

	Three months ended			
	4/30/2025		4/30/2024	
	(In thousands)			
Operating activities				
Net income	\$	732	\$	2,140
Adjustments to reconcile net income to net cash used in operating activities:				
Depreciation and amortization		1,534		1,334
Non-cash lease expense (benefits)		720		(203)
Provision for credit losses		15		15
Amortization of debt issuance costs		34		30
Deferred income taxes		(19)		(62)
Stock-based compensation		63		172
Amortization of net actuarial gain for pension plans		(90)		(38)
Non-cash unrealized gain on investment		(1,175)		(215)
Surrender of life insurance policies		300		—
Changes in operating assets and liabilities:				
Trade accounts receivable		710		3,374
Inventories		(18,382)		(12,962)
Income taxes		291		(133)
Prepaid expenses and other current assets		(638)		(1,647)
Accounts payable and accrued liabilities		(3,126)		3,688
Net cash used in operating activities		(19,031)		(4,507)
Investing activities:				
Purchases of property, plant and equipment		(2,444)		(1,088)
Proceeds from sale of fixed assets		—		2
Proceeds from surrendering life insurance policies		—		145
Net cash used in investing activities		(2,444)		(941)
Financing activities:				
Borrowing from long-term debt		—		15,737
Repayment of long-term debt		(64)		(13,105)
Common stock repurchased		(4,000)		(1,499)
Cash dividends paid		(393)		(327)
Net cash (used in) provided by financing activities		(4,457)		806
Net decrease in cash		(25,932)		(4,642)
Cash at beginning of period		26,867		5,286
Cash at end of period	\$	935	\$	644
Supplemental disclosures of cash flow information:				
Property, plant and equipment acquired and not yet paid at end of period	\$	897	\$	248
Cash paid during the period for interest, net of interest income	\$	60	\$	208
Cash paid during the period for income taxes, net of refunds	\$	10	\$	971

See accompanying notes to unaudited condensed consolidated financial statements.

Virco Mfg. Corporation

Unaudited Consolidated Statements of Changes in Stockholders' Equity

Three-Month Period Ended April 30, 2025

In thousands, except share data	Common Stock						Total Stockholder's Equity
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss		
Balance at January 31, 2025	16,087,082	\$ 161	\$ 117,549	\$ (8,867)	\$ 422		\$ 109,265
Net income	—	—	—	732	—		732
Cash dividends	—	—	—	(393)	—		(393)
Pension adjustments	—	—	—	—	(67)		(67)
Shares vested and others	—	—	—	—	—		—
Stock compensation expense	—	—	63	—	—		63
Stock repurchase	(348,944)	(4)	(3,996)	—	—		(4,000)
Balance at April 30, 2025	15,738,138	\$ 157	\$ 113,616	\$ (8,528)	\$ 355		\$ 105,600

Three-Month Period Ended April 30, 2024

In thousands, except share data	Common Stock						Total Stockholder's Equity
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss		
Balance at January 31, 2024	16,347,314	\$ 164	\$ 121,373	\$ (29,048)	\$ (1,310)		\$ 91,179
Net income	—	—	—	2,140	—		2,140
Cash dividends	—	—	—	(327)	—		(327)
Pension adjustments	—	—	—	—	(28)		(28)
Shares vested and others	—	—	—	—	—		—
Stock compensation expense	—	—	172	—	—		172
Stock repurchase	(139,702)	(2)	(1,497)	—	—		(1,499)
Balance at April 30, 2024	16,207,612	\$ 162	\$ 120,048	\$ (27,235)	\$ (1,338)		\$ 91,637

See accompanying notes to unaudited condensed consolidated financial statements.

VIRCO MFG. CORPORATION

Notes to unaudited Condensed Consolidated Financial Statements

April 30, 2025

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements and are presented in accordance with the requirements of Form 10-Q and Rule 10-01 of Regulation S-X. These 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 fiscal year ended January 31, 2025 ("Form 10-K"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended April 30, 2025 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2026. The balance sheet at January 31, 2025 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. All references to the "Company", "we" and "our" refer to Virco Mfg. Corporation and its subsidiaries.

Note 2. Seasonality and Management Use of Estimates

The market for educational furniture is marked by extreme seasonality, with approximately 50% of the Company's total sales typically occurring from June to August each year, the Company's peak season. Hence, the Company typically builds and carries significant amounts of inventory during and in anticipation of this peak summer season to facilitate the rapid delivery requirements of customers in the educational market. This requires a large up-front investment in inventory, labor, storage and related costs as inventory is built in anticipation of peak sales during the summer months. As the capital required for this build-up generally exceeds cash available from operations, the Company has generally relied on third-party bank financing to meet cash flow requirements during the build-up period immediately preceding the peak season. In addition, the Company typically is faced with an overall higher accounts receivable balance during the peak season. This occurs for two primary reasons. First, accounts receivable balances typically increase during the peak season as shipments of products increase. Second, many customers during this period are educational institutions and government entities, which tend to pay accounts receivable slower than commercial customers.

The Company's working capital requirements during and in anticipation of the peak summer season require management to make estimates and judgments that affect assets, liabilities, revenues and expenses, and related contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to market demand, labor costs and stocking inventory. Significant estimates made by management include, but are not limited to, valuation of inventory; deferred tax assets and liabilities; useful lives of property, plant and equipment; liabilities under pension, warranty and self-insurance; and the accounts receivable allowance for credit losses.

Note 3. Recently Issued Accounting Standards

New Accounting Pronouncements Recently Adopted

Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. In November 2023, the FASB issued this ASU to update reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. This ASU 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 adopted ASU 2023-07 during the year ended January 31, 2025. Refer to Note 16 for required disclosures.

Recently Issued Accounting Pronouncements

ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. In November 2024, the FASB issued this ASU which requires a public entity to disclose additional information about specific expense categories in the notes to financial statements on an annual and interim basis. The amendments are effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. A public entity should apply the amendments either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods

presented in the financial statements. We are currently evaluating the impact that this guidance will have on our consolidated financial statements and disclosures.

ASU 2023-09, Income Taxes (Topic 740): Improvements to Tax Disclosures. In December 2023, the FASB issued this ASU which expands disclosures in an entity's income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. The update will be effective for annual periods beginning after December 15, 2024. We do not expect that this guidance will have a material impact on our consolidated financial statements and disclosures.

The Company evaluates all ASUs issued by the Financial Accounting Standards Board ("FASB") for consideration of their applicability to our condensed consolidated financial statements. We have assessed all ASUs issued but not yet adopted and concluded that those not disclosed are not relevant to the Company or are not expected to have a material impact.

Note 4. Revenue Recognition

The Company manufactures, markets and distributes a wide variety of school and office furniture to wholesalers, distributors, educational institutions and governmental entities. Revenue is recorded for promised goods or services when control is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

The Company's sales generally involve a single performance obligation to deliver goods pursuant to customer purchase orders. Prices for our products are based on published price lists and customer agreements. The Company has determined that the performance obligations are satisfied at a point in time when the Company completes delivery per the customer contract. The majority of sales are free on board ("FOB") destination where the destination is specified per the customer contract and may include delivering the furniture into the classroom, school site or warehouse. Sales of furniture that are sold FOB factory are typically made to resellers of our product who in turn provide logistics to the ultimate customer. Once a product has been delivered per the shipping terms, the customer is able to direct the use of, and obtain substantially all of the remaining benefits from the asset. The Company considers control to have transferred upon shipment or delivery in accordance with shipping terms because the Company has a present right to payment at that time, the customer has legal title to the asset, the Company has transferred physical possession of the asset, and the customer has significant risks and rewards of ownership of the asset.

Sales are recorded net of discounts, sales incentives and rebates, sales taxes and estimated returns and allowances. The Company offers sales incentives and discounts through various regional and national programs to our customers. These programs include product rebates, product returns allowances and trade promotions. Variable consideration for these programs is estimated in the transaction price at contract inception based on current sales levels and historical experience using the expected value method, subject to constraint.

The Company generates revenue primarily by manufacturing and distributing products through resellers and direct-to-customers. Control transfers to both resellers and direct customers at a point in time when the delivery process is complete as determined by the corresponding shipping terms. Therefore, we do not consider them to be meaningfully different revenue streams given similarities in the nature of the products, performance obligation and distribution processes. Sales are predominately in the United States and to a similar class of customer. We do not manage or evaluate the business based on product line or any other discernable category.

Note 5. Inventories

Inventory is valued at the lower of cost or net realizable value (determined on a first-in, first-out basis ("FIFO")) and includes material, labor, and factory overhead. The Company records valuation adjustments for the excess cost of the inventory over its estimated net realizable value. Valuation adjustments for slow-moving and obsolete inventory involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the Company's financial condition or results of operations. Valuation adjustments for slow-moving and obsolete inventory are calculated using an estimated percentage applied to inventories based on a physical inspection of the product in connection with a physical inventory, a review of slow-moving products and component stage, inventory category, historical and forecasted consumption of sales, and consideration of active marketing programs. The market for educational furniture is traditionally driven by value, not style, and the Company has not typically incurred material obsolescence expenses. If market conditions are less favorable than those anticipated by management, additional valuation adjustments may be required. The Company records the cost of excess capacity as a period expense, not as a component of capitalized inventory valuation.

The following table presents a breakdown of the Company's inventories as of April 30, 2025, January 31, 2025 and April 30, 2024:

	4/30/2025	1/31/2025	4/30/2024
	(In thousands)		
Finished goods	\$ 31,379	\$ 19,599	\$ 28,183
Work in process	27,703	21,357	27,588
Raw materials	14,947	14,691	15,562
Total inventories	<u>\$ 74,029</u>	<u>\$ 55,647</u>	<u>\$ 71,333</u>

Note 6. Leases

The Company has operating leases on real property, equipment, and automobiles, expiring at various dates through the fiscal year 2031. The Company determines if an arrangement is a lease at inception and assesses classification of the lease at commencement. The Company's lease terms include options to extend or terminate the lease only when it is reasonably certain that we exercise that option. All of the Company's leases are classified as operating leases. The Company uses the implicit rate when readily determinable, or the incremental borrowing rate. Our incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments using Company specific credit spreads. The Company's lease terms include options to extend or terminate the lease only when it is reasonably certain that we will exercise that option. Lease expense for our operating leases is recognized on a straight-line basis over the lease term.

The Company has an operating lease for its corporate office and manufacturing and distribution facility located in Torrance, California, currently with a remaining lease term through September 2030. The Company leases equipment under a 5-year operating lease arrangement. The Company has the option of buying the assets at the end of the lease period at a price that does not result in the Company being reasonably certain of exercising the option. In addition, the Company leases trucks and automobiles under operating leases that include certain fleet management and maintenance services. Certain of the leases contain renewal or purchase options and require payment for property taxes and insurance. The Company records lease expense on a straight-line basis based on the contractual lease payments. The Company recognizes the present value of the future lease commitments as an operating lease liability, and a corresponding right-of-use asset ("ROU asset"), net of tenant allowances. Tenant improvements and related tenant allowances are recorded as a reduction to the ROU asset. The Company elected to account for leases with an original term of 12 months or less that do not contain a purchase option as short-term leases. Additionally, certain of the leases provide for variable payment for property taxes, insurance, and common area maintenance payments, among others. The Company recognizes variable lease expenses for these leases in the period incurred. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The quantitative information regarding our leases is as follows:

	Three Months Ended	
	4/30/2025	4/30/2024
	(In thousands, except lease term and discount rate)	
Operating lease cost	\$ 2,358	\$ 1,419
Short-term lease cost	118	104
Sublease income	(10)	(10)
Variable lease cost	273	(72)
Total lease cost	<u>\$ 2,739</u>	<u>\$ 1,441</u>

Other operating leases information:

Cash paid for amounts included in the measurement of lease liabilities	\$ 1,638	\$ 1,621
Right-of-use assets obtained in exchange for new lease liabilities	\$ 237	\$ 954
Weighted-average remaining lease term (years)	5.2	1.2
Weighted-average discount rate	9.82 %	6.36 %

Minimum future lease payments for operating leases in effect as of April 30, 2025, are as follows:

	Operating Lease
	(In thousands)
For the year ending January 31,	
Remaining of 2026	\$ 3,743
2027	9,698
2028	9,425
2029	9,587
2030	9,922
Thereafter	6,817
Remaining balance of lease payments	49,192
Short-term lease liabilities	2,562
Long-term lease liabilities (a)	34,628
Total lease liabilities	37,190
Difference between undiscounted cash flows and discounted cash flows	\$ 12,002

(a) On July 23, 2024, the Company entered into a new lease agreement (the “Lease”) with Starboard Distribution Center, LLC which extends the Company’s tenancy at its 560,000 sq. ft. office, manufacturing and warehouse facility in Torrance, California. The Lease extends the tenancy for 65 months, covering the period from May 1, 2025 through September 30, 2030. Under the Lease, the monthly base rent will be abated for the initial 5-month period from May 1, 2025 to September 30, 2025, then is set at \$726,700 for October 1, 2025 through April 30, 2026, with subsequent increases of 3.5% every 12 months thereafter. The Lease also provides for a tenant improvement allowance of up to \$1.7 million to be used by December 31, 2026. The Landlord has the right to terminate the Lease upon customary events of default. In connection with this lease agreement, in the second quarter ended July 31, 2024, the Company recorded approximately \$33.0 million (the present value of the future lease commitments) as an operating lease liability, and a corresponding ROU asset.

Note 7. Debt

Outstanding balances for the Company’s long-term debt were as follows:

	4/30/2025	1/31/2025	4/30/2024
	(In thousands)		
Revolving credit line	\$ —	\$ —	\$ 2,693
Other	4,073	4,136	4,323
Total debt	4,073	4,136	7,016
Less current portion	261	258	250
Non-current portion	\$ 3,812	\$ 3,878	\$ 6,766

The Company and Virco Inc., its wholly-owned subsidiary (collectively, the “Borrowers”) have a Revolving Credit and Security Agreement (the “Credit Agreement”) with PNC Bank, National Association, as administrative agent and lender (“PNC”). The Credit Agreement was amended numerous times since its origination in December 2011, most recently on April 9, 2025.

The Credit Agreement as currently in effect permits the Company to issue cash dividends or make payments with respect to the Company’s capital stock in an aggregate amount up to \$8.0 million during any fiscal year, provided that no default shall have occurred or is continuing or would result from any such payment, and the Company must demonstrate pro forma compliance with a 12-month trailing fixed charge coverage ratio of not less than 1.20:1.00 as of the fiscal quarter immediately preceding the date of any such dividend or payment. The Credit Agreement also requires the Company to maintain a minimum fixed charge coverage ratio, and contains numerous other covenants that limit under certain circumstances the ability of the Borrowers and their subsidiaries to, among other things, merge with or acquire other entities, incur new liens, incur additional indebtedness,

sell assets outside of the ordinary course of business, enter into transactions with affiliates, or substantially change the general nature of the business of the Borrowers.

In addition to the financial covenants, the Credit Agreement provides for customary events of default, subject to certain cure periods and other limitations. Substantially all of the Borrowers' accounts receivable are automatically and promptly swept to repay amounts outstanding under the Credit Agreement upon receipt by the Borrowers. Due to this automatic liquidating nature of the Credit Agreement, if the Borrowers breach any covenant, violate any representation or warranty or suffer a deterioration in their ability to borrow pursuant to the borrowing base calculation, the Borrowers may not have access to cash liquidity unless provided by PNC at its discretion.

The other material terms of the Credit Agreement as currently in effect include the following: (i) a revolving line of credit with a Maximum Revolving Advance Amount of \$60.0 million (increasing to \$70.0 million during the months of June through August) that is subject to a borrowing base limitation and generally provides for advances of up to 85% of eligible accounts receivable, plus a percentage equal to the lesser of 60% of the value of eligible inventory or 85% of the liquidation value of eligible inventory, plus \$15.0 million from January through July of each year, minus undrawn amounts of letters of credit and reserves; (ii) inventory sublimit of \$35.0 million and assemble-to-ship (ATS) inventory sublimit of \$15.0 million during the months of May through August; and (iii) an equipment loan of \$2.0 million. The Credit Agreement is secured by substantially all of the Borrowers' personal property and certain of the Borrowers' real property. The Credit Agreement is subject to certain prepayment penalties upon early termination of the Credit Agreement. Prior to the maturity date, principal amounts outstanding under the Credit Agreement may be repaid and reborrowed at the option of the Borrowers without premium or penalty, subject to borrowing base limitations, seasonal adjustments and certain other conditions, including reduced borrowings under the revolving line to less than or equal \$10.0 million for a period of 30 consecutive days during the fourth quarter of each fiscal year. The Credit Agreement also contains certain financial covenants, including covenants requiring a minimum fixed charge coverage ratio and limits on capital expenditures. The Company was in compliance with its debt covenants as of April 30, 2025.

The Company's revolving line of credit with PNC is structured to provide seasonal credit availability during the Company's peak summer season. Approximately \$42.9 million was available for borrowing as of April 30, 2025. The interest rate is determined as a sum of the applicable margin rate, which is 3.00% from January through July and 2.50% from August through December, plus the Secured Overnight Financing Rate (SOFR). The Company did not have an outstanding amount under the Credit Agreement as of April 30, 2025. The Company also incurred a fee on the unused portion of the revolving line of credit at a rate of 0.250%.

On November 22, 2024, the Company entered into Amendment No. 5 to Amended and Restated Revolving Credit and Security Agreement ("Amendment No. 5") with PNC, with an effective date of October 1, 2024. Amendment No. 5 amended the Credit Agreement and the secured revolving line of credit provided to the Company by PNC to reflect the following material changes:

- i. Reduced the facility fee on the unused portion of the revolving line of credit to 0.250% from 0.375% per annum, commencing October 1, 2024;
- ii. Increased limits on permitted acquisitions (as defined in the Credit Agreement) from \$5 million to \$8 million during the term of the Credit Agreement;
- iii. Increased limits on cash dividends and common stock repurchase payments from \$5 million to \$8 million in the aggregate during any fiscal year.

On April 9, 2025, the Company entered into Amendment No. 6 to the Credit Agreement with PNC Bank, which established a new category of permitted share repurchases in an amount up to \$7.5 million, which is in addition to the dollar limits on permitted share repurchases under the Credit Agreement discussed above. The share repurchases under the new category must occur during the fiscal year ending January 31, 2026, may not occur while any Default or Event of Default exists or would result from such repurchases, and must be made solely from cash on hand and not from the proceeds of advances under the Credit Facility. The permitted share repurchases under this new category are also not counted as "Restricted Payments" when calculating the Company's compliance with the Fixed Charge Coverage Ratio covenants in the Credit Agreement.

The Company also carries a mortgage on its manufacturing building in Conway, Arkansas. The original note was dated August 2017 with a principal balance of \$5.8 million, at a fixed rate of 4.0% per year and 20-year term. The outstanding amount under this note was \$4.1 million as of April 30, 2025.

Management believes that the carrying value of debt approximated fair value at April 30, 2025, as all of the long-term debt bears interest at variable rates based on prevailing market conditions, except mortgage on a manufacturing building in Conway Arkansas at a fixed rate of 4.0% per year.

Note 8. Income Taxes

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income or reversal of deferred tax liabilities during the periods in which those temporary differences become deductible. As a part of this evaluation, the Company assesses all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, the availability of tax carrybacks, tax-planning strategies, and results of recent operations, to determine whether sufficient future taxable income will be generated to realize existing deferred tax assets. Valuation allowances of \$216,000, \$236,000 and \$217,000 as of April 30, 2025, January 31, 2025 and April 30, 2024, respectively, are needed for certain state net operating loss carryforwards to reduce the carrying amount of deferred tax assets to an amount that is more likely than not to be realized. The net change in the valuation allowance for the three months ended April 30, 2025 and April 30, 2024 were a decrease of \$20,000 and \$34,000, respectively.

For the three months ended April 30, 2025 and 2024, the effective income tax rates were 26.4% and 25.5%, respectively. Our effective tax rate varies from the 21% federal statutory rate primarily due to state taxes.

The January 31, 2022 and subsequent fiscal years remain open for examination by the IRS and some state jurisdictions. The January 31, 2021 and subsequent fiscal years remain open for the remaining state jurisdictions. The Company is not currently under federal or state examination.

Note 9. Net Income per Share

The following table sets forth the computation of basic and diluted net income per share:

	Three Months Ended	
	4/30/2025	4/30/2024
	(In thousands, except per share data)	
Net income	\$ 732	\$ 2,140
Weighted average shares of common stock outstanding - basic	15,757	16,264
Dilutive effect of common stock equivalents from equity incentive plans	16	129
Weighted average shares of common stock outstanding - diluted	15,773	16,393
Net income per share - basic	\$ 0.05	\$ 0.13
Net income per share - diluted	\$ 0.05	\$ 0.13

Note 10. Stock-Based Compensation

Stock Incentive Plan

Under the Company's 2019 Omnibus Equity Incentive Plan (the "2019 Plan"), the Company may grant an aggregate of up to 1,000,000 shares to its employees and non-employee directors in the form of restricted stock units, restricted stock awards and stock options. Restricted stock units and awards granted under the 2019 Plan are expensed ratably over the vesting period of the units and awards. The Company determines the fair value of its restricted stock units or awards and related compensation expense as the difference between the market value of the units or awards on the date of grant less the exercise price of the units or awards granted. During the three-month period ended April 30, 2025, the Company granted 0 awards, vested 0 shares according to their terms and forfeited 0 shares under the 2019 Plan. As of April 30, 2025, there were approximately 521,859 shares available for future issuance under the 2019 Plan.

The following table summarizes the stock-based compensation expense related to restricted stock units and awards recognized in the Company's statements of income for the three months ended April 30, 2025 and 2024:

	Three Months Ended	
	4/30/2025	4/30/2024
	(In thousands)	
Cost of goods sold	\$ —	\$ 28
Selling, general and administrative expenses	63	144
Total stock-based compensation expense	<u>\$ 63</u>	<u>\$ 172</u>

As of April 30, 2025, there was \$21,000 of unrecognized compensation expense related to unvested restricted stock awards, which is expected to be recognized in one month.

Note 11. Retirement Plans

The Company and its subsidiaries cover certain employees under a noncontributory defined benefit retirement plan, entitled the Virco Employees' Retirement Plan (the "Pension Plan"). As more fully described in the Annual Report on Form 10-K, benefit accruals under the Employees Retirement Plan were frozen effective December 31, 2003. There is no service cost incurred under the Pension Plan.

The Company also provides a supplementary retirement plan for certain key employees, the VIP Retirement Plan (the "VIP Plan"). As more fully described in the Annual Report on Form 10-K for the year ended January 31, 2025, benefit accruals under the VIP Plan were frozen since December 31, 2003. There is no service cost incurred under the VIP Plan.

The following table summarizes the net periodic pension cost for the Pension Plan and the VIP Plan for the three months ended April 30, 2025 and 2024:

	Three Months Ended	
	4/30/2025	4/30/2024
	(In thousands)	
Service cost	\$ —	\$ —
Interest cost	325	311
Expected return on plan assets	(208)	(169)
Plan settlement	—	—
Amortization of prior service cost	—	—
Recognized net actuarial gain	(90)	(35)
Benefit cost	<u>\$ 27</u>	<u>\$ 107</u>

401(k) Retirement Plan

The Company's retirement plan, which covers all U.S. employees, allows participants to defer from 1% to 75% of their eligible compensation through a 401(k) retirement program. The plan includes Virco stock as one of the investment options. At April 30, 2025 and 2024, the plan held 1,063,340 shares and 1,240,365 shares of Virco stock, respectively. For the three months ended April 30, 2025 and 2024, the compensation costs incurred for employer match, which is paid in the form of Company stock, was \$545,000 and \$441,000 respectively.

Note 12. Warranty Accrual

Effective February 1, 2014, the Company modified its warranty to a limited lifetime warranty. The warranty was effective February 1, 2014, and is not anticipated to have a significant effect on warranty expense. Effective January 1, 2017, the Company modified the standard warranty offered on products sold after January 1, 2017 to provide specific warranty periods by product component, with no warranty period longer than ten years. The Company's warranty is not a guarantee of service life, which depends upon events outside the Company's control and may be different from the warranty period. The Company accrues an estimate of its exposure to warranty claims based upon both product sales data and an analysis of actual warranty claims incurred.

The following is a summary of the Company's warranty-claim activity for the three months ended April 30, 2025 and 2024:

	Three Months Ended	
	4/30/2025	4/30/2024
	(In thousands)	
Beginning balance	\$ 500	\$ 500
Provision	43	30
Costs incurred	(43)	(30)
Ending balance	<u>\$ 500</u>	<u>\$ 500</u>

Note 13. Contingencies

The Company has a self-insured retention for product losses up to \$250,000 per occurrence, workers' compensation liability losses up to \$250,000 per occurrence, general liability losses up to \$50,000 per occurrence and automobile liability losses up to \$50,000 per occurrence. The Company has purchased insurance to cover losses in excess of the self-insurance retention or deductible up to a limit of \$30.0 million. The Company has obtained an actuarial estimate of its total expected future losses for liability claims and recorded a liability equal to the net present value.

The Company and its subsidiaries are defendants in various legal proceedings resulting from operations in the normal course of business. It is the opinion of management, in consultation with legal counsel, that the ultimate outcome of all such matters will not materially affect the Company's financial position, results of operations or cash flows.

Note 14. Delivery Costs

For the three months ended April 30, 2025 and 2024, shipping and classroom delivery costs of approximately \$3.4 million and \$4.2 million, respectively, were included in selling, general and administrative expenses in the accompanying condensed consolidated statements of income.

Note 15. Property, Plant, and Equipment

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

	4/30/2025	1/31/2025	4/30/2024
	(In thousands)		
Land	\$ 3,731	\$ 3,731	\$ 3,731
Land improvements	706	706	694
Buildings and building improvements	52,050	52,030	51,575
Machinery and equipment	121,400	119,972	115,215
Leasehold improvements	657	657	523
Property, plant and equipment, gross	178,544	177,096	171,738
Less accumulated depreciation and amortization	(142,062)	(140,668)	(137,664)
Property, plant and equipment, net	<u>\$ 36,482</u>	<u>\$ 36,428</u>	<u>\$ 34,074</u>

Depreciation and amortization expenses related to property, plant, and equipment recorded within cost of goods sold was \$1.2 million and \$1.0 million for the three months ended April 30, 2025 and 2024, respectively. Depreciation and amortization expenses related to property, plant, and equipment recorded within selling, general, and administrative expenses was \$0.3 million and \$0.3 million for the three months ended April 30, 2025 and 2024, respectively.

Note 16. Segment Information

The Company operates in one segment and has one reportable segment. The Company determines operating segments based on how its Chief Operating Decision Maker ("CODM") manages the business, makes operating decisions around the allocation of resources, and evaluates operating performance. The Company's CODM is a group of individuals comprised of our senior executives, who regularly review the Company's operating results on a consolidated basis.

The Company's CODM regularly reviews financial information presented on a consolidated basis. The CODM uses consolidated revenue, gross profit, net income to allocate operating and capital resources and assess performance by comparing actual results to historical results and previously forecasted financial information. The Company's measure of segment assets is reported on the consolidated balance sheets as total assets.

Note 17. Subsequent Events

On June 3, 2025, the Company's Board of Directors declared a cash dividend for the Company's second fiscal quarter of \$0.025 on each outstanding share of common stock. The dividend is payable on July 11, 2025 to stockholders of record of the common stock as of the close of business on June 20, 2025. While the Company currently intends to pay future dividends on a quarterly basis, following review and approval by the Board of Directors, the declaration and payment of future dividends, as well as the amounts thereof, are subject to the discretion of the Board as well as restrictive covenants in the Company's lending agreements. There can be no assurance that the Company will declare and pay dividends in future periods.

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

Results of Operations

Overview

The Company's core market for education furniture, fixtures, and equipment (FF&E) is marked by extreme seasonality. Typically, the Company recognizes approximately 50% of its total annual revenue in the months of June, July, and August. Incoming orders follow a similar cycle, with the bulk of orders arriving approximately 4-6 weeks preceding the summer delivery season.

During the three-month period ended April 30, 2025, the Company experienced approximately a 27.8% decrease in net revenue compared to the same period last year. In the same period last year, the Company benefited from a large series of one-time, disaster recovery orders that resulted in approximately \$9 million of additional counter-seasonal shipments. These deliveries positively affected the Company's traditional cycle in the prior year, with positive impacts on production, overhead absorption, accounts receivable, collections, and reductions in inventory, as well as lower borrowings to support that inventory.

Reflecting the absence of these unusual orders, as of April 30, 2025 the Company's backlog was \$70.4 million compared to \$88.5 million on April 30, 2024. Management has moderated production levels and will continue to monitor incoming order rates in pursuit of an appropriate balance between on-time summer deliveries and inventory investment. The Company believes that the majority of the current backlog will be delivered and recognized as revenue during June, July and August of the current fiscal year.

As discussed in the Risk Factors section of the Company's Form 10-K for the fiscal year ended January 31, 2025, the Company's recent revenue growth in fiscal 2025 and 2024 was partly a result of the delayed recovery from Covid-related school closures and subsequent supply-chain disruptions. Management cautions that future growth rates are unlikely to match those of the past several years. As with the unpredictable outcomes of school closures and supply chain disruptions, future events beyond the Company's control—such as tariffs and trade realignments—may have both negative and positive impacts on the Company's revenue and operating margins. Management intends to position the Company to respond to these uncertainties by continuing to reinvest in operating systems, employee training, and customer development and retention. The recent shift in political direction nationally may also cause uncertainty regarding specific funding for school furniture, although Management estimates that more than 85% of public school funding and virtually all bond-funded new-school construction derives from state and local sources, which are less dependent on federal funding. For example, the Company's two largest states by revenue are California and Florida, which occupy opposite ends of the political spectrum, but both states continue to invest heavily in public education.

In recent months there have been significant changes and proposed changes to U.S. trade policies, including significant tariffs on imports from China, Canada, and other countries. These actions, and potential retaliatory responses, could result in revenue reduction, cost increases, and disruptions to supply chains and Company logistics. The Company is responding to these uncertainties in a similar way as it did with Covid-related school closures and supply chain disruptions. The Company is reinforcing its domestic capabilities and relationships in the belief that strong domestic suppliers to robustly funded, essential domestic institutions like schools, will ultimately benefit as these macro-level forces move toward a new equilibrium. This was the pattern of the post-Covid recovery, which lagged the triggering events by about two years. Management is not predicting this result but noting that global uncertainties can offer opportunities as well as challenges for domestically-focused suppliers like Virco.

The short- and mid-term impacts of trade uncertainties could adversely affect the Company's operating results and financial condition. For more information on risks to the Company's business caused by the recent changes in macro-economic conditions, please see Part 1, Item 1A. "Risk Factors—Industry and Economic Risks" included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2025.

Three Months Ended April 30, 2025

For the three months ended April 30, 2025, the Company earned a net income of \$0.7 million on sales of \$33.8 million, compared to net income of \$2.1 million on sales of \$46.7 million in the same period of the prior year. Sales for the first quarter decreased by approximately \$13.0 million or 27.8%, compared to the prior year. First quarter revenue in the prior year was boosted by the previously-noted disaster recovery order, which contributed approximately \$9 million in counter-seasonal shipments to the seasonally light quarter in the prior year.

Cost of sales was 52.5% for the quarter ended April 30, 2025, compared to 56.5% for the period ended April 30, 2024. Gross margin for first quarter was 47.5% compared to 43.5% in the prior year. The increase in gross margin was attributable to an increase in the proportion of orders delivered with full service. These orders carry higher margins than orders with simple delivery.

Selling, general and administrative expenses for the three months ended April 30, 2025 decreased slightly by approximately \$1.3 million compared to the same period last year. The decrease in SG&A was primarily due to lower variable selling expenses related to overall lower revenue.

The Company holds equity securities in a Rabbi Trust to fund benefits under its VIP Pension Plan. The Company benefited from \$1.2 and \$0.2 million of unrealized gains during the three months ended April 30, 2025 and 2024, respectively. These non-operating gains provided a partial offset to the operating impacts of the overall lower revenue in the first quarter.

Net interest expense was \$60,000 for the three months ended April 30, 2025, compared to net interest expense of \$208,000 for the same period last year. The decrease was attributable to less demand for seasonal working capital and related lower borrowings under the Company's credit facility with PNC National Bank.

For the three months ended April 30, 2025 and 2024, the effective income tax rates were 26.4% and 25.5%, respectively. The change in effective tax rates was due to a change in the forecasted mix of income before actual federal and state income taxes and estimated permanent differences.

Liquidity and Capital Resources

The market for education furniture is extremely seasonal and approximately 50% of the Company's annual sales volume is shipped in the months of June through August of each year. The Company traditionally manufactures large quantities of inventory during the first and second quarters of each fiscal year in anticipation of seasonally high summer shipments. In addition, the Company finances a large balance of accounts receivable during the peak season.

Accounts Receivable decreased by \$7.5 million at April 30, 2025 compared to the same period last year. The decrease is attributable to decreased shipments (as discussed above under "Overview") and improved collections.

Inventory increased by \$2.7 million at April 30, 2025 compared to April 30, 2024. The slight increase is primarily attributable to increased material costs during the quarter.

Accrual basis capital expenditures for the three months ended April 30, 2025 were \$1.6 million compared to \$0.8 million for the same period last year. Capital expenditures are being financed through the Company's operating cash flow and restricted to not exceed \$8.0 million per year by covenant.

On April 9, 2025, the Company entered into Amendment No. 6 to the Credit Agreement with PNC Bank, which established a new category of permitted share repurchases in an amount up to \$7.5 million, which is in addition to the dollar limits on permitted share repurchases under the Credit Agreement discussed above. The share repurchases under the new category must occur during the fiscal year ending January 31, 2026, may not occur while any Default or Event of Default exists or would result from such repurchases, and must be made solely from cash on hand and not from the proceeds of advances under the Credit Facility. The permitted share repurchases under this new category are also not counted as "Restricted Payments" when calculating the Company's compliance with the Fixed Charge Coverage Ratio covenants in the Credit Agreement. See **Note 7**.

For the three months ended April 30, 2025, the Company spent \$4.0 million to repurchase 348,944 shares of its common stock. As of April 30, 2025, \$7.2 million was authorized by the Board and available for repurchase of shares by the Company, subject to the restrictions on repurchases under its Credit Agreement with PNC Bank. The Company may elect to opportunistically purchase shares based on excess cash generation and share price considerations.

Based on the Company's current projections, raw material costs and its ability to introduce price increases, management believes it will maintain compliance with its financial covenants under the Credit Agreement, although risks and uncertainties remain, such as changes in economic conditions, changing raw material costs and supply chain challenges. The Company was in compliance with its debt covenants as of April 30, 2025.

The Company believes that cash flows from operations, together with the Company's unused borrowing capacity with PNC Bank will be sufficient to fund the Company's debt service requirements, capital expenditures and working capital needs for the next twelve months.

Off Balance Sheet Arrangements

None.

Critical Accounting Policies and Estimates

The Company's critical accounting policies and estimates are outlined in its Annual Report on Form 10-K for the fiscal year ended January 31, 2025.

Forward-Looking Statements

From time to time, including in this Quarterly Report on Form 10-Q for the quarterly period ended April 30, 2025, the Company or its representatives have made and may make forward-looking statements, orally or in writing. Such forward-looking statements may be included in, without limitation, reports to stockholders, press releases, oral statements made with the approval of an authorized executive officer of the Company and filings with the Securities and Exchange Commission ("SEC"). The words or phrases "anticipates," "expects," "will continue," "believes," "estimates," "projects," or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The results contemplated by the Company's forward-looking statements are subject to certain risks and uncertainties that could cause actual results to vary materially from anticipated results, including without limitation, availability of funding for educational institutions, availability and cost of materials, availability and cost of labor, demand for the Company's products, competitive conditions affecting selling prices and margins, capital costs and general economic conditions. Such risks and uncertainties are discussed in more detail in the Company's Form 10-K for the fiscal year ended January 31, 2025, including under the caption "Risk Factors".

The Company's forward-looking statements represent its judgment only on the dates such statements were made. By making any forward-looking statements, the Company assumes no duty to update them to reflect new, changed or unanticipated events or circumstances.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act, and is therefore not required to provide the information under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Principal Executive Officer along with its Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) under the Securities Exchange Act of 1934 ("Exchange Act") as of April 30, 2025. Based upon the foregoing, the Company's Principal Executive Officer along with the Company's Principal Financial Officer concluded that the Company's disclosure controls and procedures as of such date were effective to ensure that the information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Company management, including its Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, Company management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control Over Financial Reporting

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Principal Executive Officer along with its Principal Financial Officer, of the effectiveness of the design and operation of disclosure controls and procedures. Based upon the foregoing, the Company's Principal Executive Officer along with the Company's Principal Financial Officer concluded that the Company's 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) were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

There have been no changes in the Company's internal control over financial reporting during the fiscal quarter covered by this quarterly report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II — Other Information

Virco Mfg. Corporation

Item 1. Legal Proceedings

The Company is a party to various legal actions arising in the ordinary course of business which, in the opinion of the Company, are not material in that management either expects that the Company will be successful on the merits of the pending cases or that any liabilities resulting from such cases will be substantially covered by insurance. While it is impossible to estimate with certainty the ultimate legal and financial liability with respect to these actions, management believes that the aggregate amount of such liabilities will not be material to the results of operations, financial position, or cash flows of the Company.

Item 1A. Risk Factors

You should carefully consider and evaluate the information in this Quarterly Report and the risk factors set forth under the caption “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended January 31, 2025 (the “Form 10-K”), which was filed with the SEC on April 14, 2025. The risk factors associated with our business have not materially changed compared to the risk factors disclosed in the Form 10-K.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides the repurchases of our common stock during the fiscal quarter ended April 30, 2025:

Period	Total Number of Shares Purchased	Average Price Paid per Share (a)	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares (or Approximate Dollar Value) that May Yet be Purchased Under the Programs (b)
February 2025	348,944	\$ 11.46	348,944	\$ 7,190,210
March 2025	—	—	—	\$ 7,190,210
April 2025	—	—	—	\$ 7,190,210
Total	<u>348,944</u>		<u>348,944</u>	

(a) The average price paid per share includes any broker commissions.

(b) The Company may purchase shares of its common stock on a discretionary basis from time to time through open market repurchases, including by entering into Rule 10b5-1 trading plans. The timing and actual number of shares repurchased will depend on a variety of factors, including stock price, trading volume, market conditions, corporate and regulatory requirements and other general business considerations. The repurchase program has no time limit. The actual dollar value of shares that may be repurchased in any fiscal year plus cash dividends during such fiscal year is also limited under our Credit Agreement with PNC Bank, as further discussed above under “Note 7. Debt” to our Consolidated Financial Statements.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the fiscal quarter ended April 30, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Document
<u>10.1</u>	<u>Amendment No. 6 to Amended and Restated Revolving Credit and Security Agreement, effective as of April 9, 2025, by and among Virco Mfg. Corporation and Virco, Inc., as borrowers, and PNC Bank, National Association, as lender and administrative agent (incorporated by reference to Exhibit 10.3.6 to the Company's Annual Report on Form 10-K filed with the Commission on April 14, 2025).</u>
<u>31.1</u>	<u>Certification of Robert A. Virtue, Chief Executive Officer, pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>31.2</u>	<u>Certification of Bassey Yau, Senior Vice President, Finance, pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.1</u>	<u>Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>

Exhibit 101.INS — XBRL Instance Document.

Exhibit 101.SCH — XBRL Taxonomy Extension Schema Document.

Exhibit 101.CAL — XBRL Taxonomy Extension Calculation Linkbase Document.

Exhibit 101.LAB — XBRL Taxonomy Extension Label Linkbase Document.

Exhibit 101.PRE — XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

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

Date: June 6, 2025

VIRCO MFG. CORPORATION

By: /s/ Bassey Yau

Bassey Yau

Senior Vice President — Finance

(Principal Financial Officer)

CERTIFICATIONS

I, Robert A. Virtue, certify that:

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

/s/ Robert A. Virtue

Robert A. Virtue

Chief Executive Officer and Chairman of the Board (Principal Executive Officer)

Date: June 6, 2025

CERTIFICATIONS

I, Bassey Yau, certify that:

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

/s/ Bassey Yau

Bassey Yau

Senior Vice President — Finance (Principal Financial Officer)

Date: June 6, 2025

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, in his capacity as an officer of Virco Mfg. Corporation (the “Company”), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his own knowledge:

- The Quarterly Report of the Company on Form 10-Q for the period ended April 30, 2025, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- The information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: June 6, 2025

/s/ Robert A. Virtue

Robert A. Virtue

Chief Executive Officer and Chairman of the Board

(Principal Executive Officer)

/s/ Bassey Yau

Bassey Yau

Senior Vice President — Finance

(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Virco Mfg. Corporation and will be retained by Virco Mfg. Corporation and furnished to the Securities and Exchange Commission or its staff upon request.