



September 2024

Dear Fellow Shareholders,

Our fiscal year 2024 was consistent with recent years in at least two respects. First, we remained consistent in pursuing our strategy to transform Standex into a high-performance industrial growth company. Second, the twists and turns of the external environment brought unexpected opportunities and challenges, which required our teams to adjust nimbly to simultaneously deliver results and progress our strategic priorities. As they always do, our people navigated this environment exceptionally well.

The results of fiscal year 2024 demonstrate the continued strengthening of our operating disciplines. Despite a decline in sales (which I will touch on below) of 2.8%, we delivered record adjusted gross margins of 39.4%, record adjusted operating margin of 15.8% and record adjusted EPS of \$7.01. This is a result of productivity actions coupled with strong operating discipline across all businesses and highlights the great resilience of our employees, and the Standex culture. I am proud of our people and their mature, balanced approach to responding to the softer top line while funding our long-term priorities, such as new product development. As we increased our margins these past years, we also increased investment in R&D spending to \$20 million, up from just \$6 million as recently as 2019.

Even though sales declined \$20.4 million or 2.8%, from slower-than-expected activity in Europe, Asia, and select industrial end markets, we continue to see increases from “fast growth markets” and new products, softening the impact of broader market softness. We use the term “fast growth markets” as shorthand to capture our sales into the select end markets of smart grid, electric vehicles, commercialization of space, defense, and renewable energy. They have become a significant portion of our business, with sales into these markets growing 13%, increasing from \$83 million to \$94 million. In addition, sales of new products, though currently a small percentage of total sales, contributed an incremental \$7 million in the year. The ability to advance our strategic priorities in a challenging year demonstrates we can support critical investments and skill-building, in this case, new product development, and simultaneously manage for both short-term performance and long-term health.

We are at a true inflection point in our history as new product releases are slated to increase markedly. In 2020, we began to accelerate new product development with a formal stage gate process. Overall, the new product development cycle from ideation to launch can take several years. The process is somewhat like turning on the spigot for a garden hose and waiting for water to come out the other end. After several years of preparation, what began as a trickle is now becoming a stream. In fiscal year 2023, we released two new products; in fiscal year 2024, we released three new products. We are thrilled to share that in fiscal year 2025, there are more than a dozen new products planned for release, with at least one in each business and at least one in each quarter. This is truly an exciting time for us. We will share news on new product releases in our future quarterly calls.

We continue to make progress articulating our ESG position, understanding our impact on the broader world, and identifying long-term risks to our company. Our operations are predominantly assembly and service operations with a light environmental footprint. We have a track record of continually improving our culture to create an environment in which anyone walking through our doors recognizes they are in a place where they can thrive and grow. Standex has a history of effective governance, and we will continue employing recommended governance practices.



Collecting and presenting the data related to our environmental footprint properly for various ESG ratings is a large and long-term project for a small-cap company. We have taken a practical approach guided by a materiality assessment to first focus on activities that both improve business results and our ESG ratings, for example by setting site-by-site targets to reduce energy consumption. Last year, we completed our first analysis of Scope I and II GHG emissions using fiscal year 2022 data. This year, we are implementing a real-time system in which all locations will enter their consumption data into a common platform every month. We have a cross-functional council that continues to expound upon and complete our disclosures to ensure our ESG ratings present an accurate reflection of our company, its long-term prospects, and risks.

At the core of our success and longevity is a great workforce. Standex employees are customer-focused problem solvers who collaborate, innovate, and create an exciting and rewarding work environment. We place a priority on continuously improving our already strong culture and making Standex an employer of choice in an increasingly competitive labor market. In this year's annual engagement survey, we had a record 85% participation rate, and I was pleased (but not surprised) to see our engagement scores in line with high-performance industrial companies.

I sincerely appreciate your support, your invaluable insight, and the regular input many of you provide me throughout the year. On behalf of all the employees of Standex and our board of directors, thank you for your faith in Standex and belief in our future. We look forward to delivering significant value and returns for many years.

A handwritten signature in cursive script, appearing to read 'David D. ...'.

President/Chairman/CEO