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 September 30, 2024

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

Commission File Number 001-07233

STANDEX INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	31-0596149
(State of incorporation)	*(IRS Employer Identification No.)*
23 Keewaydin Drive, Salem, New Hampshire *(Address of principal executive offices)*	03079 *(Zip Code)*

(603) 893-9701
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $1.50 Per Share	SXI	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

The number of shares of Registrant's Common Stock outstanding on October 28, 2024 was 12,081,695.

STANDEX INTERNATIONAL CORPORATION

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PART I. FINANCIAL INFORMATION
ITEM 1

STANDEX INTERNATIONAL CORPORATION AND SUBSIDIARIES
Unaudited Condensed Consolidated Balance Sheets

(In thousands, except per share data)	September 30, 2024	June 30, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 164,584	$ 154,203
Accounts receivable, less allowance for credit losses of $1,931 and $1,882 at September 30, 2024 and June 30, 2024, respectively	118,697	121,365
Inventories	90,121	87,106
Contract assets	50,087	45,393
Prepaid expenses and other current assets	23,658	22,028
Total current assets	447,147	430,095
Property, plant, and equipment, net	138,373	134,963
Intangible assets, net	78,957	78,673
Goodwill	292,180	281,283
Deferred tax asset	19,303	17,450
Operating lease right-of-use asset	36,128	37,078
Other non-current assets	25,794	25,515
Total non-current assets	590,735	574,962
Total assets	$ 1,037,882	$ 1,005,057
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 66,505	$ 63,364
Accrued liabilities	52,885	56,698
Income taxes payable	6,607	7,503
Total current liabilities	125,997	127,565
Long-term debt	148,985	148,876
Operating lease long-term liabilities	29,722	30,725
Accrued pension and other non-current liabilities	75,157	76,388
Total non-current liabilities	253,864	255,989
Contingencies (Note 15)		
Stockholders' equity:		
Common stock, par value $1.50 per share, 60,000,000 shares authorized, 27,984,278 shares issued, 11,812,917 and 11,761,700 shares outstanding at September 30, 2024 and June 30, 2024	41,976	41,976
Additional paid-in capital	108,383	106,193
Retained earnings	1,100,924	1,086,277
Accumulated other comprehensive loss	(160,939)	(182,956)
Treasury shares: 16,171,361 and 16,222,578 shares at September 30, 2024 and June 30, 2024	(432,323)	(429,987)
Total stockholders' equity	658,021	621,503
Total liabilities and stockholders' equity	$ 1,037,882	$ 1,005,057

See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations

(In thousands, except per share data)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
Net sales	$ 170,464	$ 184,774
Cost of sales	100,391	112,139
Gross profit	70,073	72,635
Selling, general, and administrative expenses	43,048	43,585
(Gain) loss on sale of business	-	(274)
Restructuring costs	1,086	1,906
Acquisition related costs	1,840	501
Total operating expenses	45,974	45,718
Income from operations	24,099	26,917
Interest expense	977	1,276
Other non-operating (income) expense, net	(28)	846
Income from continuing operations before income taxes	23,150	24,795
Provision for income taxes	4,962	5,903
Income from continuing operations	18,188	18,892
Income (loss) from discontinued operations, net of tax	9	(78)
Net income	$ 18,197	$ 18,814
Basic earnings (loss) per share:		
Continuing operations	$ 1.54	$ 1.61
Discontinued operations	-	(0.01)
Total	$ 1.54	$ 1.60
Diluted earnings (loss) per share:		
Continuing operations	$ 1.53	$ 1.58
Discontinued operations	-	-
Total	$ 1.53	$ 1.58
Weighted average number of shares:		
Basic	11,787	11,742
Diluted	11,904	11,933

See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss)

(In thousands)	Three Months Ended September 30, 2024	2023
Net income	$ 18,197	$ 18,814
Other comprehensive income (loss):		
Defined benefit pension plans:		
Actuarial gains (losses) and other changes in unrecognized costs, net of tax	$ (218)	$ 121
Amortization of unrecognized costs, net of tax	799	596
Derivative instruments:		
Change in unrealized gains (losses), net of tax	(290)	783
Amortization of unrealized gains (losses) into interest expense, net of tax	(1,284)	(1,501)
Foreign currency translation gains (losses), net of tax	23,010	(9,098)
Other comprehensive income (loss), net of tax	$ 22,017	$ (9,099)
Comprehensive income	$ 40,214	$ 9,715

See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Stockholders' Equity

For the three month period ended September 30, 2024 (in thousands, except as specified)	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock Shares**	**Treasury Stock Amount**	**Total Stockholders' Equity**
Balance, June 30, 2024	$ 41,976	$ 106,193	$ 1,086,277	$ (182,956)	16,222	$ (429,987)	$ 621,503
Stock issued under incentive compensation plans and employee purchase plans	-	(378)	-	-	(76)	2,015	1,637
Stock-based compensation	-	2,568	-	-	-	-	2,568
Treasury stock acquired	-			-	25	(4,351)	(4,351)
Comprehensive income:		-	-				
Net income	-	-	18,197	-	-	-	18,197
Foreign currency translation adjustment	-	-	-	23,010	-	-	23,010
Pension, net of tax of $0.2 million	-	-	-	581	-	-	581
Change in fair value of derivatives, net of tax of $0.5 million	-	-	-	(1,574)	-	-	(1,574)
Dividends declared ($0.30 per share)	-	-	(3,550)	-	-	-	(3,550)
Balance, September 30, 2024	$ 41,976	$ 108,383	$ 1,100,924	$ (160,939)	16,171	$ (432,323)	$ 658,021

For the three month period ended September 30, 2023 (in thousands, except as specified)	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock Shares**	**Treasury Stock Amount**	**Total Stockholders' Equity**
Balance, June 30, 2023	$ 41,976	$ 100,555	$ 1,027,279	$ (158,477)	16,239	$ (403,884)	$ 607,449
Stock issued under incentive compensation plans and employee purchase plans	-	(4,035)	-	-	(189)	4,804	769
Stock-based compensation	-	2,193	-	-	-	-	2,193
Treasury stock acquired	-	-	-	-	139	(22,089)	(22,089)
Comprehensive income:							
Net income	-	-	18,814	-	-	-	18,814
Foreign currency translation adjustment	-	-		(9,098)	-	-	(9,098)
Pension, net of tax of $0.2 million	-	-	-	717	-	-	717
Change in fair value of derivatives, net of tax of $0.3 million	-	-	-	(718)	-	-	(718)
Dividends declared ($0.28 per share)	-	-	(3,398)	-	-	-	(3,398)
Balance, September 30, 2023	$ 41,976	$ 98,713	$ 1,042,695	$ (167,576)	16,189	$ (421,169)	$ 594,639

See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands)	Three Months Ended September 30, 2024	2023
Cash flows from operating activities		
Net income	$ 18,197	$ 18,814
Income (loss) from discontinued operations	9	(78)
Income from continuing operations	18,188	18,892
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,061	7,082
Stock-based compensation	2,568	2,193
Non-cash portion of restructuring charge	(143)	397
(Gain) loss on sale of business	-	(274)
Contributions to defined benefit plans	(3,379)	(49)
Changes in operating assets and liabilities, net	(6,748)	(11,834)
Net cash provided by (used in) operating activities - continuing operations	17,547	16,407
Net cash provided by (used in) operating activities - discontinued operations	26	(227)
Net cash provided by (used in) operating activities	17,573	16,180
Cash flows from investing activities		
Expenditures for property, plant, and equipment	(6,725)	(4,338)
Proceeds from sale of business	-	274
Expenditures for acquisitions, net of cash acquired	-	(29,229)
Other investing activity	411	-
Net cash provided by (used in) investing activities	(6,314)	(33,293)
Cash flows from financing activities		
Payments of debt	-	(25,000)
Activity under share-based payment plans	1,637	768
Purchases of treasury stock	(4,382)	(22,158)
Cash dividends paid	(3,528)	(3,288)
Net cash provided by (used in) financing activities	(6,273)	(49,678)
Effect of exchange rate changes on cash and cash equivalents	5,395	(2,085)
Net change in cash and cash equivalents	10,381	(68,876)
Cash and cash equivalents at beginning of year	154,203	195,706
Cash and cash equivalents at end of period	$ 164,584	$ 126,830
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 895	$ 1,280
Income taxes, net of refunds	$ 5,479	$ 5,119

See notes to unaudited condensed consolidated financial statements

1) Management Statement

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the results of operations for the three months ended September 30, 2024 and 2023, the cash flows for the three months ended September 30, 2024 and 2023 and the financial position of Standex International Corporation (“Standex”, the “Company”, “we”, “us”, or “our”), at September 30, 2024. The interim results are not necessarily indicative of results for a full year. The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. The unaudited condensed consolidated financial statements and notes do not contain information which would substantially duplicate the disclosures contained in the audited annual consolidated financial statements and notes for the year ended June 30, 2024. The condensed consolidated balance sheet at June 30, 2024 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. The financial statements contained herein should be read in conjunction with the Annual Report on Form 10-K and in particular the audited consolidated financial statements for the year ended June 30, 2024. Unless otherwise noted, references to years are to the Company’s fiscal years. Currently the fiscal year end is June 30. For further clarity, the Company's fiscal year 2025 includes the twelve-month period from July 1, 2024 to June 30, 2025.

The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and for the period then ended. Estimates are based on historical experience, actuarial estimates, current conditions and various other assumptions that are believed to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities when they are not readily apparent from other sources. These estimates assist in the identification and assessment of the accounting treatment necessary with respect to commitments and contingencies. Actual results may differ from these estimates under different assumptions or conditions. The estimates and assumptions used in the preparation of the consolidated financial statements have considered the implications on the Company as a result of ongoing global events and related economic impacts. As a result, there is heightened volatility and uncertainty around supply chain performance, labor availability, and customer demand. However, the magnitude of such impact on the Company’s business and its duration is uncertain. The Company is not aware of any specific event or circumstance that would require an update to its estimates or adjustments to the carrying value of its assets and liabilities as of September 30, 2024 and the issuance date of the quarterly report on Form 10-Q.

The Company considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The Company evaluated subsequent events through the date and time its unaudited condensed consolidated financial statements were issued.

Research and development expenditures are expensed as incurred. Total research and development costs, which are classified under selling, general, and administrative expenses, were \$4.8 million and \$5.3 million for the three months ended September 30, 2024 and 2023, respectively.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that the Company adopts as of the specified effective date. Unless otherwise discussed below, the Company does not believe that the adoption of recently issued standards had or may have a material impact on its unaudited condensed consolidated financial statements or disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280) ("ASU 2023-07"). This update provides, among other things, enhanced segment disclosure requirements including disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company will review the extent of new disclosures necessary in the coming quarters, prior to implementation during fiscal year 2025. Other than additional disclosure, the Company does not expect a change to its condensed consolidated financial statements upon adoption.

In December 2023, the FASB issued ASU 2023- 09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures. This ASU is expected to enhance the transparency and decision usefulness of income tax disclosures by requiring public business entities on an annual basis to disclose specific categories in the rate reconciliation, additional information for reconciling items that meet a quantitative threshold, and certain information about income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024. The amendments in this ASU are required to be applied on a prospective basis and retrospective adoption is permitted. The Company is currently evaluating the effect of adopting this new accounting guidance, which would be applicable to fiscal year 2026.

2) Acquisitions

At the time of the acquisition and as of September 30, 2024, the Company evaluated the significance of each acquisition on a standalone basis and in aggregate, considering both qualitative and quantitative factors.

On October 29, 2024 the Company announced the acquisition, in separate transactions, of privately-held US-based Amran Instrument Transformers and India-based Narayan Powertech Pvt. Ltd. (going forward referred to as "Amran/Narayan Group") in cash and stock transactions. These transactions represent a combined enterprise value of approximately $462 million, comprised of 85% cash and 15% in Standex common stock for Amran Instrument Transformers and 90% cash and 10% in Standex common stock for Narayan Powertech Pvt. Ltd. The 10% share exchange related to Narayan Powertech Pvt. Ltd. is subject to India regulatory approval, which is expected to take up to six months. The cash consideration of the transactions was financed using cash-on-hand, existing credit facilities, and a $250 million 364-day term loan with existing lenders. Its results will be reported in the Electronics segment beginning in the second quarter of fiscal year 2025.

Sanyu

On February 19, 2024, the Company completed the purchase of all the issued and outstanding equity interests of Sanyu Switch Co., Ltd ("Sanyu"), a privately held company for $20.9 million, net of cash acquired. Sanyu designs and manufactures reed relays for test and measurement and other switching applications. Products include surface mount relays, high current relays, high insulation relays, high density relays for test boards, and RF relays which are used in semi-conductors, other electronics manufacturing and other switching applications. Sanyu's results are reported within the Company's Electronics segment. The Company paid $22.2 million in cash in the third quarter of fiscal year 2024 and recorded $2.5 million as holdback amounts. Holdback amounts are used to withhold a portion of the initial purchase price payment until certain post-closing conditions are satisfied and are expected to be settled within 24 months from the date of acquisition.

The purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on a valuation of their fair values on the closing date. Goodwill recorded from this transaction is attributable to Sanyu's technical and applications expertise, which is highly complementary to the Company's existing business.

Identifiable intangible assets of $2.6 million consist primarily of $0.7 million for indefinite lived tradenames and $1.9 million of customer relationships to be amortized over 12 years. The goodwill of $9.2 million created by the transaction is not deductible for income tax purposes. The accounting for business combinations requires estimates and judgments regarding expectations for future cash flows of the acquired business, and the allocations of those cash flows to identifiable tangible and intangible assets, in determining the assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's best estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques.

The components of the fair value of the Sanyu acquisition, including the preliminary allocation of the purchase price are as follows (in thousands):

	Preliminary Allocation as of March 31, 2024	Adjustments	Preliminary Allocation as of September 30, 2024
Total purchase consideration:			
Cash payments	$ 22,178	$ -	$ 22,178
Holdbacks	2,464	-	2,464
Less cash acquired	(3,711)	-	(3,711)
Total	$ 20,931	$ -	$ 20,931
Identifiable assets acquired and liabilities assumed:			
Other acquired assets	$ 9,453	$ (1,462)	$ 7,991
Inventories	5,709	(5)	5,704
Property, plant, and equipment	4,791	(254)	4,537
Identifiable intangible assets	2,600	-	2,600
Goodwill	6,696	2,494	9,190
Liabilities assumed	(8,318)	(773)	(9,091)
Total	$ 20,931	$ -	$ 20,931

Minntronix

On July 31, 2023, the Company paid $29.2 million in cash for the purchase of all the issued and outstanding equity interests of Minntronix, a privately held company. Minntronix designs and manufactures customized as well as standard magnetics components and products including transformers, inductors, current sensors, coils, chokes, and filters. The products are used in applications across cable fiber, smart meters, industrial control and lighting, electric vehicles, and home security markets. Minntronix' results are reported within the Company's Electronics segment.

The purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on a valuation of their fair values on the closing date. Goodwill recorded from this transaction is attributable to Minntronix's technical and applications expertise, which is highly complementary to the Company's existing business.

Identifiable intangible assets of $10.7 million consist primarily of $3.2 million for indefinite lived tradenames and $7.5 million of customer relationships to be amortized over 15 years. The goodwill of $13.9 million created by the transaction is not deductible for income tax purposes. The accounting for business combinations requires estimates and judgments regarding expectations for future cash flows of the acquired business, and the allocations of those cash flows to identifiable tangible and intangible assets, in determining the assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's best estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques.

The components of the fair value of the Minntronix acquisition, including the final allocation of the purchase price are as follows (in thousands):

	Final Allocation as of September 30, 2024
Fair value of business combination:	
Cash payments	$ 33,890
Less, cash acquired	(4,661)
Total	$ 29,229
Identifiable assets acquired and liabilities assumed:	
Other acquired assets	$ 8,282
Customer backlog	1,120
Inventories	1,780
Property, plant, & equipment	1,039
Identifiable intangible assets	10,700
Goodwill	13,889
Liabilities assumed	(7,581)
Total	$ 29,229

SEPL

On May 3, 2024, the Company purchased all of the issued and outstanding equity interests of Sanyu Electric Pte Ltd, or SEPL, a privately held company for $3.5 million. Its results are reported within the Company's Electronics segment. The Company paid $1.1 million, net of cash acquired, in the fourth quarter of fiscal year 2024. The goodwill of $1.9 million created by the transaction is not deductible for income tax purposes.

Acquisition Related Costs

Acquisition related costs include costs related to acquired businesses and other pending acquisitions. These costs consist of (i) deferred compensation arrangements and (ii) acquisition related professional service fees and expenses, including financial advisory, legal, accounting, and other outside services incurred in connection with acquisition activities, and regulatory matters related to acquired entities. These costs do not include purchase accounting expenses, which we define as acquired backlog and the step-up of inventory to fair value, or the amortization of the acquired intangible assets.

Acquisition related costs for the three months ended September 30, 2024 and 2023 were $1.8 million and $0.5 million, respectively.

3) Revenue From Contracts With Customers

Most of the Company's contracts have a single performance obligation which represents the product or service being sold to the customer. Some contracts include multiple performance obligations such as a product and the related installation and/or extended warranty. Additionally, most of the Company's contracts offer assurance type warranties in connection with the sale of a product to customers. Assurance type warranties provide a customer with assurance that the product complies with agreed-upon specifications. Assurance type warranties do not represent a separate performance obligation.

In general, the Company recognizes revenue at the point in time control transfers to its customer based on predetermined shipping terms. Revenue is recognized over time under certain long-term contracts within the Engineering Technologies and Engraving segments for highly customized customer products that have no alternative use and in which the contract specifies the Company has a right to payment for its costs, plus a reasonable margin. For products manufactured over time, the transfer of control is measured pro rata, based upon current estimates of costs to complete such contracts. Losses on contracts are fully recognized in the period in which the losses become determinable. Revisions in profit estimates are reflected on a cumulative basis in the period in which the basis for such revision becomes known.

Disaggregation of Revenue from Contracts with Customers

The following table presents revenue from disaggregated by product line and segment (in thousands):

	Three Months Ended	
Revenue by Product Line	**September 30, 2024**	**September 30, 2023**
Electronics	$ 77,733	$ 81,688
Engraving Services	29,821	38,736
Engraving Products	3,542	2,058
Total Engraving	33,363	40,794
Scientific	17,693	18,193
Engineering Technologies	20,530	18,220
Hydraulics Cylinders and Systems	11,622	14,729
Merchandising & Display	9,523	11,150
Total Specialty Solutions	21,145	25,879
Total revenue by product line	$ 170,464	$ 184,774

The following table presents revenue from continuing operations disaggregated by geography based on the Company's locations (in thousands):

Net sales	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
United States	$ 100,735	$ 114,501
Asia Pacific	37,696	31,409
EMEA (1)	29,269	34,468
Other Americas	2,764	4,396
Total	$ 170,464	$ 184,774

(1) EMEA consists primarily of Europe, Middle East and S. Africa.

The following table presents revenue from continuing operations disaggregated by timing of recognition (in thousands):

	Three Months Ended	
Timing of Revenue Recognition	September 30, 2024	September 30, 2023
Products and services transferred at a point in time	$ 152,687	$ 167,225
Products transferred over time	17,777	17,549
Net sales	$ 170,464	$ 184,774

Contract Balances

Contract assets represent sales recognized in excess of billings related to work completed but not yet shipped for which revenue is recognized over time. Contract assets are recorded as prepaid expenses and other current assets. Contract liabilities are customer deposits for which revenue has not been recognized. Current contract liabilities are recorded as accrued liabilities.

The timing of revenue recognition, invoicing and cash collections results in billed receivables, contract assets and contract liabilities on the consolidated balance sheets. When consideration is received from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded. Contract liabilities are recognized as revenue after control of the goods and services are transferred to the customer and all revenue recognition criteria have been met.

The following table provides information about contract assets and liability balances (in thousands):

	June 30, 2024	Additions	Deductions	September 30, 2024
Three months ended September 30, 2024				
Contract assets:				
Prepaid expenses and other current assets	$ 45,393	$ 16,865	$ 12,171	$ 50,087
Contract liabilities:				
Customer deposits	1,766	1,803	2,069	1,500

	June 30, 2023	Additions	Deductions	September 30, 2023
Three months ended September 30, 2023				
Contract assets:				
Prepaid expenses and other current assets	$ 31,138	$ 16,396	$ 15,072	$ 32,462

We recognized the following revenue which was included in the contract liability beginning balances (in thousands):

Revenue recognized in the period from:	Three months ended September 30, 2024
Amounts included in the contract liability balance at the beginning of the period	$ 1,766

4) Fair Value Measurements

The financial instruments shown below are presented at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models may be applied.

Assets and liabilities recorded at fair value in the consolidated balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities and the methodologies used in valuation are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities. The Company's deferred compensation plan assets consist of shares in various mutual funds (investments are participant-directed) which invest in a broad portfolio of debt and equity securities. These assets are valued based on publicly quoted market prices for the funds' shares as of the balance sheet dates.

Level 2 – Inputs, other than quoted prices in an active market, that are observable either directly or indirectly through correlation with market data. For foreign exchange forward contracts and interest rate swaps, the Company values the instruments based on the market price of instruments with similar terms, which are based on spot and forward rates as of the balance sheet dates. The Company has considered the creditworthiness of counterparties in valuing all assets and liabilities.

Level 3 – Unobservable inputs based upon the Company's best estimate of what market participants would use in pricing the asset or liability.

There were no transfers of assets or liabilities between any levels of the fair value measurement hierarchy at September 30, 2024 or June 30, 2024. The Company's policy is to recognize transfers between levels as of the date they occur.

Cash and cash equivalents, accounts receivable, accounts payable, and debt are carried at cost, which approximates fair value.

The fair values of financial instruments were as follows (in thousands):

	September 30, 2024			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Marketable securities - deferred compensation plan	$ 4,838	$ 4,838	$ -	$ -
Interest rate swaps	2,537	-	2,537	-
Debt securities	2,784	-	-	2,784
Equity securities	2,088	-	-	2,088
Liabilities				
Foreign exchange contracts	$ 162	$ -	$ 162	$ -
Contingent consideration (a)	660	-	-	660

	June 30, 2024			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Marketable securities - deferred compensation plan	$ 4,917	$ 4,917	$ -	$ -
Interest rate swaps	4,673	-	4,673	-
Debt securities	2,679	-	-	2,679
Equity securities	2,009	-	-	2,009
Liabilities				
Contingent consideration(a)	$ 660	$ -	$ -	$ 660

(a) The fair value of our contingent consideration arrangement is determined based on our evaluation as to the probability and amount of any deferred compensation that has been earned to date.

The Company is obligated to pay contingent consideration to the sellers of SEPL in the event that certain financial targets are achieved during the two years following acquisition, which occurred in the fourth quarter of fiscal year 2024. As of September 30, 2024, the maximum liability under this arrangement is $0.7 million.

The Company has determined the fair value of the liabilities for the contingent consideration based on a probability-weighted discounted cash flow analysis. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The fair value of the contingent consideration liability associated with future payments was based on several factors, the most significant of which are the financial performance of the acquired businesses and the risk-adjusted discount rate for the fair value measurement.

Additionally, the Company has financial assets based upon Level 3 inputs, which represent investments in a privately held company.

The Company invested $2.1 million for equity securities of a company whose securities are not publicly traded and where fair value is not readily available. This was recorded as an investment within other non-current assets in the consolidated balance sheets to reflect the initial fair value of the stock acquired. These investments are recorded using either the equity method of accounting or the cost minus impairment adjusted for observable price changes, depending on ownership percentage and other factors that suggest significant influence. The Company concluded it does not have a significant ownership percentage or influence. The Company monitors this investment to evaluate whether any increase or decline in the value has occurred, based on the implied value of recent company financings, public market prices of comparable companies and general market conditions.

In the third quarter of fiscal year 2023, the Company also purchased $2.8 million of debt securities from the same privately held company. The available for sale asset was recorded as a current asset in the prepaid expenses and other current assets line of the consolidated balance sheet to reflect the initial fair value of the instrument acquired. This asset was originally due to mature one year from the date of issuance. In the first quarter of fiscal year 2025, the maturity was extended to the end of the third quarter of fiscal year 2025. Available-for-sale debt securities are recorded at fair market value and unrealized gains and losses are included in accumulated other comprehensive income (loss) in equity, net of related tax effects. Realized gains and losses are reported in other non-operating (income) expense, net.

There have been no changes in the fair value of the estimates for the Level 3 assets in fiscal year 2025 other than the impact of foreign exchange, which represents the increase in the fair values from the prior year.

The Company updates its assumptions each reporting period based on new developments and records such amounts at fair value based on the revised assumptions until the agreements expire.

5) Inventories

Inventories from continuing operations are comprised of the following (in thousands):

	September 30, 2024	June 30, 2024
Raw materials	$ 47,830	$ 44,536
Work in process	13,805	16,202
Finished goods	28,486	26,368
Total	$ 90,121	$ 87,106

Distribution costs associated with the sale of inventory, which are recorded as a component of selling, general and administrative expenses in the accompanying unaudited condensed consolidated statements of operations were $2.4 million and $3.1 million for the three months ended September 30, 2024 and 2023, respectively.

6) Goodwill

Changes to goodwill by reportable segment during the period were as follows (in thousands):

	June 30, 2024	Acquisitions	Translation Adjustment	September 30, 2024
Electronics	$ 149,910	$ 1,024	$ 9,018	$ 159,952
Engraving	76,605	-	345	76,950
Scientific	15,454	-	-	15,454
Engineering Technologies	36,255	-	510	36,765
Specialty Solutions	3,059	-	-	3,059
Total	$ 281,283	$ 1,024	$ 9,873	$ 292,180

7) Warranty Reserves

The expected cost associated with warranty obligations on our products is recorded as a component of cost of sales when the revenue is recognized. The Company's estimate of warranty cost is based on contract terms and historical warranty loss experience that is periodically adjusted for recent actual experience. Since warranty estimates are forecasts based on the best available information, claims costs may differ from amounts provided. Adjustments to initial obligations for warranties are made as changes in the obligations become reasonably estimable.

The change in warranty reserves from continuing operations, which are recorded as a component of accrued liabilities were as follows (in thousands):

	September 30, 2024	June 30, 2024
Balance at beginning of year	$ 2,209	$ 2,094
Acquisitions and other charges	28	92
Warranty expense	293	2,230
Warranty claims	(204)	(2,207)
Balance at end of period	$ 2,326	$ 2,209

8) Debt

Long-term debt is comprised of the following (in thousands):

	September 30, 2024	June 30, 2024
Bank credit agreements	$ 150,000	$ 150,000
Total funded debt	150,000	150,000
Issuance cost	(1,015)	(1,124)
Total long-term debt	$ 148,985	$ 148,876

Bank Credit Agreements

During the third quarter of fiscal year 2023, the Company entered into a Third Amended & Restated Credit Agreement which renewed the existing Credit Agreement for an additional five-year period (“Credit Facility”, or “Facility”). The Facility has a borrowing limit of $500 million, which can be increased by an amount of up to $250 million, in accordance with specified conditions contained in the agreement. The Facility also includes a $10 million sublimit for swing line loans and a $35 million sublimit for letters of credit.

At September 30, 2024, the Company had standby letters of credit outstanding, primarily for insurance purposes, of $3.1 million and had the ability to borrow $337.3 million under the facility. Funds borrowed under the Facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio, are maintained), and other general corporate purposes. The Facility contains customary representations, warranties and restrictive covenants, as well as specific financial covenants which the Company was compliant with as of September 30, 2024. At September 30, 2024, the carrying value of the current borrowings approximates fair value.

9) Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	September 30, 2024	June 30, 2024
Payroll and employee benefits	$ 19,438	$ 26,657
Operating lease current liability	8,481	8,289
Warranty reserves	2,326	2,209
Restructuring costs	1,304	1,447
Workers' compensation	1,373	1,135
Contingent consideration	330	330
Fair value of derivatives	162	-
Other	19,471	16,631
Total	$ 52,885	$ 56,698

10) Derivative Financial Instruments

The Company is exposed to market risks from changes in interest rates, commodity prices and changes in foreign currency rates. The Company selectively uses derivative financial instruments in order to manage certain of these risks. Information about the Company’s derivative financial instruments is as follows:

Interest Rate Swaps

From time to time as dictated by market opportunities, the Company enters into interest rate swap agreements designed to manage exposure to interest rates on the Company’s variable rate indebtedness. The Company recognizes all derivatives on its consolidated balance sheets at fair value. The Company has designated its interest rate swap agreements, including those that may be forward-dated, as cash flow hedges, and changes in the fair value of the swaps are recognized in accumulated other comprehensive income until the hedged items are recognized in earnings. Hedge ineffectiveness, if any, associated with the swaps is reported in earnings within interest expense.

The Company’s effective swap agreements convert the base borrowing rate on $150 million of debt due under our Facility from a variable rate equal to 1 month Secured Overnight Financing Rate (SOFR) to a weighted average fixed rate of 0.85% at September 30, 2024. The fair value of the swaps, recognized in accumulated other comprehensive income, is as follows (in thousands, except percentages):

Effective Date	Notional Amount	Fixed Interest Rate	Maturity	September 30, 2024	June 30, 2024
February 23, 2023	100,000	0.86%	March 23, 2025	$ 1,644	$ 3,045
May 25, 2023	25,000	0.81%	April 24, 2025	480	863
February 24, 2023	25,000	0.86%	March 24, 2025	413	765
				$ 2,537	$ 4,673

The Company reported no losses for the three months ended September 30, 2024, as a result of hedge ineffectiveness. Future changes in these swap arrangements, including termination of the agreements, may result in a reclassification of any gain or loss reported in accumulated other comprehensive income (loss) into earnings as an adjustment to interest expense. Accumulated other comprehensive income (loss) related to these instruments is being amortized into interest expense concurrent with the hedged exposure.

Foreign Exchange Contracts

Forward foreign currency exchange contracts are used to limit the impact of currency fluctuations on certain anticipated foreign cash flows, such as collections from customers and loan payments between subsidiaries. The Company enters into such contracts for hedging purposes only. At September 30, 2024 and June 30, 2024, the Company had outstanding forward contracts related to hedges of intercompany loans with net unrealized losses of $0.2 million and net unrealized gains of less than $0.1 million, respectively, which approximate the unrealized gains and losses on the related loans. The contracts have maturity dates through fiscal year 2025, which correspond to the related intercompany loans.

The notional amounts of the Company's forward contracts, by currency, are as follows (in thousands):

Currency	**September 30, 2024**	**June 30, 2024**
USD	3,000	4,159
CAD	6,079	6,079

The table below presents the fair value of derivative financial instruments as well as their classification on the balance sheet (in thousands):

	Asset Derivatives					
	September 30, 2024			**June 30, 2024**		
Derivative designated as hedging instruments	**Balance Sheet Line Item**		**Fair Value**	**Balance Sheet Line Item**		**Fair Value**
Interest rate swaps	Prepaid expenses and other current assets	$	2,537	Prepaid expenses and other current assets	$	4,673

	Liability Derivatives					
	September 30, 2024			**June 30, 2024**		
Derivative designated as hedging instruments	**Balance Sheet Line Item**		**Fair Value**	**Balance Sheet Line Item**		**Fair Value**
Foreign exchange contracts	Accrued liabilities	$	-	Accrued liabilities	$	-

The table below presents the amount of gain (loss) recognized in comprehensive income on our derivative financial instruments (effective portion) designated as hedging instruments and their classification within comprehensive income for the periods ended (in thousands):

	Three Months Ended September 30,	
	2024	2023
Interest rate swaps	$ (384)	$ 628
Foreign exchange contracts	-	315
	$ (384)	$ 943

The table below presents the amount reclassified from accumulated other comprehensive income (loss) to net income for the periods ended (in thousands):

Details about Accumulated Other Comprehensive Income (Loss) Components	Three Months Ended September 30,		Affected line item in the Unaudited Condensed Statements of Operations
	2024	2023	
Interest rate swaps	$ (1,697)	$ (1,720)	Interest expense
Foreign exchange contracts	-	(215)	Other non-operating (income) expense, net
	$ (1,697)	$ (1,935)	

11) Retirement Benefits

The Company has defined benefit pension plans covering certain current and former employees both inside and outside of the U.S. The Company's pension plan for U.S. employees is frozen for substantially all participants and has been replaced with a defined contribution benefit plan.

Net periodic benefit cost for the Company's U.S. and foreign pension benefit plans for the periods ended consisted of the following components (in thousands):

	U.S. Plans Three Months Ended September 30,		Non-U.S. Plans Three Months Ended September 30,	
	2024	2023	2024	2023
Service cost	$ -	$ -	$ 63	$ 41
Interest cost	2,386	2,473	306	297
Expected return on plan assets	(2,641)	(2,779)	(347)	(353)
Recognized net actuarial loss	1,055	951	-	(152)
Amortization of prior service cost	-	-	(1)	(1)
Net periodic (benefit) cost	$ 800	$ 645	$ 21	$ (168)

The following table sets forth the amounts recognized for the Company's defined benefit pension plans (in thousands):

Amounts recognized in the consolidated balance sheets consist of:	**September 30, 2024**	**June 30, 2024**
Prepaid benefit cost	$ 2,816	$ 2,570
Current liabilities	(262)	(791)
Non-current liabilities	(40,088)	(42,667)
Net amount recognized	$ (37,534)	$ (40,888)

The contributions made to defined benefit plans are presented below along with remaining contributions to be made for fiscal year 2025 (in thousands):

Contributions to defined benefit plans	**Fiscal Year 2025 Three Months Ended September 30, 2024**	**Remaining Contributions FY 2025**
United States, funded plan	$ 3,352	$ 2,485
United States, unfunded plan	27	144
Germany, unfunded plan	-	263
	$ 3,379	$ 2,892

12) Income Taxes

The Company's effective tax rate from continuing operations for the first quarter of fiscal year 2025 was 21.4% compared with 23.8% for the prior year quarter.

The tax rate was impacted in the current period by the following items: (i) a discrete tax benefit related to equity compensation, (ii) variations in the geographical mix of earnings; (iii) foreign withholding taxes and (iv) tax credits linked to federal research and development activities. The tax rate was impacted in the prior period by the following items: (i) a discrete tax benefit related to equity compensation, (ii) the jurisdictional mix of earnings, (iii) foreign withholding taxes, and (iv) federal research and development tax credits.

13) Earnings Per Share

The Company uses shares acquired through treasury stock repurchases for the issuance of shares of common stock for the settlement of awards under its stock-based compensation plans, with the net effect of these transactions accounting for the change in common stock outstanding.

The following table sets forth a reconciliation of the number of shares (in thousands) used in the computation of basic and diluted earnings per share:

	Three Months Ended September 30,	
	2024	**2023**
Basic - Average shares outstanding	11,787	11,742
Dilutive effect of unvested, restricted stock awards	117	191
Diluted - Average shares outstanding	11,904	11,933

Earnings available to common stockholders are the same for computing both basic and diluted earnings per share. There were no outstanding instruments that had an anti-dilutive effect at September 30, 2024 or 2023.

Performance stock units of 81,704 and 89,434 for the three months ended September 30, 2024 and 2023, respectively, are excluded from the diluted earnings per share calculation as the performance criteria have not been met.

14) Accumulated Other Comprehensive Income (Loss)

The components of the Company's accumulated other comprehensive income (loss) are as follows (in thousands):

	September 30, 2024	June 30, 2024
Foreign currency translation adjustment	$ (68,918)	$ (91,928)
Unrealized pension losses, net of tax	(94,935)	(95,516)
Unrealized gains (losses) on derivative instruments, net of tax	2,914	4,488
Total	$ (160,939)	$ (182,956)

15) Contingencies

From time to time, the Company is subject to various claims and legal proceedings, including claims related to environmental remediation, either asserted or unasserted, that arise in the ordinary course of business. While the outcome of these proceedings and claims cannot be predicted with certainty, the Company's management does not believe that the outcome of any of the currently existing legal matters will have a material impact on the Company's consolidated financial position, results of operations or cash flow. The Company accrues for losses related to a claim or litigation when the Company's management considers a potential loss probable and can reasonably estimate such potential loss.

16) Industry Segment Information

The Company has five reportable segments organized around the types of products sold:

- Electronics – manufactures and sells electronic components for applications throughout the end user market spectrum;
- Engraving – provides mold texturizing, slush molding tools, project management and design services, roll engraving, hygiene product tooling, low observation vents for stealth aircraft, and process machinery for a number of industries;
- Scientific – sells specialty temperature-controlled equipment for the medical, scientific, pharmaceutical, biotech and industrial markets;
- Engineering Technologies – provides net and near net formed single-source customized solutions in the manufacture of engineered components for the aviation, aerospace, defense, energy, industrial, medical, marine, oil and gas, and manned and unmanned space markets;
- Specialty Solutions – an aggregation of two operating segments that manufacture and sell refrigerated, heated and dry merchandizing display cases and single and double acting telescopic and piston rod hydraulic cylinders.

Net sales and income (loss) from continuing operations by segment were as follows (in thousands):

	Three Months Ended September 30,			
	Net Sales		Income from Operations	
	2024	2023	2024	2023
Industry segment:				
Electronics	$ 77,733	$ 81,688	$ 17,027	$ 16,334
Engraving	33,363	40,794	5,824	7,595
Scientific	17,693	18,193	4,749	4,930
Engineering Technologies	20,530	18,220	4,010	3,017
Specialty Solutions	21,145	25,879	3,548	5,617
Corporate	-	-	(8,133)	(8,443)
Restructuring costs	-	-	(1,086)	(1,906)
Gain on sale of business	-	-	-	274
Acquisition related costs	-	-	(1,840)	(501)
Sub-total	$ 170,464	$ 184,774	$ 24,099	$ 26,917
Interest expense			977	1,276
Other non-operating (income) expense			(28)	846
Income from continuing operations before income taxes			$ 23,150	$ 24,795

Net sales include only transactions with unaffiliated customers and include no intersegment sales. Income (loss) from operations by segment excludes interest expense and other non-operating (income) expense.

17) Restructuring

The Company has undertaken a number of initiatives that have resulted in severance, restructuring, and related charges. Related charges may include third party assistance with analysis and implementation of these activities.

2025 Restructuring Initiatives

The Company continues to focus its efforts to reduce cost and improve productivity across its businesses. Restructuring expenses primarily related to facility rationalizations and consolidations. The Company expects the 2025 restructuring activities to be completed by fiscal year 2026.

Prior Year Restructuring Initiatives

Restructuring expenses primarily related to headcount reductions and other cost saving initiatives within our Engraving and Electronics segments. The Company expects the prior year restructuring activities to be completed by fiscal year 2025.

A summary of charges by initiative is as follows (in thousands):

	Three Months Ended September 30, 2024		
Fiscal Year 2025	**Involuntary Employee Severance and Benefit Costs**	**Other**	**Total**
Current year initiatives	$ 266	$ 165	$ 431
Prior year initiatives	344	311	655
	$ 610	$ 476	$ 1,086

Fiscal Year 2024	Three Months Ended September 30, 2023		
	Involuntary Employee Severance and Benefit Costs	Other	Total
Current year initiatives	$ 1,427	$ 345	$ 1,772
Prior year initiatives	126	8	134
	$ 1,553	$ 353	$ 1,906

Activity in the restructuring liability reserve related to the initiatives is as follows (in thousands):

Current Year Initiatives	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring liabilities at June 30, 2024	$ -	$ -	$ -
Additions and adjustments	266	165	431
Payments	(266)	(165)	(431)
Restructuring liabilities at September 30, 2024	$ -	$ -	$ -

Prior Year Initiatives	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring liabilities at June 30, 2024	$ 1,253	$ 194	$ 1,447
Additions and adjustments	344	311	655
Payments	(362)	(436)	(798)
Restructuring liabilities at September 30, 2024	$ 1,235	$ 69	$ 1,304

Prior Year	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring liabilities at June 30, 2023	$ 1,104	$ 192	$ 1,296
Additions and adjustments	1,553	353	1,906
Payments	(1,144)	(365)	(1,509)
Restructuring liabilities at September 30, 2023	$ 1,513	$ 180	$ 1,693

The Company’s total restructuring expenses by segment are as follows (in thousands):

	Three Months Ended September 30, 2024		
	Involuntary Employee Severance and Benefit Costs	Other	Total
Engraving	$ 531	$ 476	$ 1,007
Corporate	79	-	79
	$ 610	$ 476	$ 1,086

	Three Months Ended September 30, 2023		
	Involuntary Employee Severance and Benefit Costs	Other	Total
Electronics	$ 244	$ 31	$ 275
Engraving	793	322	1,115
Engineering Technologies	42	-	42
Corporate	474	-	474
	$ 1,553	$ 353	$ 1,906

Restructuring expense is expected to be approximately $4.0 million for the remainder of fiscal year 2025.

18) Divestitures

On February 28, 2023, the Company divested its Procon pumps business (“Procon”) to Investindustrial, a leading European investment and advisory group. Procon generated approximately $21.2 million in revenue in the first eight months of fiscal year 2023. Procon which is reported within the Specialty Solutions Group, was divested in order to focus on the continued simplification of the Company’s portfolio and enable greater focus on managing larger platforms and pursuing growth opportunities.

The Company received $67.0 million cash consideration at closing, which is presented as an investing cash flow in fiscal year 2023. Cash consideration received at closing excludes amounts held in escrow and is net of closing cash. The Company recorded a pre-tax gain on sale of the business of $62.1 million in fiscal year 2023. The operating unit's goodwill balance of $0.2 million was written off as a part of the transaction in fiscal year 2023. The sale transaction and financial results of Procon are classified as continuing operations in the Consolidated Financial Statements.

During the first quarter of fiscal year 2024, the Company recorded an additional $0.3 million gain on the sale of the business due to cash received in the period related to closing cash adjustments.

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

Forward-Looking Statements

Statements contained in this periodic report that are not based on historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as "should," "could," "may," "will," "expect," "believe," "estimate," "anticipate," "intend," "continue," or similar terms or variations of those terms or the negative of those terms. There are many factors that affect the Company's business and the results of its operations and that may cause the actual results of operations in future periods to differ materially from those currently expected or anticipated. These factors include, but are not limited to: the impact of pandemics and other global crises or catastrophic events on employees, our supply chain, and the demand for our products and services around the world; materially adverse or unanticipated legal judgments, fines, penalties or settlements; conditions in the financial and banking markets, including fluctuations in exchange rates and the inability to repatriate foreign cash; domestic and international economic conditions, including the impact, length and degree of economic downturns on the customers and markets we serve and more specifically conditions in the automotive, construction, aerospace, defense, transportation, food service equipment, consumer appliance, energy, oil and gas and general industrial markets; lower-cost competition; the relative mix of products which impact margins and operating efficiencies in certain of our businesses; the impact of higher raw material and component costs, particularly steel, certain materials used in electronics parts, petroleum based products, and refrigeration components; the impact of higher transportation and logistics costs, especially with respect to transportation of goods from Asia; the impact of inflation on the costs of providing our products and services; an inability to realize the expected cost savings from restructuring activities including effective completion of plant consolidations, cost reduction efforts including procurement savings and productivity enhancements, capital management improvements, strategic capital expenditures, and the implementation of lean enterprise manufacturing techniques; the potential for losses associated with the exit from or divestiture of businesses that are no longer strategic or no longer meet our growth and return expectations; the inability to achieve the savings expected from global sourcing of raw materials and diversification efforts in emerging markets; the impact on cost structure and on economic conditions as a result of actual and threatened increases in trade tariffs; the inability to attain expected benefits from acquisitions and the inability to effectively consummate and integrate such acquisitions and achieve synergies envisioned by the Company; increased costs from acquisitions to improve and coordinate managerial, operational, financial, and administrative systems, including internal controls over financial reporting and compliance with the Sarbanes-Oxley Act of 2002, and other costs related to such systems in connection with acquired businesses; market acceptance of our products; our ability to design, introduce and sell new products and related product components; the ability to redesign certain of our products to continue meeting evolving regulatory requirements; the impact of delays initiated by our customers; our ability to increase manufacturing production to meet demand including as a result of labor shortages; the impact on our operations of any successful cybersecurity attacks; and potential changes to future pension funding requirements. For a more comprehensive discussion of these and other factors, see the "Risk Factors" section of the Company's most recent annual report on Form 10-K filed with the SEC and available on the Company's website. In addition, any forward-looking statements represent management's estimates only as of the day made and should not be relied upon as representing management's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company and management specifically disclaim any obligation to do so, even if management's estimates change.

Overview

We are a diversified industrial manufacturer with leading positions in a variety of products and services that are used in diverse commercial and industrial markets. Headquartered in Salem, New Hampshire, we have six operating segments aggregated into five reportable segments: Electronics, Engraving, Scientific, Engineering Technologies, and Specialty Solutions. Two operating segments are aggregated into Specialty Solutions. Our businesses work in close partnership with our customers to deliver custom solutions or engineered components that solve their unique and specific needs, an approach we call "Customer Intimacy".

Our long-term business strategy is to create, improve, and enhance shareholder value by building more profitable, focused industrial platforms through our Standex Value Creation System. This methodology employs four components: Balanced Performance Plan, Growth Disciplines, Operational Excellence, and Talent Management and provides both a company-wide framework and tools used to achieve our goals. We intend to continue investing organically and inorganically in high margin and growth businesses using this balanced and proven approach.

It is our objective to grow larger and more profitable business units through a commitment to both organic and inorganic initiatives. We have a particular focus on identifying and investing in businesses, new products and new applications that complement our existing products and will increase our overall scale, global presence and capabilities. We continue to execute on acquisitions where strategically aligned with our businesses and where the opportunity meets our investment metrics. We have divested, and likely will continue to divest, businesses that we feel are not strategic or do not meet our growth and return expectations.

As part of our ongoing strategy:

- On October 29, 2024 we announced the acquisition, in separate transactions, of privately-held US-based Amran Instrument Transformers and India-based Narayan Powertech Pvt. Ltd. (going forward referred to as "Amran/Narayan Group") in cash and stock transactions. These transactions represent a combined enterprise value of approximately $462 million, comprised of 85% cash and 15% in Standex common stock for Amran Instrument Transformers and 90% cash and 10% in Standex common stock for Narayan Powertech Pvt. Ltd. The 10% share exchange related to Narayan Powertech Pvt. Ltd. is subject to India regulatory approval, which is expected to take up to six months. The cash consideration of the transactions was financed using cash-on-hand, existing credit facilities, and a $250 million 364-day term loan with existing lenders. We intend over the next several weeks to convert the 364-day term loan into exercise of the accordion feature under our existing credit facilities. This acquisition significantly expands our sales in the fast-growing, high-margin electrical grid end market and our presence in India. Its results will be reported in the Electronics segment beginning in the second quarter of fiscal year 2025. For a more detailed description of these acquisitions as well as the related financing, please see the Current Report on Form 8-K filed by us with the SEC on October 31, 2024.

- On May 3, 2024, we acquired Sanyu Electric Pte Ltd, or SEPL, a privately held distributor of reed relays. Its results are reported in the Electronics segment.

- On February 19, 2024, we acquired, through our subsidiary Standex Electronics Japan Corporation, privately-held, Japanese-based Sanyu Switch Co., Ltd (Sanyu). Sanyu designs and manufactures reed relays, test sockets, testing systems for semiconductor and other electronics manufacturing, and other switching applications. Its results are reported in the Electronics segment.

- On July 31, 2023, we acquired Minntronix, a privately held company. Minntronix designs and manufactures customized as well as standard magnetics components and products including transformers, inductors, current sensors, coils, chokes, and filters. The products are used in applications across cable fiber, smart meters, industrial control and lighting, electric vehicles, and home security markets. Its results are reported in the Electronics segment.

As a result of our portfolio moves over the past several years, we have transformed Standex to a company with a more focused group of businesses selling customized solutions to high value end markets via a compelling customer value proposition. The narrowing of the portfolio allows for greater management focus on driving operational disciplines and positions us well to use our cash flow from operations to invest selectively in our ongoing pipeline of organic and inorganic opportunities.

The Company's strong historical cash flow has been a cornerstone for funding our capital allocation strategy. We use cash flow generated from operations to fund investments in capital assets to upgrade our facilities, improve productivity and lower costs, invest in the strategic growth programs described above, including organic growth and acquisitions, and to return cash to our shareholders through payment of dividends and stock buybacks.

Restructuring expenses reflect costs associated with our efforts of continuously improving operational efficiency and expanding globally in order to remain competitive in our end user markets. We incur costs for actions to size our businesses to a level appropriate for current economic conditions, improve our cost structure, enhance our competitive position and increase operating margins. Such expenses include costs for moving facilities to locations that allow for lower fixed and variable costs, external consultants who provide additional expertise starting up plants after relocation, downsizing operations because of changing economic conditions, and other costs resulting from asset redeployment decisions. Shutdown costs include severance, benefits, stay bonuses, lease and contract terminations, asset write-downs, costs of moving fixed assets, and moving and relocation costs. Vacant facility costs include maintenance, utilities, property taxes and other costs.

Because of the diversity of the Company's businesses, end user markets and geographic locations, management does not use specific external indices to predict the future performance of the Company, other than general information about broad macroeconomic trends. Each of our individual business units serves niche markets and attempts to identify trends other than general business and economic conditions which are specific to its business and which could impact its performance. Those units report pertinent information to senior management, which uses it to the extent relevant to assess the future performance of the Company. A description of any such material trends is described below in the applicable segment analysis.

We monitor a number of key performance indicators ("KPIs") including net sales, income from operations, backlog, effective income tax rate, gross profit margin, and operating cash flow. A discussion of these KPIs is included below. We may also supplement the discussion of these KPIs by identifying the impact of foreign exchange rates, acquisitions, and other significant items when they have a material impact on a specific KPI.

We believe the discussion of these items provides enhanced information to investors by disclosing their impact on the overall trend which provides a clearer comparative view of the KPI, as applicable. For discussion of the impact of foreign exchange rates on KPIs, we calculate the impact as the difference between the current period KPI calculated at the current period exchange rate as compared to the KPI calculated at the historical exchange rate for the prior period. For discussion of the impact of acquisitions, we isolate the effect on the KPI amount that would have existed regardless of such acquisition. Sales resulting from synergies between the acquisition and existing operations of the Company are considered organic growth for the purposes of our discussion.

Unless otherwise noted, references to years are to fiscal years.

Results from Continuing Operations

(In thousands, except percentages)	Three Months Ended September 30, 2024		2023
Net sales	$ 170,464		$ 184,774
Gross profit margin	41.1%		39.3%
Income from operations	24,099		26,917

(In thousands)	Three Months Ended September 30, 2024
Net sales, prior year period	$ 184,774
Components of change in sales:	
Organic sales change	(21,122)
Effect of acquisitions	6,970
Effect of exchange rates	(158)
Net sales, current period	$ 170,464

Net sales decreased in the first quarter of fiscal year 2025 by $14.3 million or 7.7%, when compared to the prior year quarter. Organic sales decreased $21.1 million, or 11.4%, due to customer project pushouts in our Engraving segment in North America and Europe, lower demand in our Specialty segment related to election uncertainty and continued softness in general industrial end markets in Europe in our Electronics segment. These decreases were partially offset by strong demand and favorable project timing in our Engineering Technologies segment. Organic sales in the first quarter of fiscal year 2025 included $19.8 million attributed to fast growth markets. The fiscal year 2024 acquisitions of Sanyu, Minntronix and SEPL positively impacted sales by $7.0 million, or 3.8%. Foreign currency negatively impacted sales by $0.2 million, or 0.1%.

Gross Profit

Gross profit in the first quarter of fiscal year 2025 decreased to $70.1 million, or a gross margin of 41.1% as compared to $72.6 million, or a gross margin of 39.3%, in the first quarter of fiscal year 2024. Gross profit was impacted by the organic sales decreases and approximately $1.5 million of net inflationary impacts in the areas of labor and materials, partially offset by productivity initiatives and contribution from the prior year acquisitions.

Selling, General, and Administrative Expenses

Selling, General, and Administrative (“SG&A”) expenses for the first quarter of fiscal year 2025 were $43.0 million, or 25.3% of sales, compared to $43.6 million, or 23.6% of sales, during the prior year quarter. SG&A expenses during the quarter were primarily impacted by a reduction in selling and marketing expenses.

Restructuring Costs

We incurred restructuring expenses of $1.1 million in the first quarter of fiscal year 2025, primarily related to facility closures and global headcount reductions within our Engraving segment.

We expect to incur restructuring costs of approximately $4.0 million throughout the remainder of fiscal year 2025, as we continue to focus our efforts to reduce costs and improve productivity across our businesses.

Acquisition Related Costs

We incurred acquisition related expenses of $1.8 million in the first quarter of fiscal year 2025. Acquisition related expenses typically consist of due diligence, integration, and valuation expenses incurred in connection with recent or pending acquisitions.

Gain on Sale of Business

We recorded a pre-tax gain on sale of the Procon business of $62.1 million for fiscal year 2023. In the first quarter of fiscal year 2024, we recorded an additional $0.3 million gain on the sale related to closing cash adjustments. The sale transaction and financial results of Procon are classified as continuing operations in the Consolidated Financial Statements.

Income from Operations

Income from operations for the first quarter of fiscal year 2025 was $24.1 million, compared to $26.9 million during the prior year quarter. The decrease of $2.8 million, or 10.5%, is primarily due to lower organic sales and acquisition related costs. The decreases are partially offset by contributions from recent acquisitions and productivity improvement initiatives.

Interest Expense

Interest expense for the first quarter of fiscal year 2025 was $1.0 million, a 23.4% decrease from interest expense of $1.3 million during the prior year quarter. Our effective interest rate for the three months ended September 30, 2024 was 2.41%.

Income Taxes

The Company's effective tax rate from continuing operations for the first quarter of the fiscal year ending June 30, 2025 was 21.4% compared with 23.8% for the prior year quarter. The tax rate was impacted in the current period by the following items: (i) a discrete tax benefit related to equity compensation, (ii) variations in the geographical mix of earnings; (iii) foreign withholding taxes and (iv) tax credits linked to federal research and development activities. The tax rate was impacted in the prior period by the following items: (i) a discrete tax benefit related to equity compensation, (ii) the jurisdictional mix of earnings, (iii) foreign withholding taxes, and (iv) federal research and development tax credits.

Backlog

Backlog includes all active or open orders for goods and services. Backlog also includes any future deliveries based on executed customer contracts, so long as such deliveries are based on agreed upon delivery schedules. Backlog orders are not necessarily an indicator of future sales levels because of variations in lead times and customer production demand pull systems, with the exception of Engineering Technologies. Customers may delay delivery of products or cancel orders prior to shipment, subject to possible cancellation penalties. Due to the nature of long-term agreements in the Engineering Technologies segment, the timing of orders and delivery dates can vary considerably resulting in significant backlog changes from one period to another.

	As of September 30, 2024		As of September 30, 2023	
	Total Backlog	Backlog under 1 year	Total Backlog	Backlog under 1 year
Electronics	$ 103,974	$ 92,581	$ 145,726	$ 131,424
Engraving	21,503	20,582	32,534	28,281
Scientific	2,729	2,729	2,876	2,876
Engineering Technologies	61,039	45,289	78,205	60,184
Specialty Solutions	17,708	17,473	18,575	18,402
Total	$ 206,953	$ 178,654	$ 277,916	$ 241,167

Total backlog realizable under one year decreased $62.5 million, or 25.9%, to $178.7 million at September 30, 2024, from $241.2 million at September 30, 2023. The primary driver of the decrease is a $38.8 million reduction in the Electronics segment for the first quarter of fiscal year 2025, when compared to the prior year quarter.

Changes in backlog under one year are as follows (in thousands):

(In thousands)	As of September 30, 2024
Backlog under 1 year, prior year period	$ 241,167
Components of change in backlog:	
Organic change	(70,883)
Effect of acquisitions	8,370
Backlog under 1 year, current period	$ 178,654

Segment Analysis

Overall

Looking forward to the remainder of fiscal year 2025, we anticipate continued improvement in key financials metrics, supported by productivity initiatives.

In general, for the remainder of fiscal year 2025, we expect:

- continued growth in hybrid and electric vehicle program with a ramp up of new business opportunities;
- increased exposure to the high growth, high margin electrical grid end market as a result of the Amran/Narayan Group acquisition;
- soft trim end market growth in APAC;
- vaccine and cold storage demand to remain stable;
- commercial aviation and defense end markets demand to increase based on current program expectations and new product development;
- space markets to remain attractive, with volume to slightly increase from fiscal year 2024 due to new product development for existing customers;
- refuse and dump end markets to remain stable while being supported by future investments in the U.S. infrastructure bill;
- stable demand levels in food service equipment markets.

Electronics Group

	Three Months Ended September 30,		%
(In thousands, except percentages)	2024	2023	Change
Net sales	$ 77,733	$ 81,688	(4.8%)
Income from operations	17,027	16,334	4.2%
Operating income margin	21.9%	20.0%	

Net sales in the first quarter of fiscal year 2025 decreased $4.0 million, or 4.8%, when compared to the prior year quarter. The acquisitions of Sanyu, Minntronix and SEPL in fiscal year 2024 added $7.0 million, or 8.5%, in sales for the first quarter of fiscal year 2025. Foreign currency impacts of $0.2 million, or 0.4%, also positively affected net sales compared to the prior year quarter. The organic sales decrease of $11.2 million, or 13.7%, negatively affected net sales compared to the prior year quarter. Organic sales were impacted by continued softness in Europe, primarily in the general industrial end markets and the effect of prior overstocking related to certain large customer accounts.

Income from operations in the first quarter of fiscal year 2025 increased by $0.7 million, or 4.2%, when compared to the prior year quarter. The operating income increase was the result of contributions from the recent acquisitions, productivity initiatives and product mix, partially offset by lower organic sales.

In the second quarter of fiscal year 2025, on a sequential basis, we expect significantly higher revenue, primarily driven by our recent Amran/Narayan Group acquisition and higher sales into fast growth end markets, and slightly to moderately higher operating margin, as the recent acquisition and pricing and productivity initiatives are partially offset by increased investments in selling, marketing, and research and development.

Engraving Group

(In thousands, except percentages)	Three Months Ended September 30, 2024	2023	% Change
Net sales	$ 33,363	$ 40,794	(18.2%)
Income from operations	5,824	7,595	(23.3%)
Operating income margin	17.5%	18.6%	

Net sales in the first quarter of fiscal year 2025 decreased by $7.4 million, or 18.2%, when compared to the prior year quarter. Organic sales decreased by $7.1 million, or 17.5%, due to delays in new platform rollouts in North America and delays and general market softness in Europe. Foreign currency negative impacts on net sales were $0.3 million, or 0.7%.

Income from operations in the first quarter of fiscal year 2025 decreased by $1.8 million, or 23.3%, when compared to the prior year quarter. The operating income decrease was driven by lower demand in North America and Europe, partially offset by productivity initiatives.

In the second quarter of fiscal year 2025, on a sequential basis, we expect moderately higher revenue and slightly higher operating margin due to favorable project timing in Asia and Europe, as well as productivity initiatives.

Scientific Group

(In thousands, except percentages)	Three Months Ended September 30, 2024	2023	% Change
Net sales	$ 17,693	$ 18,193	(2.7%)
Income from operations	4,749	4,930	(3.7%)
Operating income margin	26.8%	27.1%	

Net sales in the first quarter of fiscal year 2025 decreased by $0.5 million, or 2.7%, when compared to the prior year quarter, reflecting lower demand from retail pharmacies, partially offset by higher volume from new product sales.

Income from operations in the first quarter of fiscal year 2025 decreased $0.2 million, or 3.7%, when compared to the prior year quarter. The decrease is driven by lower sales volume and higher freight costs, partially offset by productivity initiatives.

In the second quarter of fiscal year 2025, on a sequential basis, we expect similar revenue and slightly lower operating margin due to investments in research and development and higher freight costs.

Engineering Technologies Group

(In thousands, except percentages)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	% Change
Net sales	$ 20,530	$ 18,220	12.7%
Income from operations	4,010	3,017	32.9%
Operating income margin	19.5%	16.6%	

Net sales in the first quarter of fiscal year 2025 increased by $2.3 million, or 12.7%, when compared to the prior year quarter. The organic sales increase of $2.4 million, or 13.3%, was driven by more favorable project timing in the space end market which helped to drive growth in new product development and new applications. Foreign currency negative impacts on net sales were $0.1 million, or 0.6%.

Income from operations in the first quarter of fiscal year 2025 increased by $1.0 million, or 32.9%, when compared to the prior year quarter reflecting higher sales and pricing and productivity initiatives.

In the second quarter of fiscal year 2025, on a sequential basis, we expect similar to slightly higher revenue from new products and new applications and slightly lower operating margin due to project mix.

Specialty Solutions Group

(In thousands, except percentages)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	% Change
Net sales	$ 21,145	$ 25,879	(18.3%)
Income from operations	3,548	5,617	(36.8%)
Operating income margin	16.8%	21.7%	

Net sales in the first quarter of fiscal year 2025 decreased by $4.7 million, or 18.3%, when compared to the prior year quarter. Organic sales for the group decreased $4.7 million, or 18.3%, as compared to the prior year quarter, reflecting softness in general market conditions in the Display Merchandising business and in the Hydraulics business.

Income from operations in the first quarter of fiscal year 2025 decreased $2.1 million, or 36.8%, when compared to the prior year quarter, due to lower volume in the Display Merchandising business and in the Hydraulics business.

In the second quarter of fiscal year 2025, on a sequential basis, we expect slightly higher revenue and operating margin.

Corporate and Other

(In thousands, except percentages)	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023		% Change
Income (loss) from operations:					
Corporate	$	(8,133)	$	(8,443)	(3.7%)
Acquisition related costs		(1,840)		(501)	267.3%
Restructuring costs		(1,086)		(1,906)	(43.0%)
Gain on sale of business		-		274	(100.0%)

Corporate expenses in the first quarter of fiscal year 2025 decreased slightly when compared to the prior year quarter due to a reduction in professional service fees.

The restructuring, gain on sale of business and acquisition related costs have been discussed above in the Company Overview.

Discontinued Operations

In pursuing our business strategy, the Company may divest certain businesses. Future divestitures may be classified as discontinued operations based on their strategic significance to the Company. Net income (loss) from discontinued operations was less than $0.1 million for the three months ended September 30, 2024 and 2023, respectively.

Liquidity and Capital Resources

At September 30, 2024, our total cash balance was $164.6 million, of which $118.0 million was held by foreign subsidiaries. The amount and timing of cash repatriation is dependent upon foreign exchange rates and each business unit's operational needs including requirements to fund working capital, capital expenditure, and jurisdictional tax payments. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to capital controls; however, those balances are generally available without legal restrictions to fund ordinary business operations.

Net cash provided by continuing operating activities for the three months ended September 30, 2024, was $17.5 million compared to net cash provided by continuing operating activities of $16.4 million in the prior year. We generated $27.7 million from income statement activities and used $6.7 million of cash to fund working capital and other balance sheet increases. Cash flow used in investing activities for the three months ended September 30, 2024 totaled $6.3 million and consisted of $6.7 million used for capital expenditures offset by $0.4 million proceeds from sales of real estate and equipment. Cash used for financing activities for the three months ended September 30, 2024 totaled $6.3 million and consisted primarily of purchases of stock of $4.4 million and cash paid for dividends of $3.5 million.

During the third quarter of fiscal year 2023, the Company entered into a Third Amended & Restated Credit Agreement which renewed the existing Credit Agreement for an additional five-year period ("credit agreement", or "facility") with a borrowing limit of $500 million. The facility can be increased by an amount of up to $250 million, in accordance with specified conditions contained in the agreement. The facility also includes a $10 million sublimit for swing line loans and a $35 million sublimit for letters of credit.

Under the terms of the Credit Facility, we pay a variable rate of interest and a commitment fee on borrowed amounts as well as a commitment fee on unused amounts under the facility. The amount of the commitment fee depends upon both the undrawn amount remaining available under the facility and the Company's funded debt to EBITDA (as defined in the agreement) ratio at the last day of each quarter. As our funded debt to EBITDA ratio increases, the commitment fee increases.

Funds borrowed under the facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio, are maintained), and other general corporate purposes. As of September 30, 2024, the Company used $3.1 million against the letter of credit sub-facility and had the ability to borrow $337.3 million under the facility based on our current trailing twelve-month EBITDA. The facility contains customary representations, warranties and restrictive covenants, as well as specific financial covenants. The Company's current financial covenants under the facility are as follows:

Interest Coverage Ratio The Company is required to maintain a ratio of Earnings Before Interest and Taxes, as Adjusted ("Adjusted EBIT per the Credit Facility"), to interest expense for the trailing twelve months of at least 2.75:1. Adjusted EBIT per the Credit Facility specifically excludes extraordinary and certain other defined items such as cash restructuring and acquisition related charges up to the lower of $20.0 million or 10% of EBITDA. The facility also allows for unlimited non-cash purchase accounting and goodwill adjustments. At September 30, 2024, the Company's Interest Coverage Ratio was 26.31:1.

Leverage Ratio The Company's ratio of funded debt to trailing twelve month Adjusted EBITDA per the Credit Facility, calculated as Adjusted EBIT per the Credit Facility plus depreciation and amortization, may not exceed 3.5:1. Under certain circumstances in connection with a Material Acquisition (as defined in the Facility), the Facility allows for the leverage ratio to go as high as 4.0:1 for a four-fiscal quarter period. At September 30, 2024, the Company's leverage ratio was 0.66:1.

As of September 30, 2024, we had borrowings under our facility of $150.0 million. In order to manage our interest rate exposure on these borrowings, we are party to $150.0 million of active floating to fixed rate swaps. These swaps convert our interest payments from SOFR to a weighted average fixed rate of 0.85%. The effective rate of interest for our outstanding borrowings, including the impact of the interest rate swaps, was 2.41%.

Our primary cash requirements in addition to day-to-day operating needs include interest payments, capital expenditures, acquisitions, share repurchases, and dividends. Our primary sources of cash for these requirements are cash flows from continuing operations and borrowings under the facility. We expect fiscal year 2025 capital spending to be between $35.0 million and $40.0 million. We expect that fiscal year 2025 depreciation and amortization expense will be between $24.0 million and $28.0 million and $8.0 million and $10.0 million, respectively.

The following table sets forth our capitalization:

(In thousands)	**September 30, 2024**	**June 30, 2024**
Long-term debt	$ 148,985	$ 148,876
Less cash and cash equivalents	(164,584)	(154,203)
Net (cash) debt	(15,599)	(5,327)
Stockholders' equity	658,021	621,503
Total capitalization	$ 642,422	$ 616,176

We sponsor a number of defined benefit and defined contribution retirement plans. The U.S. pension plan is frozen for substantially all participants. We have evaluated the current and long-term cash requirements of these plans, and our existing sources of liquidity are expected to be sufficient to cover required contributions under ERISA and other governing regulations.

The fair value of the Company's U.S. defined benefit pension plan assets was $151.9 million at September 30, 2024, as compared to $142.3 million at the most recent measurement date, which occurred as of June 30, 2024. The next measurement date to determine plan assets and benefit obligations will be on June 30, 2025.

The Company expects to pay $2.9 million in contributions to its defined benefit plans during the remainder of fiscal year 2025. Contributions of $3.4 million and less than $0.1 million were made during the three months ended September 30, 2024 and 2023, respectively. There are required contributions of $2.5 million to the United States funded pension plan for the remainder of fiscal year 2025. The Company expects to make contributions during the remainder of fiscal year 2025 of less than $0.1 million and $0.3 million to its unfunded defined benefit plans in the U.S. and Germany, respectively. There are no required contributions to the plans in Japan or the U.K. Any subsequent plan contributions will depend on the results of future actuarial valuations.

We have an insurance program in place to fund supplemental retirement income benefits for three retired executives. Current executives and new hires are not eligible for this program. At September 30, 2024, the underlying policies had a cash surrender value of $12.1 million and are reported net of loans of $4.9 million for which we have the legal right of offset, these amounts are reported net on our balance sheet.

Other Matters

Inflation – Certain of our expenses, such as wages and benefits, occupancy costs, freight and equipment repair and replacement, are subject to normal inflationary pressures. Inflation for medical costs can impact both our employee benefit costs as well as our reserves for workers' compensation claims. We monitor the inflationary rate and make adjustments to reserves whenever it is deemed necessary. Our ability to control worker compensation insurance medical cost inflation is dependent upon our ability to manage claims and purchase insurance coverage to limit the maximum exposure for us. Each of our segments is subject to the effects of changing raw material costs caused by the underlying commodity price movements. We have experienced price fluctuations for a number of materials including rhodium, steel, and other metal commodities. These materials are some of the key elements in the products manufactured in these segments. Wherever possible, we will implement price increases to offset the impact of changing prices. The ultimate acceptance of these price increases will be impacted by our affected divisions' respective competitors and the timing of their price increases. In general, we do not enter into purchase contracts that extend beyond one operating cycle. While Standex considers our relationship with our suppliers to be good, there can be no assurances that we will not experience any supply shortage.

Foreign Currency Translation – Our primary functional currencies used by our non-U.S. subsidiaries are the Euro, British Pound Sterling (Pound), Japanese (Yen), Peso and Chinese (Yuan).

Defined Benefit Pension Plans – We record expenses related to these plans based upon various actuarial assumptions such as discount rates, mortality rates, and assumed rates of returns. The Company's pension plan is frozen for substantially all eligible U.S. employees and participants in the plan ceased accruing future benefits.

Environmental Matters – To the best of our knowledge, we believe that we are presently in substantial compliance with all existing applicable environmental laws and regulations and do not anticipate any instances of non-compliance that will have a material effect on our future capital expenditures, earnings or competitive position.

Seasonality – We are a diversified business with generally low levels of seasonality.

Employee Relations – The Company has labor agreements with several union locals in the United States and several European employees belong to European trade unions.

Critical Accounting Policies

The condensed consolidated financial statements include the accounts of Standex International Corporation and all of its subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying condensed consolidated financial statements. Although we believe that materially different amounts would not be reported due to the accounting policies adopted, the application of certain accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Our Annual Report on Form 10-K for the year ended June 30, 2024 lists a number of accounting policies which we believe to be the most critical.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risk Management

We are exposed to market risks from changes in interest rates, commodity prices and changes in foreign currency exchange. To reduce these risks, we selectively use, from time to time, financial instruments and other proactive management techniques. We have internal policies and procedures that place financial instruments under the direction of the Treasurer and restrict all derivative transactions to those intended for hedging purposes only. The use of financial instruments for trading purposes (except for certain investments in connection with the non-qualified defined contribution plan) or speculation is strictly prohibited. The Company has no majority-owned subsidiaries that are excluded from the consolidated financial statements. Further, we have no interests in or relationships with any special purpose entities.

Exchange Rate Risk

We are exposed to both transactional risk and translation risk associated with exchange rates. The transactional risk is mitigated, in large part, by natural hedges developed with locally denominated debt service on intercompany accounts. We also mitigate certain of our foreign currency exchange rate risks by entering into forward foreign currency contracts from time to time. The contracts are used as a hedge against anticipated foreign cash flows, such as loan payments, customer remittances, and materials purchases, and are not used for trading or speculative purposes. The fair values of the forward foreign currency exchange contracts are sensitive to changes in foreign currency exchange rates, as an adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts. However, any such losses or gains would generally be offset by corresponding gains and losses, respectively, on the related hedged asset or liability. At September 30, 2024 the fair value, in the aggregate, of the Company's open foreign exchange contracts was a liability of $0.2 million.

Our primary translation risk is with the Euro, British Pound Sterling, Peso, Japanese Yen and Chinese Yuan. A hypothetical 10% appreciation or depreciation of the value of any these foreign currencies to the U.S. Dollar at September 30, 2024, would not result in a material change in our operations, financial position, or cash flows. We hedge our most significant foreign currency translation risks primarily through cross currency swaps and other instruments, as appropriate.

Interest Rate Risk

The Company's effective interest rate on borrowings was 2.41% at September 30, 2024. Our interest rate exposure is limited primarily to interest rate changes on our variable rate borrowings and is mitigated by our use of interest rate swap agreements to modify our exposure to interest rate movements. At September 30, 2024, we have $150.0 million of active floating to fixed rate swaps with terms through fiscal year 2025. These swaps convert our interest payments from SOFR to a weighted average rate of 0.85%. At September 30, 2024, the fair value, in the aggregate, of the Company's interest rate swaps was assets of $2.5 million. A 25-basis point increase in interest rates would not materially change our annual interest expense as most of our outstanding debt is currently converted to fixed rate debts by means of interest rate swaps.

Concentration of Credit Risk

We have a diversified customer base. As such, the risk associated with concentration of credit risk is inherently minimized. As of September 30, 2024, no one customer accounted for more than 5% of our consolidated outstanding receivables or of our sales.

Commodity Prices

The Company is exposed to fluctuating market prices for all commodities used in its manufacturing processes. Each of our segments is subject to the effects of changing raw material costs caused by the underlying commodity price movements. In general, we do not enter into purchase contracts that extend beyond one operating cycle. While Standex considers our relationship with our suppliers to be good, there can be no assurances that we will not experience any supply shortage.

The Engineering Technologies, Specialty Solutions, and Electronics segments are all sensitive to price increases for steel and aluminum products, other metal commodities such as rhodium and copper, and petroleum-based products. We have experienced price fluctuations for a number of materials including rhodium, steel, and other metal commodities. These materials are some of the key elements in the products manufactured in these segments. Wherever possible, we will implement price increases to offset the impact of changing prices. The ultimate acceptance of these price increases, if implemented, will be impacted by our affected divisions' respective competitors and the timing of their price increases.

ITEM 4. CONTROLS AND PROCEDURES

At the end of the period covered by this Report, the management of the Company, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of September 30, 2024 in ensuring that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There was no change in the Company's internal control over financial reporting during the quarterly period ended September 30, 2024 that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 2.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) The following table provides information about purchases by the Company of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act:

Issuer Purchases of Equity Securities(1)
Quarter Ended September 30, 2024

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or appropriate dollar value) of shares (or units) that may yet be purchased under the plans or programs
July 1, 2024 - July 31, 2024	107	$ 165.00	107	$ 33,283
August 1, 2024 - August 31, 2024	24,703	176.68	24,703	28,919
September 1, 2024 - September 30, 2024	-	-	-	28,919
Total	24,810	$ 176.63	24,810	$ 28,919

(1) The Company has a Stock Buyback Program (the “Program”) which was originally announced on January 30, 1985 and most recently amended on April 28, 2022. Under the Program, the Company is authorized to repurchase up to an aggregate of $200 million of its shares. Under the program, purchases may be made from time to time on the open market, including through 10b5-1 trading plans, or through privately negotiated transactions, block transactions, or other techniques in accordance with prevailing market conditions and the requirements of the Securities and Exchange Commission. The Board’s authorization is open-ended and does not establish a timeframe for the purchases. The Company is not obligated to acquire a particular number of shares, and the program may be discontinued at any time at the Company’s discretion.

ITEM 5. Other Information

None of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the quarter ended September 30, 2024.

ITEM 6. EXHIBITS

(a) Exhibits

31.1	Principal Executive Officer’s Certification Pursuant to Rule 13a-14(a)/15d-14(a) and Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Principal Financial Officer’s Certification Pursuant to Rule 13a-14(a)/15d-14(a) and Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Principal Executive Officer and Principal Financial Officer Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from this Quarterly Report on Form 10-Q, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Unaudited Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

ALL OTHER ITEMS ARE INAPPLICABLE

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.

		STANDEX INTERNATIONAL CORPORATION
Date:	November 1, 2024	/s/ ADEMIR SARCEVIC Ademir Sarcevic Vice President/Chief Financial Officer (Principal Financial & Accounting Officer)
Date:	November 1, 2024	/s/ AMY GAGNON Amy Gagnon Vice President/Chief Accounting Officer

EXHIBIT 31.1

RULE 13a-14(a) CERTIFICATION

I, David Dunbar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Standex International Corporation for the quarter ending September 30, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2024

/s/ David Dunbar

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David Dunbar
President/Chief Executive Officer

EXHIBIT 31.2

RULE 13a-14(a) CERTIFICATION

I, Ademir Sarcevic, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Standex International Corporation for the quarter ending September 30, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2024

/s/ Ademir Sarcevic

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Ademir Sarcevic
Vice President/Chief Financial Officer

EXHIBIT 32

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Sec. 1350)
With Respect to the Standex International Corporation
Quarterly Report on Form 10-Q
For the Fiscal Quarter Ended September 30, 2024

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned Chief Executive Officer and Chief Financial Officer respectively of Standex International Corporation, a Delaware corporation (the "Company") do hereby certify that:

1. The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) as applicable, of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 1, 2024

/s/ David Dunbar

David Dunbar
Chief Executive Officer

Dated: November 1, 2024

/s/ Ademir Sarcevic

Ademir Sarcevic
Chief Financial Officer