

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended April 30 , 2024  
or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 0-5286

KEWAUNEE SCIENTIFIC CORPORATION

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
  
2700 West Front Street  
Statesville , North Carolina  
(Address of principal executive offices)

38-0715562  
(IRS Employer  
Identification No.)  
  
28677-2927  
(Zip Code)

Registrant's telephone number, including area code: ( 704 ) 873-7202  
Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class           | Trading Symbol(s) | Name of Exchange on which registered |
|-------------------------------|-------------------|--------------------------------------|
| Common Stock \$2.50 par value | KEQU              | NASDAQ Global Market                 |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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, a 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 | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/>            |

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of shares of voting stock held by non-affiliates of the registrant was approximately \$ 26,982,424 based on the last reported sale price of the registrant's Common Stock on October 31, 2023, the last business day of the registrant's most recently completed second fiscal quarter. Only shares beneficially owned by directors and executive officers of the registrant (excluding shares subject to options) and each person owning more than 5% of the outstanding Common Stock of the registrant were excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. As of June 24, 2024, the registrant had outstanding 2,840,143 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE: Those portions of the Company's proxy statement for use in connection with Kewaunee Scientific Corporation's annual meeting of stockholders to be held on August 28, 2024, indicated in this report are incorporated by reference into Part III hereof.

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## PART I

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this document constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). All statements other than statements of historical fact included in this Annual Report, including statements regarding the Company's future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions, and other important factors that could significantly impact results or achievements expressed or implied by such forward-looking statements. Such factors, risks, uncertainties and assumptions include, but are not limited to: competitive and general economic conditions, including disruptions from government mandates, both domestically and internationally, as well as supplier constraints and other supply disruptions; changes in customer demands; technological changes in our operations or in our industry; dependence on customers' required delivery schedules; risks related to fluctuations in the Company's operating results from quarter to quarter; risks related to international operations, including foreign currency fluctuations; changes in the legal and regulatory environment; changes in raw materials and commodity costs; risks associated with our ability to identify and complete strategic acquisitions or to successfully integrate any businesses that we may acquire; acts of terrorism, war, governmental action, natural disasters and other Force Majeure events. The cautionary statements made pursuant to the Reform Act herein and elsewhere by us should not be construed as exhaustive. We cannot always predict what factors would cause actual results to differ materially from those indicated by the forward-looking statements. Over time, our actual results, performance, or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such difference might be significant and harmful to our stockholders' interest. Many important factors that could cause such a difference are described under the caption "Risk Factors," in [Item 1A](#) of this Annual Report, which you should review carefully. These forward-looking statements speak only as of the date of this document. The Company assumes no obligation, and expressly disclaims any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

**Item 1. Business****GENERAL**

Kewaunee Scientific Corporation (the "Company") was founded in 1906, incorporated in Michigan in 1941, became publicly-held in 1968, and was reincorporated in Delaware in 1970. Our principal business is the design, manufacture, and installation of laboratory, healthcare, and technical furniture and infrastructure products. Our products include steel and wood casework, fume hoods, adaptable modular systems, moveable workstations, stand-alone benches, biological safety cabinets, and epoxy resin work surfaces and sinks.

Our products are sold primarily through purchase orders and contracts submitted by customers through our dealers, our subsidiaries in Singapore and India, and a national distributor. Products are sold principally to pharmaceutical, biotechnology, industrial, chemical and commercial research laboratories, educational institutions, healthcare institutions, governmental entities, and manufacturing facilities. We consider the markets in which we compete to be highly competitive, with a significant amount of the business involving competitive public bidding.

It is common in the laboratory and healthcare furniture industries for customer orders to require delivery at extended future dates, as products are frequently installed in buildings yet to be constructed. Changes or delays in building construction may cause delays in delivery of the orders and our recognition of the sale. Since prices are normally quoted on a firm basis in the industry, we bear the burden of possible increases in labor and material costs between quotation of an order and delivery of the product. The impact of such possible increases is considered when determining the sales price. The primary raw materials and products manufactured by others and used by us in our products are cold-rolled carbon and stainless steel, hardwood lumber and plywood, paint, chemicals, resins, hardware, plumbing and electrical fittings. Such materials and products are purchased from multiple suppliers and are typically readily available.

Our need for working capital and our credit practices are comparable to those of other companies manufacturing, selling and installing similar products in similar markets. Since our products are used in building construction projects, in many cases payments for our products are received over longer periods of time than payments for many other types of manufactured products, thus requiring increased working capital. In addition, payment terms associated with certain projects provide for a retention amount until final completion of the project, thus also increasing required working capital. On average, payments for our products are received during the quarter following shipment, with the exception of the retention amounts which are collected at the final completion of the project.

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We hold various patents and patent rights, but do not consider that our success or growth is dependent upon our patents or patent rights. Our business is not dependent upon licenses, franchises, concessions, trademarks, royalty agreements, or labor contracts.

Our business is not generally cyclical, although domestic sales are sometimes lower during our third quarter because of slower construction activity in certain areas of the country during the winter months. Sales for two of the Company's domestic dealers and our national stocking distributor represented, in the aggregate, approximately 42% and 35% of the Company's sales in fiscal years 2024 and 2023, respectively. Loss of all or part of our sales to a large customer would have a material effect on our financial operations.

Our order backlog at April 30, 2024 was \$155.6 million, as compared to \$147.9 million at April 30, 2023. Based on scheduled shipment dates and past experience, we estimate that not less than 88% of our order backlog at April 30, 2024 will be shipped during fiscal year 2025. However, it may be expected that delays in shipments will occur because of customer rescheduling or delay in completion of projects which involve the installation of our products.

### **SEGMENT INFORMATION**

See [Note 12](#), *Segment Information*, of the Notes to Consolidated Financial Statements included in [Item 8](#) of this Annual Report on Form 10-K for information concerning our Domestic and International business segments.

### **COMPETITION**

We consider the industries in which we participate to be highly competitive and believe that the principal deciding factors are price, product performance, and customer service. A significant portion of our business is based upon competitive public bidding.

### **RESEARCH AND EXPERIMENTATION EXPENDITURES**

The amount spent and expensed by us during the fiscal year ended April 30, 2024 on research and experimentation expenditures activities related to new or redesigned products was \$920,000. The amount spent for similar purposes in the fiscal year ended April 30, 2023 was \$1,012,000.

### **ENVIRONMENTAL COMPLIANCE**

In the last two fiscal years, compliance with federal, state, or local provisions enacted or adopted regulating the discharge of materials into the environment has had no material effect on us and such regulation is not expected to have a material effect on our earnings or competitive position in the future.

### **CULTURE AND WORKFORCE**

We are a company of passionate, talented, and motivated people. We embrace collaboration and creativity, and encourage the iteration of ideas to address complex challenges in technology and society.

At April 30, 2024, the Company had 556 Domestic employees and 450 International employees. Our people are critical for our continued success, so we work hard to create an environment where employees can have fulfilling careers, and be happy, healthy, and productive. We offer competitive benefits and programs to take care of the diverse needs of our employees and their families, including opportunities for career growth and development, resources to support their financial health, and access to excellent healthcare choices and resources, including access to an onsite medical clinic and separate gym facility and regular access to onsite specialists. Our competitive compensation programs help us to attract and retain top candidates, and we will continue to invest in recruiting talented people to technical and non-technical roles, and rewarding them well.

The Company believes that open and honest communication among team members, managers, and leaders helps create a collaborative work environment where everyone can contribute, grow, and succeed. Team members are encouraged to come to their managers with questions, feedback, or concerns, and the Company conducts surveys that gauge employee engagement.

When necessary, we contract with businesses around the world to provide specialized services where we do not have appropriate in-house expertise or resources. We also contract with temporary staffing agencies when we need to cover short-term leaves, when we have spikes in business needs, or when we need to quickly incubate special projects. We choose our partners and staffing agencies carefully and continually make improvements to promote a respectful and positive working environment for everyone - employees, vendors, and temporary staff alike.

### **OTHER INFORMATION**

Our Internet address is [www.kewaunee.com](http://www.kewaunee.com). We make available, free of charge through this website, our annual report to stockholders. Our Form 10-K and 10-Q financial reports may be obtained by stockholders by writing the Secretary of the

Company, Kewaunee Scientific Corporation, P.O. Box 1842, Statesville, NC 28687-1842. The public may also obtain information on our reports, proxy, and information statements at the Securities and Exchange Commission ("SEC") Internet site [www.sec.gov](http://www.sec.gov). The reference to our website does not constitute incorporation by reference of any information contained at that site.

#### EXECUTIVE OFFICERS OF THE REGISTRANT

Included in Part III, [Item 10\(b\)](#), *Directors, Executive Officers and Corporate Governance*, of this Annual Report on Form 10-K.

#### **Item 1A. Risk Factors**

You should carefully consider the following risks before you decide to buy shares of our common stock. If any of the following risks actually occur, our business, results of operations, or financial condition would likely suffer. In such case, the trading price of our common stock would decline, and you may lose all or part of the money you paid to buy our stock.

This and other public reports may contain forward-looking statements based on current expectations, assumptions, estimates and projections about us and our industry. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those forward-looking statements as a result of many factors, including those more fully described below and elsewhere in our public reports. We do not undertake to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

#### **Risks Specific to our Company**

##### ***If we lose a large customer, our sales and profits would decline.***

We have substantial sales to three of our domestic channel partners. The combined sales to two dealers and our national stocking distributor accounted for approximately 42% of our sales in fiscal year 2024. Loss of all or a part of our sales to a large channel partner would have a material effect on our revenues and profits until an alternative channel partner could be developed.

##### ***We rely on the talents and efforts of key management and our Associates. If we are unable to retain or motivate key personnel, hire qualified personnel, or maintain and continue to adapt our corporate culture, we may not be able to grow or operate effectively.***

Our performance largely depends on the talents and efforts of our Associates. Our ability to compete effectively and our future success depends on our continuing to identify, hire, develop, motivate, and retain key management and highly skilled personnel for all areas of our organization. In addition, our total compensation program may not always be successful in attracting new employees and retaining and motivating our existing employees. Restrictive immigration policy and regulatory changes may also affect our ability to hire, mobilize, or retain some of our global talent.

In addition, we believe that our corporate culture fosters innovation, creativity, and teamwork. As our organization grows and evolves, we may need to implement more complex organizational management structures or adapt our corporate culture and work environments to ever-changing circumstances, such as during times of a natural disaster or pandemic, and these changes could affect our ability to compete effectively or have an adverse effect on our corporate culture. With the constant evolution of workforce dynamics, if we do not manage these changes effectively, it could materially adversely affect our culture, reputation, and operational flexibility.

##### ***We are subject to other risks that might also cause our actual results to vary materially from our forecasts, targets, or projections, including:***

- Failing to anticipate the need for and appropriately invest in information technology and logistical resources necessary to support our business, including managing the costs associated with such resources;
- Failing to generate sufficient future positive operating cash flows and, if necessary, secure and maintain adequate external financing to fund our operations and any future growth; and
- Interruptions in service by common carriers that ship goods within our distribution channels.

##### ***Our business and reputation are impacted by information technology system failures and network disruptions.***

We, and our global supply chain, are exposed to information technology system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, ransomware or other cybersecurity incidents, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and our, or our vendors', business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions can adversely impact our business by, among other things,

preventing access to our cloud-based systems, interfering with customer transactions or impeding the manufacturing and shipping of our products. These events could materially adversely affect our business, reputation, results of operations and financial condition.

***Future cybersecurity incidents could expose us to liability and damage our reputation and our business.***

We collect, process, store, and transmit large amounts of data, and it is critical to our business strategy that our facilities and infrastructure remain secure and are perceived by the marketplace to be secure. Our information technology systems are essential to our efforts to manufacture our products, process customer sales transactions, manage inventory levels, conduct business with our suppliers and other business partners, and record, summarize and analyze the results of our operations. These systems contain, among other things, material operational, financial and administrative information related to our business. As with most companies, there will always be some risk of physical or electronic break-ins, computer viruses, or similar disruptions.

In addition, we, like all entities, are the target of cybercriminals who attempt to compromise our systems. From time to time, we experience threats and intrusions that may require remediation to protect sensitive information, including our intellectual property and personal information, and our overall business. Any physical or electronic break-in, computer virus, cybersecurity attack or other security breach or compromise of the information handled by us or our service providers may jeopardize the security or integrity of information in our computer systems and networks or those of our customers and cause significant interruptions in our and our customers' operations.

Any systems and processes that we have developed that are designed to protect customer, associate and vendor information, and intellectual property, and to prevent data loss and other security attacks, cannot provide absolute security. In addition, we may not successfully implement remediation plans to address all potential exposures. It is possible that we may have to expend additional financial and other resources to address these problems. Failure to prevent or mitigate data loss or other security incidents could expose us or our customers, associates and vendors to a risk of loss or misuse of such information, cause customers to lose confidence in our data protection measures, damage our reputation, adversely affect our operating results or result in litigation or potential liability for us.

Additionally, we expect to continue to make investments in our information technology infrastructure. The implementation of these investments may be more costly or take longer than we anticipate, or could otherwise adversely affect our business operations, which could negatively impact our financial position, results of operations or cash flows.

***Internal controls over financial reporting may not be effective at preventing or detecting material misstatements.***

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect material misstatements in the Company's consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***We cannot guarantee that our share repurchase program will enhance long-term stockholder value, or that it will successfully mitigate the dilutive effect of employee equity awards.***

While our Board of Directors authorized a share repurchase program that does not have an expiration date, the program does not obligate us to acquire any particular amount of Common Stock and it may be terminated at any time. We cannot guarantee that the program will be fully consummated, that it will enhance long-term stockholder value, or that it will successfully mitigate the dilutive effect of employee equity awards. Any repurchases will reduce the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate requirements. In addition, the program could affect the trading price of our Common Stock and increase volatility, and any announcement of a termination of this program may result in a decrease in the trading price of our Common Stock.

**Risks Related to Operations**

***Sales to customers outside the United States or with international operations expose us to risks inherent in international sales.***

During fiscal year 2024, 33% of our revenues were derived from sales outside of the United States. A key element of our growth strategy is to expand our worldwide customer base and our international operations. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic and political risks that are different from those in the United States. We cannot assure you that our expansion efforts into other international markets will be successful. Our experience in the United States and other international markets in which we already have a presence may not be relevant to our ability to expand in other emerging markets. Our international expansion efforts may not be successful in creating further demand for our products outside of the United States or in effectively selling our products in the international markets we enter.

***If we fail to compete effectively, our revenue and profit margins could decline.***

We face a variety of competition in all of the markets in which we participate. Competitive pricing, including price competition or the introduction of new products, could have material adverse effects on our revenues and profit margins.

Our ability to compete effectively depends to a significant extent on the specification or approval of our products by architects, engineers, and customers. If a significant segment of those communities were to decide that the design, materials, manufacturing, testing, or quality control of our products is inferior to that of any of our competitors, our sales and profits would be materially and adversely affected.

***An increase in the price of raw materials could negatively affect our sales and profits.***

It is common in the laboratory and healthcare furniture industries for customers to require delivery at extended future dates, as products are frequently installed in buildings yet to be constructed. Since prices are normally quoted on a firm basis in the industry, we bear the burden of possible increases in labor and material costs between the quotation of an order and the delivery of the products. Our principal raw materials are steel, including stainless steel, wood and epoxy resin. Numerous factors beyond our control, such as general economic conditions, competition, worldwide demand, labor costs, energy costs, and import duties and other trade restrictions, influence prices for our raw materials. We have not always been able, and in the future we might not be able, to increase our product prices in amounts that correspond to increases in costs of raw materials. Where we are not able to increase our prices, increases in our raw material costs will adversely affect our profitability.

***Events outside our control may affect our operating results.***

We have little control over the timing of shipping customer orders, as customers' required delivery dates are subject to change by the customer. Construction delays and customer changes to product designs are among the factors that may delay the start of manufacturing. Weather conditions, such as unseasonably warm, cold, or wet weather, can also affect and sometimes delay projects. Political and economic events can also affect our revenues. When sales do not meet our expectations, our operating results will be reduced for the relevant quarters.

Our principal markets are in the laboratory and healthcare building construction industry. This industry is subject to significant volatility due to various factors, none of which is within our control. Declines in construction activity or demand for our products could materially and adversely affect our business and financial condition.

***We face numerous manufacturing and supply chain risks. In addition, our reliance upon sole or limited sources of supply for certain materials, components, and services could cause production interruptions, delays and inefficiencies.***

We purchase materials, components, and equipment from third parties for use in our manufacturing operations. Our results of operations could be adversely impacted if we are unable to adjust our purchases to reflect changes in customer demand and market fluctuations. Suppliers may extend lead times, limit supplies, or increase prices. If we cannot purchase sufficient products at competitive prices and of sufficient quality on a timely enough basis to meet increasing demand, we may not be able to satisfy market demand, product shipments may be delayed, our costs may increase, or we may breach out contractual commitments and incur liabilities.

In addition, some of our businesses purchase certain required products from sole or limited source suppliers for reasons of quality assurance, regulatory requirements, cost effectiveness, availability or uniqueness of design. If these or other suppliers encounter financial, operating, or other difficulties, or if our relationship with them changes, we might not be able to quickly establish or qualify replacement sources of supply. The supply chains for our businesses have been impacted in the past by factors outside our control and could be disrupted in the future for such reasons as supplier capacity constraints, supplier bankruptcy or exiting of the business for other reasons, decreased availability of key raw materials or commodities and external events such as natural disasters, pandemics or other public health problems, war, terrorist actions, governmental actions and legislative or regulatory changes. Any of these factors could result in production interruptions, delays, extended lead times and inefficiencies.

Our revenues and other operating results depend in large part on our ability to manufacture our products in sufficient quantities and in a timely manner. Any interruptions we experience in the manufacture of our products or changes to the way we manufacture products could delay our ability to recognize revenues in a particular period. In addition, we must maintain sufficient production capacity in order to meet anticipated customer demand, which carries fixed costs that we may not be able to offset because we cannot always immediately adapt our production capacity and related cost structures to changing market conditions, which would adversely affect our operating margins. If we are unable to manufacture our products consistently, in sufficient quantities, and on a timely basis, our revenues, gross margins, and our other operating results will be materially and adversely affected.

***Disruptions in the financial markets have historically created, and may continue to create, uncertainty in economic conditions that may adversely affect our customers and our business.***

The financial markets in the United States, Europe and Asia have in the past been, and may in the future be, volatile. The tightening of credit in financial markets, worsening of economic conditions, a prolonged global, national or regional economic recession or other similar events could have a material adverse effect on the demand for our products and on our sales, pricing and profitability. We are unable to predict the likely occurrence or duration of these adverse economic conditions and the impact these events may have on our operations and the end users who purchase our products.

***Our future growth may depend on our ability to penetrate new international markets.***

International laws and regulations, construction customs, standards, techniques and methods differ from those in the United States. Significant challenges of conducting business in foreign countries include, among other factors, geopolitical tensions, local acceptance of our products, political instability, currency controls, changes in import and export regulations, changes in tariff and freight rates and fluctuations in foreign exchange rates.

***The effects of geopolitical instability, including as a result of Russia's invasion of Ukraine, may adversely affect us and heighten significant risks and uncertainties for our business, with the ultimate impact dependent on future developments, which are highly uncertain and unpredictable.***

Ongoing geopolitical instability could negatively impact the global and U.S. economies in the future, including by causing supply chain disruptions, rising energy costs, volatility in capital markets and foreign currency exchange rates, rising interest rates, and heightened cybersecurity risks. The extent to which such geopolitical instability adversely affects our business, financial condition, and results of operations, as well as our liquidity and capital profile, is highly uncertain and unpredictable. If geopolitical instability adversely affects us, it may also have the effect of heightening other risks related to our business.

In response to the military conflict between Russia and Ukraine that began in February 2022, the United States and other North Atlantic Treaty Organization member states, as well as non-member states, announced targeted economic sanctions on Russia. The long-term impact on our business resulting from the disruption of trade in the region caused by the conflict and associated sanctions and boycotts is uncertain at this time due to the fluid nature of the ongoing military conflict and response. The potential impacts include supply chain and logistics disruptions, financial impacts including volatility in foreign exchange and interest rates, increased inflationary pressure on raw materials and energy, and other risks, including an elevated risk of cybersecurity threats and the potential for further sanctions.

#### **Legal and Regulatory Compliance Risks**

***Changes in U.S. trade policy, including the imposition of tariffs and the resulting consequences, may have a material adverse impact on our business and results of operations.***

We cannot predict the extent to which the U.S. or other countries will impose quotas, duties, tariffs, taxes or other similar restrictions upon the import or export of our products or raw materials in the future, nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. Changes in U.S. trade policy could result in one or more foreign governments adopting responsive trade policies making it more difficult or costly for us to import our products or raw materials from those countries. This, together with tariffs already imposed, or that may be imposed in the future, by the U.S., could require us to increase prices to our customers which may reduce demand, or, if we are unable to increase prices, result in lowering our margin on products sold. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our products, our costs, our customers, our suppliers, and the U.S. economy, which in turn could have a material adverse effect on our business, financial condition and results of operations.

***Expectations related to environmental, social, and governance ("ESG") considerations could expose us to potential liabilities, increased costs, and reputational harm.***

We are subject to laws, regulations, and other measures that govern a wide range of topics, including those related to matters beyond our core products and services. For instance, new laws, regulations, policies, and international accords relating to ESG matters, including sustainability, climate change, human capital, and diversity, are being developed and formalized in Europe, the U.S., and elsewhere, which may entail specific, target-driven frameworks and/or disclosure requirements. The implementation of these may require considerable investments. Any failure, or perceived failure, by us to adhere to any public statements or initiatives, comply with federal, state or international environmental social and governance laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against us and could materially adversely affect the Company's business reputation, results of operations, financial condition, and stock price.



## General Risks

### ***Our stock price is likely to be volatile and could drop.***

The trading price of our Common Stock could be subject to wide fluctuations in response to quarter-to-quarter variation in operating results, announcement of technological innovations or new products by us or our competitors, general conditions in the construction and construction materials industries, relatively low trading volume in our common stock and other events or factors. In addition, in recent years, the stock market has experienced extreme price fluctuations. This volatility has had a substantial effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of those companies. Securities market fluctuations may adversely affect the market price of our common stock.

### ***Our stockholders may experience future dilution as a result of future issuances of our shares of common stock.***

In order to raise additional capital, we may in the future, without stockholder approval, issue additional shares of our common stock or securities convertible into or exchangeable for our common stock for various considerations, including in connection with acquisitions, financing or refinancing transactions or otherwise. The consideration that we receive for any such additional shares of our common stock may represent per share amounts that are greater or lesser than the price per share paid by you. Any such issuances of additional shares of our common stock or securities convertible into shares of common stock will dilute our stockholders' overall existing ownership in us and could make our stock less attractive to investors, which may result in a material adverse effect on the trading price of our common stock.

### ***We currently, and may in the future, have assets held at financial institutions that may exceed the insurance coverage offered by the Federal Deposit Insurance Corporation ("FDIC"), the loss of which would have a severe negative effect on our operations and liquidity.***

We may maintain our cash assets at financial institutions in the U.S. in amounts that may be in excess of the FDIC insurance limit of \$250,000. Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry of the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. In the event of a failure or liquidity issues of or at any of the financial institutions where we maintain our deposits or other assets, we may incur a loss to the extent such loss exceeds the FDIC insurance limitation, which could have a material adverse effect upon our liquidity, financial condition, and our results of operations.

Similarly, if our customers or partners experience liquidity issues as a result of financial institution defaults or non-performance where they hold cash assets, their ability to pay us may become impaired and could have a material adverse effect on our results of operations, including the collection of accounts receivable and cash flows.

### ***The impact of investor concerns on U.S. or international financial systems could impact our ability to obtain favorable financing terms in the future.***

Investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on terms favorable to us, or at all, and could have material adverse impacts on our liquidity, our business, financial condition or results of operations, and our prospects.

### ***The impact of future pandemics could adversely affect our business, results of operations, financial condition, and liquidity.***

While we believe we successfully navigated the risks associated with the COVID-19 pandemic and were able to successfully maintain our business operations, the extent of the impact of future COVID-19 variations or other pandemics on our business and financial results is, by nature of this type of event, highly uncertain. The sweeping nature of pandemics makes it extremely difficult to predict how and to what extent our business and operations could be affected in the long run. Our workforce, and the workforce of our vendors, service providers, and counterparties, could be affected by a pandemic, which could result in an adverse impact on our ability to conduct business. No assurance can be given that the actions we take to protect our Associates and our operations will be sufficient, nor can we predict the level of disruption that could occur to our employees' ability to provide customer support and service. New processes, procedures, and controls may be required to respond to any changes in our business environment. Further, should any key employees become ill during the course of a future health event and be unable to work, our ability to operate our internal controls may be adversely impacted.

Additional factors related to major public health issues that could have material and adverse effects on our ability to successfully operate include, but are not limited to, the following:

- The effectiveness of any governmental and non-governmental organizations in combating the spread and severity, including any legal and regulatory responses;
- A general decline in business activity, especially as it relates to our customers' expansion or consolidation activities;
- The destabilization of the financial markets, which could negatively impact our customer growth and access to capital, along with our customers' ability to make payments for their purchase orders; and
- Severe disruptions to and instability in the global financial markets, and deterioration in credit and financing conditions, which could affect our access to capital necessary to fund business operations or current investment and growth strategies.

***We may pursue strategic acquisitions from time to time, in which case we would be subject to the general risks associated with acquisitions.***

From time to time, we consider, and in the future may pursue, strategic acquisitions of businesses in support of our growth strategy. If we are unable to complete acquisitions or successfully integrate and develop acquired businesses, we could experience material adverse impacts to our financial results as a result of any of the following:

- the diversion of management's attention to integration matters;
- difficulties in achieving anticipated cost savings, synergies, business opportunities, and growth prospects;
- difficulties in the integration of operations and systems, inclusive of internal controls;
- difficulties in managing the expanded operations of a larger and more complex company;
- challenges in keeping existing customers and obtaining new customers;
- challenges in attracting and retaining key personnel;
- unanticipated expenses resulting from integration activities and disputes with third parties; and
- unanticipated liabilities of acquired third parties.

**Item 1B. Unresolved Staff Comments**

Not Applicable.

**Item 1C. Cybersecurity**

**Risk Management and Strategy**

The Company's cybersecurity risk management program is integrated into the overall risk management framework, including risk identification, assessment, and mitigation across all business areas. We have collaborated with external consultants and built a cybersecurity program designed to protect and safeguard the integrity of our information systems, which aligns with industry best practices and regulatory requirements. Our cybersecurity program includes systems and processes for assessing, identifying, and managing material risks from cybersecurity threats and include maintenance and monitoring of information security policies aligned with information technology controls, information systems configuration management and infrastructure security systems. We also have implemented processes to oversee and identify such risks from cybersecurity threats associated with the use of third-party service providers. We conduct periodic testing of these controls and systems, including vulnerability scanning and penetration testing. We strive to foster a shared responsibility for the Company's cybersecurity with all of our employees, conducting periodic phishing simulation campaigns and providing regular, mandatory cybersecurity training. Additionally, we maintain cyber insurance coverage, including protection against social engineering fraud, to further mitigate potential financial losses from cybersecurity incidents.

We currently do not believe that any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations or financial conditions. While we do not believe that any such risks have yet to materially affect the Company, the Company cannot guarantee that its ongoing and robust approach towards cybersecurity will be able to prevent all cybersecurity incidents that could have a material effect on the Company in the future. See [Item 1A](#), *Risk Factors*, for more information on our cybersecurity-related risks.

**Governance**

On behalf of the Board of Directors, the Audit Committee provides oversight of the Company's management of cybersecurity risk. They periodically review and discuss with management, including the Company's Vice President of Information Technology and Engineering, the Company's significant financial risk exposures for matters related to cybersecurity risk, including the steps management has taken to monitor and manage such exposures. The Board of Directors also receives prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed.

The Company's Vice President of Information Technology and Engineering leads the overall cybersecurity strategy and risk management program. This includes overseeing risk assessments, developing security policies and procedures, and managing the IT security team. See [Item 10](#), *Directors, Executive Officers and Corporate Governance*, for more detail on his education and experience. Senior executives, including the Company's CEO and CFO, integrate cybersecurity risks into the overall business strategy and financial planning.

**Item 2. Properties**

We lease and operate three adjacent manufacturing facilities in Statesville, North Carolina. These facilities also house our corporate offices, as well as sales and marketing, administration, engineering and drafting personnel. These facilities together comprise 414,000 square feet and are located on 20 acres of land. On March 24, 2022, we entered into a Sale-Leaseback Arrangement (defined below), pursuant to which we sold, and now lease, our manufacturing and office facilities in Statesville, North Carolina. See [Note 5](#), *Sale-Leaseback Financing Transaction*, of the Notes to Consolidated Financial Statements included in [Item 8](#) of this Annual Report on Form 10-K for information concerning the Sale-Leaseback Arrangement. In addition, we lease our primary distribution facility and other warehouse facilities totaling 366,000 square feet in Statesville, North Carolina. We also lease an office facility in Charlotte, North Carolina. In Bangalore, India, we lease and operate a manufacturing facility comprising 119,000 square feet. Our international sales and administrative offices are located in Singapore, India, and Saudi Arabia. We believe our facilities are suitable for their respective uses and are adequate for our current needs.

**Item 3. Legal Proceedings**

From time to time, we are involved in disputes and litigation relating to claims arising out of our operations in the ordinary course of business. Further, we are periodically subject to government audits and inspections. We believe that any such matters presently pending will not, individually or in the aggregate, have a material adverse effect on our results of operations or financial condition.

**Item 4. Mine Safety Disclosures**

Not Applicable.

PART II

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the NASDAQ Global Market, under the symbol KEQU.

As of June 24, 2024, there were 90 stockholders of record. The declaration and payment of any future dividends is at the discretion of the Board of Directors and will depend upon many factors, including the Company's earnings, capital requirements, investment and growth strategies, financial conditions, the terms of the Company's indebtedness, which contains provisions that could limit the payment of dividends in certain circumstances, and other factors that the Board of Directors may deem to be relevant.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

See [Item 12](#), *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*, in this Form 10-K for a discussion of securities authorized for issuance under our equity compensation plans.

**SHARE REPURCHASE PLAN**

See [Note 8](#), *Stockholders' Equity*, in Part II, [Item 8](#) in this Form 10-K for a discussion of activity related to the share repurchase plan that was adopted on August 31, 2023.

**Item 6. Reserved**

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**INTRODUCTION**

Kewaunee Scientific Corporation is a recognized leader in the design, manufacture and installation of laboratory, healthcare and technical furniture products. The Company's corporate headquarters are located in Statesville, North Carolina. Sales offices are located in the United States, India, Saudi Arabia, and Singapore. Three manufacturing facilities are located in Statesville serving the domestic and international markets, and one manufacturing facility is located in Bangalore, India serving the local, Asian, and African markets. Kewaunee Scientific Corporation's website is located at [www.kewaunee.com](http://www.kewaunee.com). The reference to our website does not constitute incorporation by reference of any information contained at that site.

Our products are sold primarily through purchase orders and contracts submitted by customers through our dealers, our subsidiaries in Singapore and India, and a national distributor. Products are sold principally to pharmaceutical, biotechnology, industrial, chemical and commercial research laboratories, educational institutions, healthcare institutions, governmental entities, manufacturing facilities and users of networking furniture. We consider the markets in which we compete to be highly competitive, with a significant amount of the market requiring competitive public bidding.

It is common in the laboratory and healthcare furniture industries for customer orders to require delivery at extended future dates, as products are frequently to be installed in buildings yet to be constructed. Changes or delays in building construction may cause delays in delivery of the orders and our recognition of the sale. Since prices are normally quoted on a firm basis in the industry, we bear the burden of possible increases in labor and material costs between quotation of an order and delivery of the product. The impact of such possible increases is considered when determining the sales price. The principal raw materials and products manufactured by others used in our products are cold-rolled carbon and stainless steel, hardwood lumbers and plywood, paint, chemicals, resins, hardware, plumbing and electrical fittings. Such materials and products are purchased from multiple suppliers and are typically readily available.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

In the ordinary course of business, we have made estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of our consolidated financial statements in conformity with generally accepted accounting principles in the United States of America. Actual results could differ significantly from those estimates. We believe that the following discussion addresses our most critical accounting estimates, which are those that are most important to the portrayal of our financial condition and results of operations, and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

**Allowance for Credit Losses**

Evaluation of the allowance for credit losses involves management judgments and estimates. We evaluate the collectability of our trade accounts receivable based on a number of factors. In circumstances where management is aware of a customer's inability to meet its financial obligations to us, or a project dispute makes it unlikely that the outstanding amount owed by a customer will be collected, a specific reserve for bad debts is estimated and recorded to reduce the recognized receivable to the estimated amount we believe will ultimately be collected. In addition to specific customer identification of potential bad debts, a reserve for credit losses is estimated and recorded based on our recent past loss history and an overall assessment of past due trade accounts receivable amounts outstanding.

**Self-Insurance Reserves**

The Company's domestic operations are self-insured for employee health care costs. The Company has purchased specific stop-loss insurance policies to limit claims above a certain amount. Estimated medical costs were accrued for claims incurred but not reported using assumptions based upon historical loss experiences. The Company's exposure reflected in the self-insurance reserves varies depending upon market conditions in the insurance industry, availability of cost-effective insurance coverage, and actual claims versus estimated future claims.

**Income Taxes**

We are subject to income taxes in the U.S. (federal and state) and foreign jurisdictions. Tax laws, regulations, administrative practices, and interpretations in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. In addition, our actual and forecasted earnings are subject to change due to economic, political, and other conditions.

Our effective tax rates could be affected by numerous factors, such as changes in our business operations, acquisitions, investments, entry into new businesses and geographies, intercompany transactions, the relative amount of our foreign earnings, including earnings being lower than anticipated in jurisdictions where we have lower statutory rates and higher than anticipated in

jurisdictions where we have higher statutory rates, losses incurred in jurisdictions for which we are not able to realize related tax benefits, the applicability of special tax regimes, changes in foreign currency exchange rates, changes to our forecasts of income and loss and the mix of jurisdictions to which they relate, changes in our deferred tax assets and liabilities, their valuation, and the assumptions around their realization in connection with any associated valuation, and interpretations related to tax laws and accounting rules in various jurisdictions.

## RESULTS OF OPERATIONS

Sales for fiscal year 2024 were \$203.8 million, a decrease compared to fiscal year 2023 sales of \$219.5 million. Domestic Segment sales for fiscal year 2024 were \$137.2 million, a decrease of 6.5% compared to fiscal year 2023 sales of \$146.7 million. The decrease in Domestic sales was predominantly related to the reduction in non-product revenue related to the Company's decision to stop selling directly to end users. This revenue typically includes freight, installation services and buyouts. International Segment sales for fiscal year 2024 were \$66.5 million, a decrease of 8.6% from fiscal year 2023 sales of \$72.8 million. International sales decreased when compared to the prior year period due to the delivery of several large projects in the comparable prior year period that were booked in earlier fiscal years.

Our order backlog was \$155.6 million at April 30, 2024, as compared to \$147.9 million at April 30, 2023.

Gross profit represented 25.5% and 16.2% of sales in fiscal years 2024 and 2023, respectively. The increase in gross profit margin percentage is primarily being generated from Domestic operations. Specifically, the increase is primarily driven by improved manufacturing productivity, cost containment actions, and the pricing of new orders in response to higher raw material input costs when compared to the prior year.

Operating expenses were \$33.8 million and \$30.2 million in fiscal years 2024 and 2023, respectively, and 16.6% and 13.8% of sales, respectively. The increase in operating expenses in fiscal year 2024 as compared to fiscal year 2023 was primarily due to increases in SG&A wages, benefits, incentive and stock-based compensation of \$2,572,000, corporate governance expenses of \$170,000, depreciation expense of \$164,000, bad debt expense of \$156,000, and increases in international operating expenses of \$616,000, partially offset by decreases in consulting and professional services of \$557,000.

Pension expense was \$4,177,000 and \$71,000 in fiscal years 2024 and 2023, respectively. The increase in pension expense was due to the Company successfully annuitizing its pension obligation, which had been in a frozen state since 2005. Terminating the pension resulted in a one-time expense of \$4,019,000 for accounting losses that were being amortized from the Balance Sheet based on an annual evaluation of the pension plan. By annuitizing the pension obligation, the Company has eliminated all future responsibility for the plan and future administrative costs associated with maintaining and managing the pension plan.

Other income, net was \$814,000 and \$939,000 in fiscal years 2024 and 2023, respectively. The decrease in other income in fiscal year 2024 was primarily due to the elimination of interest income earned from the Note Receivable related to the Sale-Leaseback financing transaction that was settled in the prior year, partially offset by interest earned on the increased Domestic cash balances and increased interest on International cash balances when compared to the prior fiscal year. See [Note 5](#), *Sale-Leaseback Financing Transaction* for additional information on this transaction.

Interest expense was \$1,799,000 and \$1,734,000 in fiscal years 2024 and 2023, respectively. The interest expense for fiscal year 2024 was relatively unchanged from the prior fiscal year.

Income tax benefit was \$5.9 million for fiscal year 2024, or 45.3% of pretax earnings, as compared to income tax expense of \$3.1 million for fiscal year 2023, or 69.8% of pretax earnings. The income tax benefit for fiscal year 2024 is primarily due to the favorable impact of the reduction of the Domestic valuation allowance of \$6.6 million that was required to be established in fiscal year 2020 per ASC 740 and \$3.9 million related to prior years' unrecognized tax benefits related to the settlement of the Company's domestic pension plans. Income tax expense for fiscal year 2024 excluding these one-time benefits is \$4.5 million or 34.4% of pretax earnings. At April 30, 2024, the Company has a Domestic valuation allowance of \$808,000 for specific federal and state tax credits as compared to \$8.5 million for the Company's Domestic net deferred tax assets at April 30, 2023. See [Note 6](#), *Income Taxes* for additional information.

The effective tax rate for fiscal year 2023 was unfavorably impacted by the increase in the valuation allowance attributable to changes to Internal Revenue Code Section 174 Research and Experimental Expenditures, which became effective during the fiscal year. The primary impact of this change was the amortization of current year expenditures over a five year period, as compared to prior fiscal years where research expenditures were deductible in the year incurred.

Net earnings attributable to the non-controlling interest related to our subsidiaries that are not 100% owned by the Company were \$304,000 and \$621,000 for fiscal years 2024 and 2023, respectively. The changes in the net earnings attributable to the non-controlling interest for each year were due to changes in the levels of net income of the subsidiaries.

Net earnings were \$18,753,000, or \$6.38 per diluted share, as compared to \$738,000, or \$0.25 per diluted share, for fiscal years ended April 30, 2024 and April 30, 2023, respectively. The increase in net earnings was attributable to the factors discussed above.

## LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity have historically been funds generated from operating activities, supplemented as needed by borrowings under our revolving credit facility. Additionally, certain machinery and equipment are financed by non-cancelable operating and financing leases. We believe that these sources of funds will be sufficient to support ongoing business requirements, including capital expenditures, through fiscal year 2025.

At April 30, 2024, we had \$3,000,000 outstanding under our \$15.0 million revolving credit facility. See [Note 4, Long-term Debt and Other Credit Arrangements](#), of the Notes to Consolidated Financial Statements included in [Item 8](#) of this Annual Report for additional information concerning our credit facility. In fiscal year 2022, we executed a Sale-Leaseback financing transaction with respect to our manufacturing and corporate facilities in Statesville, North Carolina to provide additional liquidity. See [Note 5, Sale-Leaseback Financing Transaction](#) for more information. We did not have any off balance sheet arrangements at April 30, 2024 or 2023.

The following table summarizes the cash payment obligations for our lease and financing arrangements as of April 30, 2024:

| <u>Contractual Cash Obligations</u>  | PAYMENTS DUE BY PERIOD<br>(\$ in thousands) |                 |                 |                 |                  |
|--------------------------------------|---|-----------------|-----------------|-----------------|------------------|
|                                      | Total                                       | 1 Year          | 2-3 Years       | 4-5 Years       | After 5 years    |
| Operating Leases                     | \$ 9,802                                    | \$ 2,437        | \$ 3,612        | \$ 1,859        | \$ 1,894         |
| Financing Lease Obligations          | 419   | 131             | 152             | 80              | 56               |
| Sale-Leaseback Financing Transaction | 41,986                                      | 1,970           | 4,058           | 4,222           | 31,736           |
| Total Contractual Cash Obligations   | <u>\$ 52,207</u>                            | <u>\$ 4,538</u> | <u>\$ 7,822</u> | <u>\$ 6,161</u> | <u>\$ 33,686</u> |

The Company's operating activities provided cash of \$19,564,000 in fiscal year 2024, primarily from operations and decreases in receivables of \$741,000, decreases in inventories of \$1,210,000, increases in accounts payable and accrued expenses of \$691,000, and increases in deferred revenue of \$277,000. Operating activities used cash of \$3,790,000 in fiscal year 2023, primarily for increases in receivables of \$4,947,000 and decreases in accounts payable and accrued expenses of \$5,558,000, partially offset by cash from operations, decreases in inventories of \$1,907,000, and increases in deferred revenue of \$568,000.

The Company's financing activities used cash of \$3,014,000 during fiscal year 2024 as a result of the net decrease in short-term borrowings of \$488,000, repayments on our financing liability of \$642,000, and the repurchase of outstanding shares as part of our announced share repurchase program for \$1,998,000, partially offset by net proceeds from long-term debt of \$114,000. The Company's financing activities provided cash of \$14,931,000 during fiscal year 2023 from proceeds of \$13,629,000 from the Sale-Leaseback transaction and proceeds from the net increase in short-term borrowings of \$1,998,000, partially offset by repayment of long-term debt of \$121,000.

The majority of the April 30, 2024 accounts receivable balances are expected to be collected during the first quarter of fiscal year 2025, with the exception of retention amounts on fixed-price contracts which are collected when the entire construction project is completed and all retention funds are paid by the owner.

Capital expenditures were \$4,373,000 and \$4,148,000 in fiscal years 2024 and 2023, respectively. Capital expenditures in fiscal year 2024 were funded primarily from financing activities. Fiscal year 2025 capital expenditures are anticipated to be approximately \$4.0 million. The fiscal year 2025 expenditures are expected to be funded primarily by operating activities, supplemented as needed by borrowings under our revolving credit facility.

Working capital was \$56.0 million at April 30, 2024, up from \$47.9 million at April 30, 2023, and the ratio of current assets to current liabilities was 2.4-to-1.0 at April 30, 2024, up from a ratio of 2.2-to-1.0 at April 30, 2023.

No dividends were declared or paid on the Company's common stock during the last two fiscal years. The declaration and payment of any future dividends is at the discretion of the Board of Directors and will depend upon many factors, including the Company's earnings, capital requirements, investment and growth strategies, financial condition, the terms of the Company's indebtedness, which contains provisions that could limit the payment of dividends in certain circumstances, and other factors that the Board of Directors may deem to be relevant.



## RECENT ACCOUNTING STANDARDS

See [Note 1, Summary of Significant Accounting Policies](#), to our Consolidated Financial Statements in this Form 10-K for a discussion of new accounting pronouncements, which is incorporated herein by reference.

## OUTLOOK

### Financial Outlook

The Company's ability to predict future demand for its products continues to be limited given its role as subcontractor or supplier to dealers for subcontractors. Demand for the Company's products is also dependent upon the number of laboratory and healthcare construction projects planned and/or current progress in projects already under construction. The Company's earnings are also impacted by fluctuations in prevailing pricing for projects in the laboratory construction marketplace and costs of raw materials, including steel, wood, and epoxy resin.

The Company is operating more efficiently than in the past due to its ability to focus solely on supporting its dealers and distribution channel partners domestically while continuing to provide turnkey solutions in the international markets it serves. The improved focus of the organization, combined with a strong global management team, a healthy backlog, improved manufacturing capabilities, and end-use markets that continue to prioritize investment in projects that require the products Kewaunee designs and manufactures, positions the Company well.

### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

#### Interest Rates

We are exposed to market risk in the area of interest rates. This exposure is associated with balances outstanding under our revolving credit facility and certain lease obligations for production machinery, all of which are priced on a floating rate basis. We had \$3 million outstanding under our revolving credit facility at April 30, 2024, bearing interest at floating rates. We believe that our current exposure to interest rate market risk is not material.

#### Foreign Currency Exchange Rates

Our results of operations could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. We derive net sales in U.S. dollars and other currencies including Indian rupees, Singapore dollars, and other currencies. For fiscal year 2024, 29% of net sales were derived in currencies other than U.S. dollars. We incur expenses in currencies other than U.S. dollars relating to specific contracts with customers and for our operations outside the U.S.

Over the long term, net sales to international markets may increase as a percentage of total net sales and, consequently, a greater portion of our business could be denominated in foreign currencies. As a result, operating results may become more subject to fluctuations based upon changes in the exchange rates of certain currencies in relation to the U.S. dollar. To the extent we engage in international sales denominated in U.S. dollars, an increase in the value of the U.S. dollar relative to foreign currencies could make our products less competitive in international markets. This effect is also impacted by costs of raw materials from international sources and costs of our sales, service, and manufacturing locations outside the U.S.

We have foreign currency cash accounts to operate our global business. These accounts are impacted by changes in foreign currency rates. Cash balances at April 30, 2024 of \$11.2 million were held by our foreign subsidiaries and denominated in currencies other than U.S. dollars.

**Item 8. Financial Statements and Supplementary Data**

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| <a href="#">Report of Independent Registered Public Accounting Firm ( Forvis Mazars, LLP , Atlanta, GA , PCAOB Firm No. 686 )</a> | <a href="#">19</a> |
| <a href="#">Consolidated Statements of Operations—Years ended April 30, 202 4 and 2023</a>  | <a href="#">20</a> |
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**Report Of Independent Registered Public Accounting Firm**

To the Stockholders and the Board of Directors of Kewaunee Scientific Corporation

***Opinion on the Consolidated Financial Statements***

We have audited the accompanying consolidated balance sheets of Kewaunee Scientific Corporation (the "Company") as of April 30, 2024 and 2023, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the years in the two-year period ended April 30, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of April 30, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended April 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

***Critical Audit Matters***

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Forvis Mazars, LLP

We have served as the Company's auditor since 2020.

**Atlanta, Georgia**  
**June 28, 2024**

**CONSOLIDATED STATEMENTS OF OPERATIONS**
**Years Ended April 30**
**Kewaunee Scientific Corporation**
*\$ and shares in thousands, except per share amounts*

|   | 2024       | 2023       |
|---|------------|------------|
| Net sales   | \$ 203,755 | \$ 219,494 |
| Cost of products sold   | 151,704    | 183,906    |
| Gross profit  | 52,051     | 35,588     |
| Operating expenses  | 33,770     | 30,224     |
| Operating earnings  | 18,281     | 5,364      |
| Pension expense   | ( 4,177 )  | ( 71 )     |
| Other income, net   | 814        | 939        |
| Interest expense  | ( 1,799 )  | ( 1,734 )  |
| Earnings before income taxes  | 13,119     | 4,498      |
| Income tax (benefit) expense  | ( 5,938 )  | 3,139      |
| Net earnings  | 19,057     | 1,359      |
| Less: net earnings attributable to the non-controlling interest                     | 304        | 621        |
| Net earnings attributable to Kewaunee Scientific Corporation                        | \$ 18,753  | \$ 738     |
| Net earnings per share attributable to Kewaunee Scientific Corporation stockholders |            |            |
| Basic   | \$ 6.51    | \$ 0.26    |
| Diluted   | \$ 6.38    | \$ 0.25    |
| Weighted average number of common shares outstanding                                |            |            |
| Basic   | 2,879      | 2,824      |
| Diluted   | 2,938      | 2,902      |

*The accompanying Notes are an integral part of these Consolidated Financial Statements.*

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**Years Ended April 30**
**Kewaunee Scientific Corporation**

| <b>\$ in thousands</b>   | <b>2024</b> | <b>2023</b> |
|--|-------------|-------------|
| Net earnings   | \$ 19,057   | \$ 1,359    |
| Other comprehensive income (loss), net of tax                              |             |             |
| Foreign currency translation adjustments                                   | ( 598 )     | ( 290 )     |
| Postretirement benefit plans   |             |             |
| Settlement loss included in net income                                     | 4,019       | —           |
| Income taxes on postretirement benefit plans                               | ( 3,870 )   | —           |
| Change in unrecognized actuarial loss on pension obligations               | 509         | 590         |
| Total postretirement benefit plans   | 658         | 590         |
| Comprehensive income, net of tax   | \$ 19,117   | \$ 1,659    |
| Less comprehensive income attributable to the non-controlling interest     | 304         | 621         |
| Total comprehensive income attributable to Kewaunee Scientific Corporation | \$ 18,813   | \$ 1,038    |

*The accompanying Notes are an integral part of these Consolidated Financial Statements.*

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**Kewaunee Scientific Corporation**

|  | Common<br>Stock | Additional<br>Paid-in<br>Capital | Treasury<br>Stock | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Total<br>Stockholders'<br>Equity |
|--|-----------------|----------------------------------|-------------------|----------------------|--|----------------------------------|
| <i>\$ in thousands, except shares and per share amounts</i>  |                 |                                  |                   |                      |  |                                  |
| Balance at April 30, 2022                                    | \$ 6,983        | \$ 4,483                         | \$ ( 53 )         | \$ 28,023            | \$ ( 3,742 )   | \$ 35,694                        |
| Net earnings attributable to Kewaunee Scientific Corporation | —               | —                                | —                 | 738                  | —  | 738                              |
| Other comprehensive income                                   | —               | —                                | —                 | —                    | 300  | 300                              |
| Stock based compensation                                     | 101             | 576                              | —                 | —                    | —  | 677                              |
| Balance at April 30, 2023                                    | \$ 7,084        | \$ 5,059                         | \$ ( 53 )         | \$ 28,761            | \$ ( 3,442 )   | \$ 37,409                        |
| Net earnings attributable to Kewaunee Scientific Corporation | —               | —                                | —                 | 18,753               | —  | 18,753                           |
| Other comprehensive income                                   | —               | —                                | —                 | —                    | 60   | 60                               |
| Stock based compensation                                     | 189             | 347                              | —                 | —                    | —  | 536                              |
| Purchase of Treasury Stock, 66,191 shares                    | —               | —                                | ( 1,998 )         | —                    | —  | ( 1,998 )                        |
| Balance at April 30, 2024                                    | \$ 7,273        | \$ 5,406                         | \$ ( 2,051 )      | \$ 47,514            | \$ ( 3,382 )   | \$ 54,760                        |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED BALANCE SHEETS**

| April 30   | Kewaunee Scientific Corporation |                   |
|--|---------------------------------|-------------------|
| \$ and shares in thousands, except per share amounts   | 2024                            | 2023              |
| <b>ASSETS</b>  |                                 |                   |
| <b>Current Assets</b>  |                                 |                   |
| Cash and cash equivalents  | \$ 23,267                       | \$ 8,078          |
| Restricted cash  | 2,671                           | 5,737             |
| Receivables, less allowance: \$ 588 (2024); \$ 476 (2023)  | 45,064                          | 46,081            |
| Inventories  | 20,679                          | 21,889            |
| Prepaid expenses and other current assets  | 5,136                           | 6,135             |
| <b>Total Current Assets</b>  | <b>96,817</b>                   | <b>87,920</b>     |
| Property, plant and equipment, net   | 17,649                          | 16,402            |
| Right of use assets  | 7,454                           | 9,170             |
| Deferred income taxes  | 7,401                           | —                 |
| Other assets   | 5,445                           | 5,406             |
| <b>Total Assets</b>  | <b>\$ 134,766</b>               | <b>\$ 118,898</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                 |                   |
| <b>Current Liabilities</b>   |                                 |                   |
| Short-term borrowings  | \$ 3,099                        | \$ 3,587          |
| Current portion of financing liability   | 713                             | 642               |
| Current portion of financing lease liabilities   | 111                             | 85                |
| Current portion of operating lease liabilities   | 2,123                           | 1,967             |
| Accounts payable   | 23,262                          | 23,599            |
| Employee compensation and amounts withheld   | 6,041                           | 4,304             |
| Deferred revenue   | 4,374                           | 4,097             |
| Other accrued expenses   | 1,057                           | 1,772             |
| <b>Total Current Liabilities</b>   | <b>40,780</b>                   | <b>40,053</b>     |
| Long-term portion of financing liability   | 27,420                          | 28,132            |
| Long-term portion of financing lease liabilities   | 235                             | 148               |
| Long-term portion of operating lease liabilities   | 5,434                           | 7,136             |
| Accrued pension and deferred compensation costs  | 3,008                           | 3,546             |
| Deferred income taxes  | 1,218                           | 943               |
| Other non-current liabilities  | 462                             | 455               |
| <b>Total Liabilities</b>   | <b>78,557</b>                   | <b>80,413</b>     |
| <b>Commitments and Contingencies (Note 10)</b>   |                                 |                   |
| <b>Stockholders' Equity</b>  |                                 |                   |
| Common stock, \$ 2.50 par value, Authorized— 5,000 shares;<br>Issued— 2,909 shares (2024); 2,833 shares (2023) |                                 |                   |
| Outstanding— 2,839 shares (2024); 2,830 shares (2023)  | 7,273                           | 7,084             |
| Additional paid-in capital   | 5,406                           | 5,059             |
| Retained earnings  | 47,514                          | 28,761            |
| Accumulated other comprehensive loss   | ( 3,382 )                       | ( 3,442 )         |
| Common stock in treasury, at cost: 70 shares (2024); 3 shares (2023)   | ( 2,051 )                       | ( 53 )            |
| <b>Total Kewaunee Scientific Corporation Stockholders' Equity</b>  | <b>54,760</b>                   | <b>37,409</b>     |
| Non-controlling interest   | 1,449                           | 1,076             |
| <b>Total Stockholders' Equity</b>  | <b>56,209</b>                   | <b>38,485</b>     |
| <b>Total Liabilities and Stockholders' Equity</b>  | <b>\$ 134,766</b>               | <b>\$ 118,898</b> |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**Years Ended April 30**
**Kewaunee Scientific Corporation**
*\$ in thousands*

|   | 2024        | 2023       |
|---|-------------|------------|
| <b>Cash Flows from Operating Activities</b>                                     |             |            |
| Net earnings  | \$ 19,057   | \$ 1,359   |
| Adjustments to reconcile net earnings to net cash used by operating activities: |             |            |
| Depreciation  | 3,125       | 2,867      |
| Provision for credit losses   | 276         | 120        |
| Stock based compensation expense  | 1,028       | 886        |
| Provision for deferred income taxes   | ( 7,127 )   | 516        |
| Change in assets and liabilities:   |             |            |
| Receivables   | 741         | ( 4,947 )  |
| Inventories   | 1,210       | 1,907      |
| Accounts payable and other accrued expenses                                     | 691         | ( 5,558 )  |
| Deferred revenue  | 277         | 568        |
| Other, net  | 286         | ( 1,508 )  |
| Net cash provided by (used in) operating activities                             | 19,564      | ( 3,790 )  |
| <b>Cash Flows from Investing Activities</b>                                     |             |            |
| Capital expenditures  | ( 4,373 )   | ( 4,148 )  |
| Net cash used in investing activities   | ( 4,373 )   | ( 4,148 )  |
| <b>Cash Flows from Financing Activities</b>                                     |             |            |
| Proceeds from short-term borrowings   | 148,061     | 60,599     |
| Repayments on short-term borrowings   | ( 148,549 ) | ( 58,601 ) |
| Proceeds from sale-leaseback transaction  | —           | 13,629     |
| Repayments on financing liability   | ( 642 )     | ( 575 )    |
| Proceeds from long-term debt  | 202         | —          |
| Repayments on long-term debt  | ( 88 )      | ( 121 )    |
| Purchase of Treasury Stock  | ( 1,998 )   | —          |
| Net cash (used in) provided by financing activities                             | ( 3,014 )   | 14,931     |
| Effect of exchange rate changes on cash, net                                    | ( 54 )      | ( 72 )     |
| <b>Increase in Cash, Cash Equivalents and Restricted Cash</b>                   | 12,123      | 6,921      |
| <b>Cash, Cash Equivalents and Restricted Cash at Beginning of Year</b>          | 13,815      | 6,894      |
| <b>Cash, Cash Equivalents and Restricted Cash at End of Year</b>                | \$ 25,938   | \$ 13,815  |
| <b>Supplemental Disclosure of Cash Flow Information</b>                         |             |            |
| Interest paid   | \$ 1,799    | \$ 1,862   |
| Income taxes paid   | \$ 6,240    | \$ 3,158   |
| Assets obtained under new operating leases                                      | \$ 200      | \$ 3,902   |
| Assets obtained under new finance leases  | \$ 204      | \$ —       |

*The accompanying Notes are an integral part of these Consolidated Financial Statements.*



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1— Summary of Significant Accounting Policies

Kewaunee Scientific Corporation and subsidiaries (collectively the "Company") design, manufacture, and install laboratory, healthcare, and technical furniture products. The Company's products include steel and wood casework, fume hoods, adaptable modular systems, moveable workstations, stand-alone benches, biological safety cabinets, and epoxy resin work surfaces and sinks. The Company's sales are made through purchase orders and contracts submitted by customers through its dealers, its subsidiaries in Singapore and India, and a national stocking distributor. The majority of the Company's products are sold to customers located in North America, primarily within the United States. The Company's laboratory products are used in chemistry, physics, biology and other general science laboratories in the pharmaceutical, biotechnology, industrial, chemical, commercial, educational, government and health care markets. Technical products are used in facilities manufacturing computers and light electronics and by users of computer and networking furniture.

**Principles of Consolidation** The Company's consolidated financial statements include the accounts of Kewaunee Scientific Corporation and its international subsidiaries. A brief description of each subsidiary, along with the amount of the Company's controlling financial interests, as of April 30, 2024 is as follows: (1) Kewaunee Labway Asia Pte. Ltd., a commercial sales organization for the Company's products in Singapore, is 100 % owned by the Company; (2) Kewaunee Scientific Corporation Singapore Pte. Ltd., a holding company in Singapore, is 100 % owned by the Company; (3) Kewaunee Labway India Pvt. Ltd., a design, installation, manufacturing, assembly and commercial sales operation for the Company's products in Bangalore, India, is 94 % owned by the Company; (4) Koncepto Sciencetech International Pvt. Ltd., a laboratory design and strategic advisory and construction management services firm, located in Bangalore, India, is 80 % owned by the Company; (5) Kequip Global Lab Solutions Pvt. Ltd. is 70 % owned by Kewaunee Scientific Corporation Singapore Pte. Ltd. All intercompany balances, transactions, and profits have been eliminated. Included in the consolidated financial statements are net assets of \$ 18,547,000 and \$ 16,786,000 at April 30, 2024 and 2023, respectively, of the Company's subsidiaries. Net sales by the Company's subsidiaries in the amounts of \$ 66,517,000 and \$ 72,778,000 were included in the consolidated statements of operations for fiscal years 2024 and 2023, respectively.

**Cash and Cash Equivalents** Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less. During the years ended April 30, 2024 and 2023, the Company had cash deposits in excess of FDIC insured limits. The Company has not experienced any losses from such deposits.

The Company includes restricted cash along with the cash balance for presentation in the consolidated statements of cash flows. The reconciliation between the consolidated balance sheet and the consolidated statement of cash flows at April 30 is as follows:

| \$ in thousands                                  | 2024      | 2023      |
|--|-----------|-----------|
| Cash and cash equivalents                        | \$ 23,267 | \$ 8,078  |
| Restricted cash                                  | 2,671     | 5,737     |
| Total cash, cash equivalents and restricted cash | \$ 25,938 | \$ 13,815 |

**Restricted Cash** Restricted cash includes bank deposits of subsidiaries used for performance guarantees against customer orders.

**Accounts Receivable and Allowance for Credit Losses** Receivables are stated at the amount owed by the customer, net of allowances for estimated credit losses. The Company evaluates the collectability of its trade accounts receivable based on a number of factors. In circumstances where management is aware of a customer's inability to meet its financial obligations to the Company, or a project dispute makes it unlikely that all of the receivable owed by a customer will be collected, a specific reserve for credit losses is estimated and recorded to reduce the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential credit losses, a reserve for credit losses is estimated and recorded based on past loss history and an overall assessment of past due trade accounts receivable amounts outstanding. Accounts are written off when it is clearly established that the receivable is a bad debt. Recoveries of receivables previously written off are recorded when received.

The activity in the allowance for credit losses for each of the years ended April 30 was:

| \$ in thousands              | 2024    | 2023   |
|------------------------------|---------|--------|
| Balance at beginning of year | \$ 476  | \$ 357 |
| Provision for credit losses  | 276     | 120    |
| Write-offs, net              | ( 164 ) | ( 1 )  |
| Balance at end of year       | \$ 588  | \$ 476 |

**Unbilled Receivables** Accounts receivable include unbilled receivables that represent amounts earned which have not yet been billed in accordance with contractually stated billing terms, excluding retention, which is included in other assets. The amount of unbilled receivables, net of unbilled retention, at April 30, 2024 and 2023 was \$ 11,840,000 and \$ 13,459,000 , respectively.

**Inventories** The Company's inventories are valued at the lower of cost or net realizable value under the first-in, first-out ("FIFO") method.

**Property, Plant and Equipment** Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is determined for financial reporting purposes principally on the straight-line method over the estimated useful lives of the individual assets or, for leaseholds, over the terms of the related leases, if shorter. Property, plant and equipment consisted of the following at April 30:

| \$ in thousands                   | 2024       | 2023       | Useful Life  |
|-----------------------------------|------------|------------|--------------|
| Land                              | \$ 41      | \$ 41      | N/A          |
| Building and improvements         | 17,280     | 17,147     | 5 - 40 years |
| Machinery and equipment           | 46,913     | 44,180     | 3 - 10 years |
| Total                             | 64,234     | 61,368     |              |
| Less accumulated depreciation     | ( 46,585 ) | ( 44,966 ) |              |
| Net property, plant and equipment | \$ 17,649  | \$ 16,402  |              |

The Company reviews the carrying value of property, plant and equipment for impairment annually or whenever changes in circumstances or events indicate that such carrying value may not be recoverable. If projected undiscounted cash flows are not sufficient to recover the carrying value of the potentially impaired asset, the carrying value is reduced to estimated fair value. There were no impairments in fiscal years 2024 or 2023.

**Other Assets** Other assets at April 30, 2024 and 2023 included \$ 312,000 and \$ 1,191,000 , respectively, of unbilled retainage, \$ 2,611,000 and \$ 2,352,000 , respectively, of assets held in a trust account for non-qualified benefit plan, and \$ 31,000 and \$ 111,000 , respectively, of cash surrender values of life insurance policies. Life insurance policies are recorded at the amount that could be realized under the insurance contract as of the date of the Company's consolidated balance sheets with the change in cash surrender or contract value being recorded as income or expense during each period.

**Use of Estimates** The presentation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates. Significant estimates impacting the accompanying consolidated financial statements include the allowance for credit losses, self-insurance reserves, and income taxes.

**Variable Interest Entity** On December 22, 2021, the Company entered into an Agreement for Purchase and Sale of Real Property with CAI Investments Sub-Series 100 LLC (the "Buyer"), for the Company's headquarters and manufacturing facilities (the "Property") located in Statesville, North Carolina (the "Sale Agreement") in exchange for \$ 30,275,000 in sales proceeds.

The Sale Agreement was finalized on March 24, 2022 and coincided with the Company and CAI Investments Medical Products I Master Lessee LLC ("Lessor"), an affiliate of the Buyer, entering into a lease agreement. The lease arrangement is for a 20-year term. At the same time, the Buyer and its affiliates formed a new, debt-financed affiliate CAI Investments Medical Products I, DST ("Trust") and contributed the Property to the Trust. According to the terms of the lease, the Trust leased the Property to its affiliated Lessor, which in turn sub-leased the Property to the Company (together with the Sale Agreement, the "Sale-Leaseback Arrangement"). The Company concluded that Parent and its direct affiliates, including the Trust, are designed primarily to acquire and manage the Property and constitute a variable interest entity because the Trust lacks sufficient equity on its own to finance its operations. The Company concluded it should not consolidate Parent or its affiliates under the variable interest model or the voting interest model of ASC 810, *Consolidation*. For additional information on the accounting for the Sale-Leaseback Arrangement, refer to [Note 5](#), *Sale-Leaseback Financing Transaction*.

**Fair Value of Financial Instruments** A financial instrument is defined as cash equivalents, evidence of an ownership interest in an entity, or a contract that creates a contractual obligation or right to deliver or receive cash or another financial instrument from another party. The Company's financial instruments consist primarily of cash and equivalents, mutual funds, cash surrender value of life insurance policies, a sale-leaseback financing liability, term loans and short-term borrowings. The carrying value of these assets and liabilities approximate their fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the

measurement date. Expanded disclosures about instruments measured at fair value require the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities as of the reporting date.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables summarize the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring and nonrecurring basis as of April 30, 2024 and 2023 (in thousands):

|  | 2024     |          |         |          |
|--|----------|----------|---------|----------|
|  | Level 1  | Level 2  | Level 3 | Total    |
| <b>Financial Assets</b>  |          |          |         |          |
| Trading securities held in non-qualified compensation plans <sup>(1)</sup> | \$ 1,565 | \$ —     | \$ —    | \$ 1,565 |
| Cash surrender value of life insurance policies <sup>(1)</sup>             | —        | 1,077    | —       | 1,077    |
| Total  | \$ 1,565 | \$ 1,077 | \$ —    | \$ 2,642 |
| <b>Financial Liabilities</b>   |          |          |         |          |
| Non-qualified compensation plans <sup>(2)</sup>                            | \$ —     | \$ 3,009 | \$ —    | \$ 3,009 |
| Total  | \$ —     | \$ 3,009 | \$ —    | \$ 3,009 |

  

|  | 2023     |          |         |          |
|--|----------|----------|---------|----------|
|  | Level 1  | Level 2  | Level 3 | Total    |
| <b>Financial Assets</b>  |          |          |         |          |
| Trading securities held in non-qualified compensation plans <sup>(1)</sup> | \$ 1,105 | \$ —     | \$ —    | \$ 1,105 |
| Cash surrender value of life insurance policies <sup>(1)</sup>             | —        | 1,358    | —       | 1,358    |
| Total  | \$ 1,105 | \$ 1,358 | \$ —    | \$ 2,463 |
| <b>Financial Liabilities</b>   |          |          |         |          |
| Non-qualified compensation plans <sup>(2)</sup>                            | \$ —     | \$ 2,910 | \$ —    | \$ 2,910 |
| Total  | \$ —     | \$ 2,910 | \$ —    | \$ 2,910 |

- (1) The Company maintains two non-qualified compensation plans which include investment assets in a rabbi trust. These assets consist of marketable securities, which are valued using quoted market prices multiplied by the number of shares owned, and life insurance policies, which are valued at their cash surrender value.
- (2) Plan liabilities are equal to the individual participants' account balances and other earned retirement benefits.

**Revenue Recognition** Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products. The Company recognizes revenue when control of a good or service promised in a contract (i.e., performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. The majority of the Company's revenues are recognized over time as the customer receives control as the Company performs work under a contract. However, a portion of the Company's revenues are recognized at a point-in-time as control is transferred at a distinct point in time per the terms of a contract. Sales taxes that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales. Certain customers' cash discounts and volume rebates are offered as sales incentives. The discounts and volume rebates are recorded as a reduction in sales at the time revenue is recognized in an amount estimated based on historical experience and contractual obligations.

Deferred revenue consists of customer deposits and advance billings of the Company's products where sales have not yet been recognized. Accounts receivable includes retainage in the amounts of \$ 294,000 and \$ 235,000 at April 30, 2024 and 2023, respectively. Shipping and handling costs are included in cost of product sales. Because of the nature and quality of the

Company's products, any warranty issues are determined in a relatively short period after the sale and are infrequent in nature, and as such, warranty costs are immaterial to the Company's consolidated financial position and results of operations and are expensed as incurred.

**Credit Concentration** The Company performs credit evaluations of its customers. Revenues from three of the Company's domestic dealers represented in the aggregate approximately 45 % and 36 % of the Company's sales in fiscal years 2024 and 2023, respectively. Accounts receivable for two domestic customers represented approximately 21 % and 23 % of the Company's total accounts receivable as of April 30, 2024 and 2023, respectively.

**Insurance** The Company maintains a self-insured health-care program. The Company accrues estimated losses for claims incurred but not reported using assumptions based on historical loss experience. The Company has also purchased specific stop-loss insurance to limit claims above a certain amount. The Company adjusts insurance reserves, as needed, in the event that future loss experience differs from historical loss patterns.

**Income Taxes** In accordance with ASC 740, "Income Taxes" ("ASC 740"), the Company uses the liability method in measuring the provision for income taxes and recognizing deferred income tax assets and liabilities on the consolidated balance sheets. ASC 740 clarifies the financial statement recognition threshold and measurement attribute of a tax position taken or expected to be taken in a tax return. Under AC 740, the Company evaluates the realization of all deferred income tax assets and determines if a valuation allowance is required on an annual basis. Under ASC 740, the Company applies a more-likely-than-not recognition threshold for all tax uncertainties. ASC 740 only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. The Company did not have any significant uncertain tax positions at April 30, 2024 or 2023.

**Research and Experimentation Expenditures** Research and experimentation expenditures are charged to cost of products sold in the periods incurred. Expenditures for research and experimentation expenditures were \$ 920,000 and \$ 1,012,000 for the fiscal years ended April 30, 2024 and 2023, respectively.

**Advertising Costs** Advertising costs are expensed as incurred, and include trade shows, training materials, sales, samples, and other related expenses and are included in operating expenses. Advertising costs for the years ended April 30, 2024 and 2023 were \$ 336,000 and \$ 226,000 , respectively.

**Foreign Currency Translation** The financial statements of subsidiaries located in India are measured using the local currency as the functional currency. Effective May 1, 2022, Kewaunee Scientific Corporation Singapore Pte. Ltd. transitioned to using the U.S. dollar as its functional currency. The financial position and operating results of Kewaunee Labway Asia Pte. Ltd. are also measured using the U.S. dollar as its functional currency. Assets and liabilities of the Company's foreign subsidiaries using local currencies are translated into United States dollars at fiscal year-end exchange rates. Sales, expenses, and cash flows are translated at weighted average exchange rates for each period. Net translation gains or losses are included in other comprehensive income, a separate component of stockholders' equity. Gains and losses from foreign currency transactions of these subsidiaries are included in operating expenses.

**Earnings Per Share** Basic earnings per share is based on the weighted average number of common shares outstanding during the year. Diluted earnings per share reflects the assumed exercise of outstanding stock options and the conversion of restricted stock units ("RSUs") under the Company's various stock compensation plans, except when RSUs and stock options have an antidilutive effect. There were no antidilutive RSUs and stock options outstanding at April 30, 2024. There were 33,900 antidilutive RSUs and stock options outstanding at April 30, 2023.

The following is a reconciliation of basic to diluted weighted average common shares outstanding:

| Shares in thousands                                | 2024  | 2023  |
|--|-------|-------|
| Weighted average common shares outstanding         |       |       |
| Basic  | 2,879 | 2,824 |
| Dilutive effect of stock options and RSUs          | 59    | 78    |
| Weighted average common shares outstanding—diluted | 2,938 | 2,902 |

**Accounting for Stock Options and Other Equity Awards** Compensation costs related to stock options and other stock awards granted by the Company are charged against operating expenses during their vesting period, under ASC 718, "Compensation—Stock Compensation." Forfeitures are accounted for in the period in which the awards are forfeited. The Company granted 117,747 RSUs under the 2017 Omnibus Incentive Plan in fiscal year 2024 and 87,969 RSUs in fiscal year 2023. There were no stock options granted during fiscal years 2024 and 2023. (See [Note 7](#), *Stock Options and Share-Based Compensation*)

**New Accounting Standards** In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which replaces the current incurred loss method used for determining credit losses on financial assets, including trade receivables, with an expected credit loss method. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company adopted this standard effective May 1, 2023. The adoption of this standard did not have a significant impact on the Company's consolidated financial position or results of operations.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures," which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company will adopt this standard in fiscal year 2025. The Company does not expect the adoption of this standard to have a significant impact on the Company's consolidated financial position or results of operations.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740) - Improvements for Income Tax Disclosures," which requires public business entities to, on an annual basis, (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. This ASU also provides for additional disclosure requirements to provide clarity for investors related to income tax disclosures. This guidance is effective for annual periods beginning after December 15, 2024. The Company will adopt this standard in fiscal year 2026. The Company does not expect the adoption of this standard to have a significant impact on the Company's consolidated financial position or results of operations.

## **Note 2 - Revenue Recognition**

The Company recognizes revenue when control of a good or service promised in a contract (i.e., performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. The majority of the Company's revenues are recognized over time as the customer receives control as the Company performs work under a contract. However, a portion of the Company's revenues are recognized at a point-in-time as control is transferred at a distinct point in time per the terms of a contract.

### **Performance Obligations**

A performance obligation is a distinct good or service or bundle of goods and services that is distinct or a series of distinct goods or services that are substantially the same and have the same pattern of transfer. The Company identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to reasonably reflect the Company's performance in transferring control of the promised goods or services to the customer. The Company has elected to treat shipping and handling as a fulfillment activity instead of a separate performance obligation.

The following are the primary performance obligations identified by the Company:

#### *Laboratory Furniture*

The Company principally generates revenue from the manufacture of custom laboratory, healthcare, and technical furniture and infrastructure products (herein referred to as "laboratory furniture"). The Company's products include steel and wood casework, fume hoods, adaptable modular systems, moveable workstations, stand-alone benches, biological safety cabinets, and epoxy resin work surfaces and sinks. Customers can benefit from each piece of laboratory furniture on its own or with resources readily available in the marketplace such as separately purchased installation services. Each piece of laboratory furniture does not significantly modify or customize other laboratory furniture, and the pieces of laboratory furniture are not highly interdependent or interrelated with each other. The Company can, and frequently does, break portions of contracts into separate "runs" to meet manufacturing and construction schedules. As such, each piece of laboratory furniture is considered a separate and distinct performance obligation. The majority of the Company's products are customized to meet the specific architectural design and performance requirements of laboratory planners and end users. The finished laboratory furniture has no alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. As such, revenue from the sales of customized laboratory furniture is recognized over time once the customization process has begun, using the units-of-production output method to measure progress towards completion. There is not a material amount of work-in-process for which the customization process has begun at the end of a reporting period. The Company believes this output method most reasonably reflects the Company's performance because it directly measures the value of the goods transferred to the customer. For standardized products sold by the Company, revenue is recognized when control transfers, which is typically freight on board ("FOB") shipping point.

#### *Warranties*

All orders contain a standard warranty that warrants that the product is free from defects in workmanship and materials under normal use and conditions for a limited period of time. Due to the nature and quality of the Company's products, any warranty issues have historically been determined in a relatively short period after the sale, have been infrequent in nature, and have been immaterial to the Company's financial position and results of operations. The Company's standard warranties are not considered a separate and distinct performance obligation as the Company does not provide a service to customers beyond assurance that the covered product is free of initial defects. Costs of providing these short term assurance warranties are immaterial and, accordingly, are expensed as incurred. Extended separately priced warranties are available which can last up to ten years. Extended warranties are considered separate performance obligations as they are individually priced options providing assurances that the products are free of defects.

#### *Installation Services*

The Company sometimes performs installation services for customers. The scope of installation services primarily relates to setting up and ensuring the proper functioning of the laboratory furniture. In certain markets, the Company may provide a broader range of installation services involving the design and installation of the laboratory's mechanical services. Installation services can be, and often are, performed by third parties and thus may be distinct from the Company's products. Installation services create or enhance assets that the customer controls as the installation services are provided. As such, revenue from installation services is recognized over time, as the installation services are performed using the cost input method, as there is a direct relationship between the Company's inputs and the transfer of control by means of the performance of installation services to the customer.

#### *Custodial Services*

It is common in the laboratory and healthcare furniture industries for customers to request delivery at specific future dates, as products are often to be installed in buildings yet to be constructed. Frequently, customers will request the manufacture of these products prior to the customer's ability or readiness to receive the product due to various reasons such as changes to or delays in the construction of the building. As such, from time to time Kewaunee's customers require us to provide custodial services for their laboratory furniture. Custodial services are frequently provided by third parties and do not significantly alter the other goods or services covered by the contract and as such are considered a separate and distinct performance obligation. Custodial services are simultaneously received and consumed by the customer and as such revenue from custodial services is recognized over time using a straight-line time-based measure of progress towards completion, because the Company's services are provided evenly throughout the performance period.

#### **Payment Terms and Transaction Prices**

The Company's contracts with customers are generally fixed-price and do not contain variable consideration or a general right of return or refund. The Company's contracts with customers contain terms typical for Kewaunee's industry, including withholding a portion of the transaction price until after the goods or services have been transferred to the customer (i.e. "retainage"). The Company does not recognize this as a significant financing component because the primary purpose of retainage is to provide the customer with assurance that the Company will perform its obligations under the contract, rather than to provide financing to the customer.

#### **Allocation of Transaction Price**

The Company's contracts with customers may cover multiple goods and services, such as differing types of laboratory furniture and installation services. For these arrangements, each good or service is evaluated to determine whether it represents a distinct performance obligation. The total transaction price is then allocated to the distinct performance obligations based on their relative standalone selling price at the inception of the arrangement. If available, the Company utilizes observable prices for goods or services sold separately to similar customers in similar circumstances to determine its relative standalone selling price. Otherwise, list prices are used if they are determined to be representative of standalone selling prices. If neither of these methods are available at contract inception, such as when the Company does not sell the product or service separately, judgment may be required and the Company determines the standalone selling price using one, or a combination of, the adjusted market assessment or expected cost-plus margin approaches.

#### **Practical Expedients Used**

The Company has elected the following practical expedients:

- The portfolio approach was applied in evaluating the accounting for the cost of obtaining a contract.
- Payment terms with the Company's customers which are one year or less are not considered a significant financing component.

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- The Company excludes from revenues taxes it collects from customers that are assessed by a government authority. This is primarily relevant to domestic sales but also includes taxes on some international sales which are also excluded from the transaction price.
- The Company's incremental cost to obtain a contract is limited to sales commissions. The Company applies the practical expedient to expense commissions as incurred for contracts having a duration of one year or less. Sales commissions related to contracts with a duration of greater than one year are immaterial to the Company's consolidated financial position and results of operations and are also expensed as incurred.

### Disaggregated Revenue

A summary of net sales transferred to customers at a point in time and over time for the twelve months ended April 30 is as follows (in thousands):

|               | 2024       |               |            |
|---------------|------------|---------------|------------|
|               | Domestic   | International | Total      |
| Over Time     | \$ 131,798 | \$ 66,517     | \$ 198,315 |
| Point in Time | 5,440      | —             | 5,440      |
| Total Revenue | \$ 137,238 | \$ 66,517     | \$ 203,755 |

  

|               | 2023       |               |            |
|---------------|------------|---------------|------------|
|               | Domestic   | International | Total      |
| Over Time     | \$ 141,994 | \$ 72,778     | \$ 214,772 |
| Point in Time | 4,722      | —             | 4,722      |
| Total Revenue | \$ 146,716 | \$ 72,778     | \$ 219,494 |

### Contract Balances

The closing balances of contract assets included \$ 11,840,000 in accounts receivable and \$ 312,000 in other current assets at April 30, 2024. The opening balance of contract assets arising from contracts with customers included \$ 13,459,000 in accounts receivable and \$ 1,191,000 in other assets at April 30, 2023. The closing and opening balances of contract liabilities included in deferred revenue arising from contracts with customers were \$ 4,374,000 at April 30, 2024 and \$ 4,097,000 at April 30, 2023. The timing of revenue recognition, billings and cash collections results in accounts receivable, unbilled receivables, and deferred revenue which is disclosed on the consolidated balance sheets and in the notes to the consolidated financial statements. In general, the Company receives payments from customers based on a billing schedule established in its contracts. Unbilled receivables represent amounts earned which have not yet been billed in accordance with contractually stated billing terms. Accounts receivable are recorded when the right to consideration becomes unconditional and the Company has a right to invoice the customer. Deferred revenue relates to payments received in advance of performance under the contract. Deferred revenue is recognized as revenue as the Company performs under the contract.

During the fiscal year ended April 30, 2024, changes in contract assets and liabilities were not materially impacted by any other factors. Approximately 100 % of the contract liability balance at April 30, 2024 is expected to be recognized as revenue during fiscal year 2025.

### Note 3— Inventories

Inventories consisted of the following at April 30:

| (in thousands)           | 2024      | 2023      |
|--------------------------|-----------|-----------|
| Finished goods           | \$ 3,042  | \$ 3,412  |
| Work-in-process          | 1,931     | 2,380     |
| Materials and components | 15,706    | 16,097    |
| Total inventories        | \$ 20,679 | \$ 21,889 |

At April 30, 2024 and 2023, the Company's international subsidiaries' inventories were \$ 3,239,000 and \$ 2,740,000 , respectively, measured using the lower of cost or net realizable value under the FIFO method and are included in the above tables.

**Note 4— Long-term Debt and Other Credit Arrangements**

On December 19, 2022, the Company entered into a Credit and Security Agreement (the "Credit Agreement") with Mid Cap Funding IV Trust, as agent (the "Agent"), and the lenders from time to time party thereto (collectively, the "Lenders"). The Credit Agreement provides for a secured revolving line of credit initially up to \$ 15.0 million (the "Revolving Credit Facility"). Availability under the Revolving Credit Facility is subject to a borrowing base calculated in accordance with the terms of the Credit Agreement and on the basis of eligible accounts and inventory and certain other reserves and adjustments. Pursuant to the Credit Agreement, the Company granted to the Agent, for itself and the Lenders, a first priority security interest in all existing and future acquired assets owned by the Company. Subject to the terms of the Credit Agreement, from time to time the Company may request that the initial revolving loan amount available under the Revolving Credit Facility be increased with additional tranches in minimum amounts of \$ 1,000,000 , up to a maximum borrowing availability of \$ 30.0 million. The Agent and Lenders must consent to any such increase in their sole discretion. The Revolving Credit Facility matures on December 19, 2025.

Except as set forth in the Credit Agreement, borrowings under the Revolving Credit Facility bear interest at a rate equal to Term SOFR (Secured Overnight Financing Rate) plus 4.10 %. The Company is required to make monthly interest payments on the Revolving Credit Facility, with the entire principal payment due at maturity.

At April 30, 2024, there was \$ 3,000,000 outstanding under the Revolving Credit Facility, with remaining borrowing capacity under the Revolving Credit Facility of \$ 11,587,000 . At April 30, 2023, there was \$ 3,548,000 outstanding under the Revolving Credit Facility, with remaining borrowing capacity under the Revolving Credit Facility of \$ 10,286,000 . The borrowing rate under the Revolving Credit Facility was 9.54 % and 9.02 % as of April 30, 2024 and 2023, respectively. The Company was in compliance with all financial covenants under its revolving credit facility at April 30, 2024 and 2023. In addition, the Company's International subsidiaries had a balance outstanding of \$ 99,000 and \$ 39,000 in short-term borrowings related to overdraft protection and short-term loan arrangements at April 30, 2024 and 2023, respectively.

At April 30, 2024, there were foreign bank guarantees outstanding to customers in the amounts of \$ 7.1 million, \$ 435,000 , and \$ 226,000 with expiration dates in fiscal years 2025, 2026, and 2027, respectively, collateralized by certain assets of the Company's subsidiaries in India. At April 30, 2023, there were bank guarantees issued by foreign banks outstanding to customers in the amounts of \$ 5.2 million, \$ 142,000 , \$ 3,000 , and \$ 233,000 with expiration dates in fiscal years 2024, 2025, 2026, and 2027, respectively, collateralized by certain assets of the Company's subsidiaries in India.

**Note 5— Sale-Leaseback Financing Transaction**

On December 22, 2021, the Company entered into the Sale Agreement with the Buyer for the Company's headquarters and manufacturing facilities located at 2700 West Front Street in Statesville, North Carolina.

The Sale Agreement was finalized on March 24, 2022 and coincided with the Company and the Buyer entering into the Lease Agreement. The Sale-Leaseback Arrangement is repayable over a 20-year term, with four renewal options of five years each. Under the terms of the Lease Agreement, the Company's initial basic rent is approximately \$ 158,000 per month, with annual increases of approximately 2 % each year of the initial term.

The Company accounted for the Sale-Leaseback Arrangement as a financing transaction with the Buyer in accordance with ASC 842, *Leases*, as the Lease Agreement was determined to be a finance lease. The Company concluded the Lease Agreement met the qualifications to be classified as a finance lease due to the significance of the present value of the lease payments, using a discount rate of 4.75 % to reflect the Company's incremental borrowing rate, compared to the fair value of the leased property as of the lease commencement date. In measuring the lease payments for the present value analysis, the Company elected the practical expedient to combine the lease component (the leased facilities) with the non-lease component (property management provided by the Buyer/Lessor) into a single lease component.

The presence of a finance lease indicates that control of the Property has not transferred to the Buyer/Lessor and, as such, the transaction was deemed a failed sale-leaseback and accounted for as a financing arrangement. As a result of this determination, the Company is viewed as having received the sales proceeds from the Buyer/Lessor in the form of a hypothetical loan collateralized by its leased facilities. The hypothetical loan is payable as principal and interest in the form of "lease payments" to the Buyer/Lessor. As such, the Company will not derecognize the Property from its books for accounting purposes until the lease ends. No gain or loss was recognized related to the Sale-Leaseback Arrangement under U.S. GAAP.

As of April 30, 2024, the carrying value of the financing liability was \$ 28,133,000 , net of \$ 648,000 in debt issuance costs, of which \$ 713,000 was classified as current on the Consolidated Balance Sheet with \$ 27,420,000 classified as long-term. As of April 30, 2023, the carrying value of the financing liability was \$ 28,774,000 , net of \$ 708,000 in debt issuance costs, of which \$ 642,000 was classified as current on the Consolidated Balance Sheet with \$ 28,132,000 classified as long-term. The monthly lease payments are split between a reduction of principal and interest expense using the effective interest rate method. Interest



expense associated with the financing arrangement was \$ 1,287,000 and \$ 1,316,000 for the years ended April 30, 2024 and 2023, respectively.

The Company will depreciate the building down to zero over the 20-year assumed economic life of the Property so that at the end of the lease term, the remaining carrying amount of the financing liability will equal the carrying amount of the land of \$ 41,000 .

Remaining future cash payments related to the financing liability for the fiscal years ending April 30 are as follows:

|                                  |    |            |
|----------------------------------|----|------------|
| (\$ in thousands)                |    |            |
| 2025                             | \$ | 1,970      |
| 2026                             |    | 2,009      |
| 2027                             |    | 2,049      |
| 2028                             |    | 2,090      |
| 2029                             |    | 2,132      |
| Thereafter                       |    | 31,736     |
| Total Minimum Liability Payments |    | 41,986     |
| Imputed Interest                 |    | ( 13,853 ) |
| Total                            | \$ | 28,133     |

#### Note 6— Income Taxes

Effective August 1, 2019, the Company elected to revoke the indefinite reinvestment of foreign unremitted earnings position set forth by ASC 740-30-25-17 for multiple foreign subsidiaries. As a result of this election, the Company recorded a tax withholding expense imposed by the India Income Tax Department of \$ 371,000 and \$ 406,000 for the years ended April 30, 2024 and 2023, respectively.

The Company's accounting policy with respect to the Global Intangible Low-Taxed Income ("GILTI") tax rules is that GILTI will be treated as a periodic charge in the year in which it arises.

Income tax (benefit) expense consisted of the following:

| \$ in thousands                      | 2024         | 2023     |
|--------------------------------------|--------------|----------|
| Current tax (benefit) expense:       |              |          |
| Federal                              | \$ 2,332     | \$ 691   |
| State and local                      | 65           | 197      |
| Foreign                              | 2,661        | 1,736    |
| Total current tax expense            | 5,058        | 2,624    |
| Deferred tax (benefit) expense:      |              |          |
| Federal                              | ( 10,378 )   | —        |
| State and local                      | ( 893 )      | —        |
| Foreign                              | 275          | 515      |
| Total deferred tax (benefit) expense | ( 10,996 )   | 515      |
| Net income tax (benefit) expense     | \$ ( 5,938 ) | \$ 3,139 |

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The reasons for the differences between the above net income tax (benefit) expense and the amounts computed by applying the statutory federal income tax rate to earnings before income taxes are as follows:

| \$ in thousands  | 2024         | 2023     |
|--|--------------|----------|
| Income tax expense at statutory rate                     | \$ 2,755     | \$ 945   |
| State and local taxes, net of federal income tax benefit | 575          | ( 119 )  |
| Tax credits  | ( 355 )      | ( 433 )  |
| Effects of differing US and foreign tax rates            | 243          | 260      |
| Effect of pension settlement                             | ( 3,870 )    | —        |
| Return to provision adjustment                           | 743          | 413      |
| Impact of foreign subsidiary income to parent            | 96           | 99       |
| Increase (decrease) in valuation allowance               | ( 6,579 )    | 1,667    |
| Deferred taxes on unremitted earnings                    | 371          | 406      |
| Other items, net   | 83           | ( 99 )   |
| Net income tax (benefit) expense                         | \$ ( 5,938 ) | \$ 3,139 |

Significant items comprising deferred tax assets and liabilities as of April 30 were as follows:

| \$ in thousands  | 2024      | 2023       |
|--|-----------|------------|
| Deferred tax assets:   |           |            |
| Accrued employee benefit expenses                                  | \$ 152    | \$ 153     |
| Allowance for credit losses  | 151       | 114        |
| Deferred compensation  | 950       | 1,156      |
| Tax credits (state, net of federal benefits)                       | 170       | 170        |
| Foreign tax credit carryforwards                                   | 638       | 638        |
| Section 174 R&E Addback  | 2,303     | 1,558      |
| Unrecognized actuarial loss, defined benefit plans                 | —         | 1,064      |
| Inventory reserves and capitalized costs                           | 296       | 201        |
| Net operating loss carryforwards                                   | 152       | 249        |
| Proceeds on Sale Leaseback   | 6,316     | 6,963      |
| Operating lease liabilities  | 1,211     | 1,558      |
| Other  | 332       | 254        |
| Total deferred tax assets  | 12,671    | 14,078     |
| Deferred tax liabilities:  |           |            |
| Book basis in excess of tax basis of property, plant and equipment | ( 1,678 ) | ( 1,417 )  |
| Book basis in excess of tax basis of Sale Leaseback property       | ( 1,028 ) | ( 1,106 )  |
| Prepaid pension  | —         | ( 919 )    |
| APB 23 Assertion   | ( 1,572 ) | ( 1,318 )  |
| Right of use assets  | ( 1,142 ) | ( 1,526 )  |
| Debt Issuance Cost on Sale Leaseback                               | ( 142 )   | ( 167 )    |
| Total deferred tax liabilities                                     | ( 5,562 ) | ( 6,453 )  |
| Valuation allowance  | ( 926 )   | ( 8,568 )  |
| Net deferred tax liabilities                                       | \$ 6,183  | \$ ( 943 ) |
| Deferred tax assets (liabilities) classified in the balance sheet: |           |            |
| Deferred tax assets, non-current                                   | \$ 7,401  | \$ —       |
| Deferred tax liabilities, non-current                              | ( 1,218 ) | ( 943 )    |
| Net deferred tax assets (liabilities)                              | \$ 6,183  | \$ ( 943 ) |

The Company is required to evaluate the realization of the deferred tax asset and any requirement for a valuation allowance in accordance with ASC 740-10-30-2(b). This guidance provides that the future realization of the tax benefit of an existing

deductible temporary difference or carryforward ultimately depends on sufficient taxable income of the appropriate character within the carryback or carryforward period available under the tax law. The Company evaluates all available evidence, both positive and negative, to determine the amount of any required valuation allowance. As of April 30, 2024, our deferred tax assets primarily related to proceeds on a prior sale leaseback and Section 174 research and expenditures addbacks. A valuation allowance of \$ 926,000 and \$ 8,568,000 was recorded against our net deferred tax asset balance as of April 30, 2024 and 2023, respectively. For the year ended April 30, 2024, we recorded a net decrease in valuation allowance of \$ 6,579,000 , as compared to a net increase of \$ 1,667,000 for the year ended April 30, 2023, based on management's reassessment of the amount of its deferred tax assets that are more likely than not to be realized.

The Company files federal, state and local tax returns with statutes of limitation generally ranging from 3 to 4 years. The Company is generally no longer subject to federal tax examinations for years prior to fiscal year 2020 or state and local tax examinations for years prior to fiscal year 2019. Tax returns filed by the Company's significant foreign subsidiaries are generally subject to statutes of limitations of 3 to 7 years and are generally no longer subject to examination for years prior to fiscal year 2018. The Company has no unrecognized tax benefits.

#### Note 7 - Stock Options and Share-Based Compensation

The Company's stockholders approved the 2023 Omnibus Incentive Plan ("2023 Plan") in August, 2023, which enables the Company to grant a broad range of equity based awards, with potential recipients including directors, consultants and employees. The 2023 Plan replaced the 2017 Omnibus Incentive Plan (the "2017 Plan"). All outstanding equity granted under the 2017 Plan remain subject to, and will be settled under, the 2017 Plan. At the date of approval of the 2023 Plan, there were 64,633 shares available for new awards under the 2017 Plan, and 168,791 shares available for issuance under equity awards outstanding under the 2017 Plan. These shares that were available for new awards and any shares subject to outstanding awards under the 2017 Plan that subsequently cease to be subject to such awards are available under the 2023 Plan. The 2023 Plan also increased the total number of shares reserved for issuance under the Company's equity compensation plans by 310,000 , for a total of 374,633 shares initially reserved for issuance under the 2023 Plan. At April 30, 2024, there were 383,572 shares available for future issuance under the 2023 Plan.

Under the 2023 Plan and the 2017 Plan, in the aggregate, the Company recorded stock-based compensation expense for employees of \$ 1,018,000 and \$ 845,000 and deferred income tax benefit of \$ 223,000 and \$ 199,000 in fiscal years 2024 and 2023, respectively. The RSUs granted under the 2023 Plan and the 2017 Plan include grants with both a service and performance component vesting over a 3 year period and grants with only service components vesting over a 3 year period. The recognized expense is based upon the vesting period for service criteria and estimated attainment of the performance criteria at the end of the performance period based on the ratio of cumulative days incurred to total days over the performance period. The remaining estimated compensation expense of \$ 1,656,000 will be recorded over the remaining vesting periods.

The fair value of each RSU granted to employees was estimated on the date of grant based on the weighted average price of the Company's stock reduced by the present value of the expected dividend stream during the vesting period using the risk-free interest rate. The Company issued new shares of common stock to satisfy RSUs that vested during fiscal year 2024. The following table summarizes the RSU activity and weighted averages.

|                                  | 2024           |  | 2023           |  |
|----------------------------------|----------------|--|----------------|--|
|                                  | Number of RSUs | Weighted Average Grant Date Fair Value | Number of RSUs | Weighted Average Grant Date Fair Value |
| Outstanding at beginning of year | 159,640        | \$ 11.94                               | 144,827        | \$ 12.24                               |
| Granted                          | 117,747        | \$ 15.97                               | 87,969         | \$ 13.43                               |
| Vested                           | ( 103,519 )    | \$ 11.03                               | ( 50,315 )     | \$ 13.86                               |
| Forfeited                        | ( 5,077 )      | \$ 10.54                               | ( 22,841 )     | \$ 15.37                               |
| Outstanding at end of year       | 168,791        | \$ 15.35                               | 159,640        | \$ 11.94                               |

The stockholders approved the 2008 Key Employee Stock Option Plan in fiscal year 2009 which allowed the Company to grant options on an aggregate of 300,000 shares of the Company's common stock and an amendment to the plan in August 2015, authorizing an additional 300,000 shares. Under the plan, options were granted at not less than the fair market value at the date of grant with options exercisable in such installments, for such terms (up to 10 years). This plan was replaced by the 2017 Omnibus Plan with all outstanding options granted under the prior plan to remain subject to the prior plan. The last grant of options, issued on August 31, 2016, under the prior plan will expire August 31, 2026. The Company did not record any compensation expense related to outstanding stock options in fiscal years 2024 or 2023.

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The Company issued new shares of common stock to satisfy options exercised during fiscal years 2024 and 2023. Stock option activity and weighted average exercise price are summarized as follows:

|                                  | 2024                |                                    | 2023                |                                    |
|----------------------------------|---------------------|------------------------------------|---------------------|------------------------------------|
|                                  | Number<br>of Shares | Weighted Average Exercise<br>Price | Number<br>of Shares | Weighted Average Exercise<br>Price |
| Outstanding at beginning of year | 33,900              | \$ 19.97                           | 47,400              | \$ 19.34                           |
| Canceled                         | ( 3,700 )           | \$ 16.09                           | ( 7,850 )           | \$ 20.08                           |
| Exercised                        | ( 5,500 )           | \$ 22.21                           | ( 5,650 )           | \$ 14.54                           |
| Outstanding at end of year       | 24,700              | \$ 20.05                           | 33,900              | \$ 19.97                           |
| Exercisable at end of year       | 24,700              | \$ 20.05                           | 33,900              | \$ 19.97                           |

The number of options outstanding, exercisable, and their weighted average exercise prices were within the following ranges at April 30, 2024:

|   | \$ 15.85 - \$ 23.62 |
|---|---------------------|
| Options outstanding                         | 24,700              |
| Weighted average exercise price             | \$ 20.05            |
| Weighted average remaining contractual life | 1.68 years          |
| Aggregate intrinsic value                   | \$ 386,584          |
| Options exercisable                         | 24,700              |
| Weighted average exercise price             | \$ 20.05            |
| Aggregate intrinsic value                   | 386,584             |

## Note 8 - Stockholder's Equity

### Common Stock

The Company is authorized to issue 5,000,000 shares of Common Stock, par value of \$ 2.50 per share. Holders of the Company's Common Stock are entitled to 1 vote per share. At April 30, 2024, and April 30, 2023, there were approximately 2,839,000 and 2,830,000 shares, respectively, of Common Stock issued and outstanding. The Company has not declared or paid any dividends with respect to its Common Stock during the fiscal year ended April 30, 2024. The declaration and payment of any future dividends is at the discretion of the Board of Directors and will depend upon many factors, including the Company's earnings, capital requirements, investment and growth strategies, financial conditions, the terms of the Company's indebtedness, which contains provisions that could limit the payment of dividends in certain circumstances, and other factors that the Board of Directors may deem to be relevant.

### Share Repurchase Program

On August 31, 2023, the Board of Directors of the Company adopted a share repurchase program with authorization to repurchase up to 100,000 shares. There is no expiration date and currently, management has no plans to terminate this program. During the fiscal year ended April 30, 2024, the Company repurchased 66,191 shares of the Company's common stock for approximately \$ 1,992,000 , excluding other costs such as broker commissions and fees.

The following table summarizes share repurchase activity for the three months ended April 30, 2024:

|                 | Total Number of Shares Purchased <sup>(1)</sup> | Average Price Paid Per Share <sup>(2)</sup> | Total Number of Shares Purchased as Part of Publicly Announced Programs <sup>(1)</sup> | Number of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup> |
|-----------------|---|---|--|---|
| February 1 - 29 | 6,932   | \$ 29.18                                    | 6,932  | 63,612  |
| March 1 - 31    | 12,758  | \$ 31.63                                    | 12,758   | 50,854  |
| April 1 - 30    | 17,045  | \$ 35.11                                    | 17,045   | 33,809  |
|                 | <u>36,735</u>                                   |   | <u>36,735</u>  |   |

<sup>(1)</sup> On August 31, 2023, the Board of Directors of Kewaunee Scientific Corporation (the "Company") adopted a share repurchase program with authorization to repurchase up to 100,000 shares of our Company's common stock, which commenced on September 1, 2023 and has no expiration date. The share repurchase program is designed to help offset the impact of future share dilution from employee stock issuances. The timing and amount of any repurchases under this program will be determined by the Company's management at its discretion based upon its ongoing assessments of the capital needs of the business, the market price of the Company's common stock and general market conditions. Share repurchases under this program may be made through a variety of methods including open-market purchases, block trades, exchange transactions or any combination thereof. The program does not obligate the Company to acquire any particular amount of its common stock, and the share repurchase program may be suspended or discontinued at any time at the Company's discretion.

<sup>(2)</sup> Excludes other costs such as broker commissions and fees.

Transactions that occurred under the share repurchase program prior to the fourth quarter of fiscal year 2024 are presented in Item 2, Unregistered Sales of Equity Securities and Use of Proceeds, in the corresponding interim report on Form 10-Q for the periods ended [October 31, 2023](#) and [January 31, 2024](#) , respectively.

**Note 9 - Accumulated Other Comprehensive Income (Loss)**

The Company's other comprehensive income (loss) consists of unrealized gains and losses on the translation of the assets, liabilities, and equity of its foreign subsidiaries, and additional minimum pension liability adjustments, net of income taxes. The before tax income (loss), related income tax effect, and accumulated balances are as follows:

| \$ in thousands  | Foreign<br>Currency<br>Translation<br>Adjustment | Minimum<br>Pension<br>Liability<br>Adjustment | Total<br>Accumulated<br>Other<br>Comprehensive<br>Income (Loss) |
|--|--|---|---|
| Balance at April 30, 2022                                    | \$ (2,543)                                       | \$ (1,199)                                    | \$ (3,742)  |
| Foreign currency translation adjustment                      | (290)  | —   | (290)   |
| Change in unrecognized actuarial loss on pension obligations | —  | 590   | 590   |
| Balance at April 30, 2023                                    | (2,833)  | (609)   | (3,442)   |
| Foreign currency translation adjustment                      | (549)  | (49)  | (598)   |
| Change in unrecognized actuarial loss on pension obligations | —  | 509   | 509   |
| Settlement loss included in net income                       | —  | 4,019   | 4,019   |
| Income taxes on postretirement benefit plans                 | —  | (3,870)                                       | (3,870)   |
| Balance at April 30, 2024                                    | \$ (3,382)                                       | \$ —  | \$ (3,382)  |

**Note 10 - Leases, Commitments and Contingencies**

The Company recognizes lease assets and lease liabilities with respect to the rights and obligations created by leased assets previously classified as operating leases. The Company elected to:

- Record the impact of adoption using a modified retrospective method with any cumulative effect as an adjustment to retained earnings (accumulated deficit) as opposed to restating comparative periods to reflect the effects of applying the new standard.
- Elect the package of three transition practical expedients which alleviate the requirements to reassess embedded leases, lease classification and initial direct costs for leases that commenced prior to the adoption date.
- Elected to use the short-term lease recognition exemption for all asset classes. This means, for those leases that qualify, the Company will not recognize right-of-use ("ROU") assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets.

The Company has operating type leases for real estate and equipment in both the U.S. and internationally and financing leases for equipment in the United States. ROU assets totaled \$ 7,454,000 and \$ 9,170,000 at April 30, 2024 and 2023, respectively. Operating cash paid to settle lease liabilities was \$ 2,594,000 and \$ 2,278,640 for the fiscal year ended April 30, 2024 and 2023, respectively. The Company's leases have remaining lease terms of up to 8 years. In addition, some of the leases may include options to extend the leases for up to 5 years or options to terminate the leases within 1 year. Operating lease expense was \$ 3,458,000 for the twelve months ended April 30, 2024, inclusive of period cost for short-term leases, not included in lease liabilities, of \$ 864,000. Operating lease expense was \$ 3,344,000 for the fiscal year ended April 30, 2023, inclusive of period cost for short-term leases, not included in lease liabilities, of \$ 1,065,000.

At April 30, 2024, the weighted average remaining lease term for the capitalized operating leases was 4.2 years and the weighted average discount rate was 5.1 %. At April 30, 2023, the weighted average remaining lease term for the capitalized operating leases was 5.1 years and the weighted average discount rate was 5.0 %. For the financing leases, the weighted average remaining lease term was 4.5 years and the weighted average discount rate was 8.3 % at April 30, 2024 as compared to 3.1 years and 6.8 % at April 30, 2023. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable.

Future minimum payments under the non-cancelable lease arrangements for the fiscal years ending April 30 are as follows:

| (\$ in thousands)            | Operating | Financing |
|------------------------------|-----------|-----------|
| 2025                         | \$ 2,437  | \$ 131    |
| 2026                         | 1,956     | 112       |
| 2027                         | 1,656     | 40        |
| 2028                         | 1,059     | 40        |
| 2029                         | 800       | 40        |
| Thereafter                   | 1,894     | 56        |
| Total Minimum Lease Payments | 9,802     | 419       |
| Imputed Interest             | ( 2,245 ) | ( 73 )    |
| Total                        | \$ 7,557  | \$ 346    |

In November 2023, the Company entered into a new lease that has not yet commenced as of April 30, 2024 with future minimum lease payments in aggregate of \$ 681,000 that are not yet reflected on the Condensed Consolidated Balance Sheet. This lease is expected to commence in the second quarter of fiscal year 2025 with a lease term of 3 years.

The Company is involved in certain claims and legal proceedings in the normal course of business which management believes will not have a material adverse effect on the Company's consolidated financial condition or results of operations.

#### Note 11 - Retirement Benefits

##### Defined Benefit Plans

During the year ended April 30 ,2024, the Company settled its non-contributory defined benefit plans by transferring approximately \$ 17.8 million of pension obligations through the purchase of group annuity contracts for all remaining liabilities under the pension plan. In connection with the transfer, the Company contributed \$ 287,000 in cash to the pension plan, which was intended to fully fund the Company's remaining defined benefit pension liabilities. These non-contributory defined benefit pension plans, which covered some domestic employees, were amended as of April 30, 2005. Following this amendment, no further benefits have been earned under the plans, and no additional participants have been added. The defined benefit plan for salaried employees provides pension benefits that are based on each employee's years of service and average annual compensation during the last ten consecutive calendar years of employment as of April 30, 2005. The benefit plan for hourly employees provides benefits at stated amounts based on years of service as of April 30, 2005.

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The change in projected benefit obligations and the change in fair value of plan assets for the non-contributory defined benefit pension plans for each of the years ended April 30 are summarized as follows:

| \$ in thousands  | 2024        | 2023             |
|--|-------------|------------------|
| <b>Accumulated Benefit Obligation, April 30</b>  | <b>\$ —</b> | <b>\$ 18,368</b> |
| <b>Change in Projected Benefit Obligations</b>   |             |                  |
| Projected benefit obligations, beginning of year                                       | \$ 18,368   | \$ 20,022        |
| Interest cost  | 890         | 845              |
| Actuarial gain (loss)  | 53          | ( 1,113 )        |
| Actual benefits paid   | ( 1,558 )   | ( 1,386 )        |
| Transfer to insurer  | ( 17,753 )  | —                |
| Projected benefit obligations, end of year   | \$ —        | \$ 18,368        |
| <b>Change in Plan Assets</b>   |             |                  |
| Fair value of plan assets, beginning of year   | \$ 17,732   | \$ 18,867        |
| Actual return on plan assets   | 1,292       | 251              |
| Employer contributions   | 287         | —                |
| Actual benefits paid   | ( 1,558 )   | ( 1,386 )        |
| Transfer to insurer  | ( 17,753 )  | —                |
| Fair value of plan assets, end of year   | \$ —        | \$ 17,732        |
| Funded status—under  | \$ —        | \$ ( 636 )       |
| <b>Amounts Recognized in the Consolidated Balance Sheets consist of:</b>               |             |                  |
| Non-current liabilities  | \$ —        | \$ ( 636 )       |
| <b>Amounts Recognized in Accumulated Other Comprehensive Income (Loss) Consist of:</b> |             |                  |
| Net actual loss  | \$ —        | \$ 4,526         |
| Deferred tax benefit   | —           | ( 1,064 )        |
| After-tax actuarial loss   | \$ —        | \$ 3,462         |
| <b>Weighted-Average Assumptions Used to Determine Benefit Obligations at April 30</b>  |             |                  |
| Discount rate  | N/A         | 5.10 %           |
| Rate of compensation increase  | N/A         | N/A              |
| Mortality table  | N/A         | Pri-2012         |
| Projection scale   | N/A         | MP-2021          |

|   | Year Ended April 30, |             |
|---|----------------------|-------------|
| <b>Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost</b> | <b>2024</b>          | <b>2023</b> |
| Discount rate   | N/A                  | 5.10 %      |
| Expected long-term return on plan assets  | N/A                  | 7.75 %      |
| Rate of compensation increase   | N/A                  | N/A         |

The components of the net periodic pension (income) expense for each of the fiscal years ended April 30 are as follows:

| \$ in thousands  | 2024      | 2023      |
|--|-----------|-----------|
| Interest cost  | \$ 890    | \$ 845    |
| Expected return on plan assets                         | ( 1,312 ) | ( 1,402 ) |
| Recognition of net loss                                | 580       | 628       |
| Net periodic pension expense                           | \$ 158    | \$ 71     |
| Effect of settlement                                   | 4,019     | —         |
| Total net periodic pension expense plus special events | \$ 4,177  | \$ 71     |



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Plan assets by asset categories as of April 30, 2023 were as follows:

| \$ in thousands<br>Asset Category | 2023      |     |
|-----------------------------------|-----------|-----|
|                                   | Amount    | %   |
| Equity Securities                 | \$ 12,724 | 72  |
| Fixed Income Securities           | 4,845     | 27  |
| Cash and Cash Equivalents         | 163       | 1   |
| Totals                            | \$ 17,732 | 100 |

The following tables present the fair value of the assets in the Company's defined benefit pension plans at April 30, 2023:

| Asset Category            | 2023      |         |         |
|---------------------------|-----------|---------|---------|
|                           | Level 1   | Level 2 | Level 3 |
| Large Cap                 | \$ 7,326  | \$ —    | \$ —    |
| Small/Mid Cap             | 2,326     | —       | —       |
| International             | 1,743     | —       | —       |
| Emerging Markets          | 702       | —       | —       |
| Fixed Income              | 4,845     | —       | —       |
| Liquid Alternatives       | 627       | —       | —       |
| Cash and Cash Equivalents | 163       | —       | —       |
| Totals                    | \$ 17,732 | \$ —    | \$ —    |

Level 1 retirement plan assets include United States currency held by a designated trustee and equity funds of common and preferred securities issued by domestic and foreign corporations. These equity funds are traded actively on exchanges and price quotes for these shares are readily available.

### Defined Contribution Plan

The Company has a defined contribution plan covering substantially all domestic salaried and hourly employees. The plan provides benefits to all employees who have attained age 21, completed three months of service, and who elect to participate. The plan provides that the Company make matching contributions equal to 100 % of the employee's qualifying contribution up to 3 % of the employee's compensation, and make matching contributions equal to 50 % of the employee's contributions between 3 % and 5 % of the employee's compensation, resulting in a maximum employer contribution equal to 4 % of the employee's compensation. The Company's matching contributions were \$ 957,000 and \$ 932,000 for years ending April 30, 2024 and 2023. Additionally, the plan provides that the Company may elect to make a non-matching contribution for participants employed by the Company on December 31 of each year. The Company did not elect to make a non-matching contribution in fiscal years 2024 and 2023.

### Note 12 - Segment Information

The Company's operations are classified into two business segments: Domestic and International. The Domestic business segment principally designs, manufactures, and installs scientific and technical furniture, including steel and wood laboratory cabinetry, fume hoods, casework, flexible systems, worksurfaces, workstations, workbenches, and computer enclosures. The International business segment, which consists of the foreign subsidiaries identified in [Note 1, Summary of Significant Accounting Policies](#), provides the Company's products and services, including facility design, detailed engineering, construction, and project management from the planning stage through testing and commissioning of laboratories.

Intersegment transactions are recorded at normal profit margins. All intercompany balances and transactions have been eliminated. Certain corporate expenses shown below are net of expenses that have been allocated to the business segments.

The following table shows revenues, earnings, and other financial information by business segment and unallocated corporate expenses for each of the years ended April 30:

| \$ in thousands   | Domestic   | International | Corporate  | Total      |
|---|------------|---------------|------------|------------|
| <b>Fiscal Year 2024</b>   |            |               |            |            |
| Revenues from external customers                                      | \$ 137,238 | \$ 66,517     | \$ —       | \$ 203,755 |
| Intersegment revenues   | 636        | 4,062         | ( 4,698 )  | —          |
| Depreciation  | 2,524      | 408           | 193        | 3,125      |
| Earnings (loss) before income taxes                                   | 15,048     | 6,295         | ( 8,224 )  | 13,119     |
| Income tax expense (benefit)  | 3,240      | 2,935         | ( 12,113 ) | ( 5,938 )  |
| Net earnings attributable to non-controlling interest                 | —          | 304           | —          | 304        |
| Net earnings (loss) attributable to Kewaunee Scientific Corporation   | 11,808     | 3,055         | 3,890      | 18,753     |
| Segment assets  | 91,656     | 43,110        | —          | 134,766    |
| Expenditures for segment assets                                       | 3,759      | 614           | —          | 4,373      |
| Revenues (excluding intersegment) from customers in foreign countries | 1,175      | 66,517        | —          | 67,692     |
| <b>Fiscal Year 2023</b>   |            |               |            |            |
| Revenues from external customers                                      | \$ 146,716 | \$ 72,778     | \$ —       | \$ 219,494 |
| Intersegment revenues   | 1,604      | 9,822         | ( 11,426 ) | —          |
| Depreciation  | 2,394      | 282           | 191        | 2,867      |
| Earnings (loss) before income taxes                                   | 3,408      | 7,382         | ( 6,292 )  | 4,498      |
| Income tax expense  | —          | 2,250         | 889        | 3,139      |
| Net earnings attributable to non-controlling interest                 | —          | 621           | —          | 621        |
| Net earnings (loss) attributable to Kewaunee Scientific Corporation   | 3,408      | 4,511         | ( 7,181 )  | 738        |
| Segment assets  | 80,000     | 38,898        | —          | 118,898    |
| Expenditures for segment assets                                       | 2,856      | 1,292         | —          | 4,148      |
| Revenues (excluding intersegment) from customers in foreign countries | 2,559      | 72,778        | —          | 75,337     |

## Consent Of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (Nos. 333-274371, 333-160276, 333-176447, 333-213413, and 333-220389) of Kewaunee Scientific Corporation of our reports dated June 28, 2024, with respect to the consolidated financial statements of Kewaunee Scientific Corporation, included in this Annual Report on Form 10-K for the year ended April 30, 2024.

/s/ Forvis Mazars, LLP

Atlanta, Georgia  
June 28, 2024

## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

## Item 9A. Controls and Procedures

### Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are intended to ensure that the information required to be disclosed in our filings under the Securities Exchange Act of 1934 (the "Exchange Act") is properly and timely recorded, processed, summarized, and reported. Our management, including the Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures as of April 30, 2024 pursuant to Exchange Act Rule 13a-14. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective. In designing disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving desired control objectives, and that management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

### Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded the Company maintained effective internal control over financial reporting as of April 30, 2024.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

### Changes in Internal Control Over Financial Reporting

There have been no significant changes in our internal controls over financial reporting that occurred during our fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**Item 9B. Other Information**

On June 26, 2024 (the "Effective Date"), Kewaunee Scientific Corporation (the "Company") and Donald T. Gardner III, the Company's Vice President, Finance and Chief Financial Officer, entered into a Retention Bonus Agreement (the "Agreement"). Pursuant to the terms of the Agreement, Mr. Gardner will be paid a cash retention bonus in the amount of \$150,000 (the "Bonus"). If Mr. Gardner voluntarily resigns from employment with the Company other than for Good Reason, or if the Company terminates Mr. Gardner's employment for Cause, in each case before the date that is 36 months from the Effective Date, Mr. Gardner will reimburse the Company 100% of the gross amount of the Bonus. For purposes of the Agreement, Cause and Good Reason have the definitions ascribed to those terms in the Change of Control Employment Agreement, dated as of June 18, 2019, by and between the Company and Mr. Gardner, a copy of which was filed as [Exhibit 10.2](#) to the Company's Current Report on Form 8-K filed on June 21, 2019. This summary of the material terms of the Agreement is qualified in its entirety by reference to the full text of the Agreement, which is filed as Exhibit 10.22 to this Annual Report on Form 10-K.

**Securities Trading Plans of Directors and Executive Officers**

Transactions in the Company's securities by its directors or executive officers are required to be made in accordance with its Insider Trading Policy, which, among other things, requires that the transaction be in accordance with applicable U.S. federal securities laws that prohibit trading while in the possession of material nonpublic information. Rule 10b5-1 under the Securities Exchange Act of 1934 provides an affirmative defense that enables prearranged transactions in securities in a manner that avoids concerns about initiating transactions at a future date while possibly in possession of material nonpublic information.

During the three months ended April 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) informed the Company of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K).

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not Applicable.

PART III

**Item 10. Directors, Executive Officers and Corporate Governance**

- (a) The information appearing in the sections entitled "Election of Directors" and "Meetings and Committees of the Board" included in our Proxy Statement for use in connection with our annual meeting of stockholders to be held on August 28, 2024 (the "Proxy Statement") is incorporated herein by reference. The Proxy Statement will be filed with the SEC within 120 days of our most recently completed fiscal year.
- (b) The names and ages of our executive officers as of June 28, 2024 and their business experience during the past five years are set forth below:

Executive Officers

| Name                  | Age | Position   |
|-----------------------|-----|--|
| Thomas D. Hull III    | 48  | President and Chief Executive Officer  |
| Donald T. Gardner III | 45  | Vice President, Finance, Chief Financial Officer, Treasurer and Secretary  |
| Ryan S. Noble         | 46  | Vice President, Sales and Marketing—Americas   |
| Elizabeth D. Phillips | 47  | Vice President, Human Resources  |
| Mandar Ranade         | 50  | Vice President of Information Technology and Engineering   |
| Douglas J. Batdorff   | 51  | Vice President of Manufacturing Operations   |
| Boopathy Sathyamurthy | 55  | Vice President, Kewaunee Scientific Corporation Singapore Pte. Ltd., Managing Director, International Operations |

*Thomas D. Hull III* joined the Company in November 2015 as Vice President, Finance, Chief Financial Officer, Treasurer and Secretary. Mr. Hull was elected President and Chief Executive Officer and appointed as a member of the Board of Directors in March 2019. Mr. Hull earned a Bachelor of Science degree in Accounting from LaRoche College and an MBA from the University of Pittsburgh, Joseph M. Katz School of Business. He is a certified public accountant (inactive status) and a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants. Prior to joining the Company, Mr. Hull held several management positions with Ernst & Young, LLP in Pittsburgh, Pennsylvania from 1998 through 2011. From 2011 until joining the Company in 2015, he served as the Vice President of Finance, Accounting, and Information Technology with ATI Specialty Materials in Charlotte, North Carolina.

*Donald T. Gardner III* joined the Company in April 2019 as Vice President of Finance and Chief Financial Officer and was also elected by the Board of Directors to the positions of Secretary and Treasurer. Mr. Gardner has a Bachelor of Science degree in Accounting from the Indiana University of Pennsylvania and a Master of Business Administration from the University of Pittsburgh, Joseph M. Katz School of Business. Prior to joining the Company, from 2017 to 2019, he served as Vice President, Financial Planning & Analysis of Victra, a privately held retailer of wireless products and services. During 2017, he served as the Chief Financial Officer of Component Sourcing International, a privately held provider of global sourcing supply chain solutions. From February 2016 to June 2017, Mr. Gardner served in various leadership roles for Dollar Express Stores, LLC, most recently as Vice President and Treasurer. Dollar Express was an operator of discount retail stores that was sold to a strategic buyer in 2017. Mr. Gardner was a key member of the leadership team that completed the transaction and full wind down of the Company. From 2012 to February 2016, he worked at ATI Specialty Materials, a manufacturer of technically advanced specialty materials and complex components, serving in various financial leadership roles.

*Ryan S. Noble* joined the Company in July 2018 as Vice President of Sales and Marketing - Americas. He has a Bachelor of Science degree from the University of Tennessee. Prior to joining the Company, he was a Regional Sales Director at Wausau Window and Wall Systems, a manufacturer of metal and glass solutions for commercial buildings from 2014 to 2018. From 2008 to 2014, he held several sales management positions at AGC Glass Company, a glass and high performance coatings manufacturer for architectural, residential, interior, and industrial applications.

*Elizabeth D. Phillips* joined the Company in August 2006 as Human Resources and Training Manager. She was promoted to Director of Human Resources in June 2007 and was elected Vice President of Human Resources in June 2009. Ms. Phillips has a Bachelor of Science degree in Psychology and a Minor in Management from Western Carolina University and holds HR certifications to include SPHR and SHRM-SCP. Prior to joining the Company, she held Human Resources leadership positions at Thomasville Furniture and Hickory Chair and lastly, prior to joining Kewaunee, was Director of Human Resources for Vanguard Furniture Co., Inc., a manufacturer of household furniture, from April 2004 until August 2006.

*Mandar Ranade* joined the Company in December 2019 as Vice President of Information Technology. In February 2020, Mr. Ranade's responsibilities were expanded to include Engineering and Standards oversight and he now holds the position of Vice President of Information Technology and Engineering. He has a Master of Business Administration, Finance, from the University of Leeds, Leeds, United Kingdom, and a Bachelor of Engineering, Polymers, from University of Pune, Pune, India. He also has certifications as a Project Management Professional, Certified Scrum Master, ITIL (Foundation) Certification and a Master of Oracle Applications. Prior to joining the Company, Mr. Ranade most recently held the position of Division IT Leader for EnPro Industries-Fairbanks Morse, Wisconsin from 2018 to November 2019. From 2015 to 2018, he held several Director positions, the most recent being Director of Technical Services, with Aurora Health Care, ACL Laboratories, Milwaukee, Wisconsin. Prior to these positions he was Senior Manager of IT with IMS Health, Milwaukee, Wisconsin, from 2010 to 2015, and ThermoFisher Scientific in Two Rivers, Wisconsin, from 2005 to 2010. From 1995 to 2005, he held various IT positions with GE Healthcare, Milwaukee, Wisconsin and Mumbai, India, idm Limited, in Doncaster, UK, and GREAVES Limited, Mumbai, India.

*Douglas J. Batdorff* joined the Company in June 2020 as Vice President of Manufacturing Operations. He has significant experience in directing and guiding manufacturing operations, focusing on improvement of business performance, maximizing growth and profitability. Mr. Batdorff has a Bachelor of Science Degree in Mechanical Engineering from Michigan State University and a Masters in Manufacturing Operations from Kettering University. Prior to joining the Company, Mr. Batdorff was the Chief Operations Officer for Legacy Cabinets, Inc. in Eastaboga, Alabama from 2018 to 2019. From 2005 to 2018 he held various management positions with Steelcase, the most recent as Director of Manufacturing - US Operations from 2014 to 2018. He was with General Motors, Lansing, Michigan from 1998 to 2004 in many management roles, the most recent being Manufacturing Coordinator - General Assembly - Final Process.

*Bhoopathy Sathyamurthy* joined the Company in 2000 as General Manager of India Operations and Kewaunee Labway India Pvt. Ltd. He was subsequently promoted to Managing Director of Kewaunee Labway India Pvt. Ltd. He has served as Managing Director of International Operations, which includes responsibilities for all sales and operations in Asia, as well as sales efforts in the Middle East, since September 2013. Mr. Sathyamurthy was elected Vice President of Kewaunee Scientific Corporation Singapore Pte. Ltd., the holding company for Kewaunee's subsidiaries in India and Singapore, in September 2014. He holds a Bachelor Degree in Mechanical Engineering from University of Madras and a Masters of Business Administration from University of Madras.

#### **Code of Ethics**

A copy of our code of ethics that applies to our Chief Executive Officer and Chief Financial Officer, entitled "Ethics Obligations for Chief Executive Officer and Employees with Financial Reporting Responsibilities," is available free of charge through our website at [www.kewaunee.com](http://www.kewaunee.com). The reference to our website does not constitute incorporation by reference of any information contained at that site. We intend to satisfy any disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Code of Ethics by posting such information on our website.

#### **Audit Committee**

The information appearing in the section entitled "Election of Directors – Meetings and Committees of the Board" in our Proxy Statement is incorporated herein by reference.

#### **Delinquent Section 16(a) Reports**

The information appearing in the section entitled "Delinquent Section 16(a) Reports" in our Proxy Statement, if applicable, is incorporated herein by reference.

#### **Item 11. Executive Compensation**

The information appearing in the sections entitled "Compensation Discussion and Analysis," "Compensation Tables," "Agreements with Certain Executives," and "Election of Directors – Compensation Committee Interlocks and Insider Participation" in the Proxy Statement is incorporated herein by reference.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information appearing in the sections entitled "Security Ownership of Directors and Executive Officers" and "Security Ownership of Certain Beneficial Owners" in the Proxy Statement is incorporated herein by reference.

The following table sets forth certain information as of April 30, 2024 with respect to compensation plans under which our equity securities are authorized for issuance:

| Plan Category   | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans |
|---|---|---|--|
| Equity Compensation Plans approved by Security Holders:     |   |   |  |
| 2008 Key Employee Stock Option Plan                         | 24,700  | \$ 20.05  | —  |
| 2017 Omnibus Incentive Plan                                 | 168,791   | —   | —  |
| 2023 Omnibus Incentive Plan                                 | —   | —   | 383,572  |
| Equity Compensation Plans not approved by Security Holders: | —   | —   | —  |
| Total Equity Compensation Plans                             | 193,491   |   | 383,572  |

Refer to [Note 7](#), *Stock Options and Share-Based Compensation*, of the Company's consolidated financial statements included in [Item 8](#) for additional information.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information appearing in the sections entitled "Election of Directors" and "Agreements with Certain Executives" in the Proxy Statement is incorporated herein by reference.

#### **Item 14. Principal Accountant Fees and Services**

The information appearing in the section entitled "Ratification of Appointment of Independent Registered Public Accounting Firm—Audit Fees and Non-Audit Fees" in the Proxy Statement is incorporated herein by reference.

## PART IV

**Item 15. Exhibits and Financial Statement Schedules**

The following documents are filed or incorporated by reference as part of this Annual Report:

|   | <u>Page</u>        |
|---|--------------------|
| (a)(1) <u>Consolidated Financial Statements</u>   |                    |
| <a href="#">Report of Independent Registered Public Accounting Firm</a>   | <a href="#">19</a> |
| <a href="#">Consolidated Statements of Operations—Years ended April 30, 2024 and 2023</a>   | <a href="#">20</a> |
| <a href="#">Consolidated Statements of Comprehensive Income—Years ended April 30, 2024 and 2023</a>   | <a href="#">21</a> |
| <a href="#">Consolidated Statements of Stockholders' Equity—Years ended April 30, 2024 and 2023</a>   | <a href="#">22</a> |
| <a href="#">Consolidated Balance Sheets—April 30, 2024 and 2023</a>   | <a href="#">23</a> |
| <a href="#">Consolidated Statements of Cash Flows—Years ended April 30, 2024 and 2023</a>   | <a href="#">24</a> |
| <a href="#">Notes to Consolidated Financial Statements</a>  | <a href="#">25</a> |
| <a href="#">Consent of Independent Registered Public Accounting Firm</a>  | <a href="#">43</a> |
| (a)(2) <u>Consolidated Financial Statement Schedules</u>  |                    |
| Financial statement schedules have been omitted because the information required has been separately disclosed in the consolidated financial statements or related notes.       |                    |
| (a)(3) <u>Exhibits</u>  |                    |
| Exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index, which is attached hereto at pages 49 through 51 and which is incorporated herein by reference. |                    |

**Item 16. Form 10-K Summary**

None.



KEWAUNEE SCIENTIFIC CORPORATION

**Exhibit Index**

|  | <b><u>Reference</u></b> |
|--|-------------------------|
| 3 Articles of incorporation and bylaws   |                         |
| 3.1 <a href="#">Conformed copy of Restated Certificate of Incorporation (reflecting all amendments to date)</a>  | (12)                    |
| 3.3 <a href="#">By-Laws (as amended as of April 21, 2020)</a>  | (18)                    |
| 4 Description of Registrant's Securities   |                         |
| 4.1 <a href="#">Description of Capital Stock</a>   | (15)                    |
| 10 Material Contracts  |                         |
| 10.1* <a href="#">Re-Established Retirement Plan for Salaried and Hourly Employees of Kewaunee Scientific Corporation (as amended and restated effective January 1, 2024)</a>  | (4)                     |
| 10.2* <a href="#">Kewaunee Scientific Corporation Executive Severance Pay Policy</a>   | (2)                     |
| 10.3* <a href="#">401(k) Incentive Savings Plan for Salaried and Hourly Employees of Kewaunee Scientific Corporation (as amended and restated effective June 29, 2015)</a>   | (7)                     |
| 10.3A* <a href="#">First Amendment to the 401(k) Incentive Savings Plan for Salaried and Hourly Employees of Kewaunee Scientific Corporation (as amended and restated effective January 1, 2020)</a>                 | (17)                    |
| 10.3B* <a href="#">Second Amendment to the 401(k) Incentive Savings Plan for Salaried and Hourly Employees of Kewaunee Scientific Corporation effective May 15, 2023</a>   | (3)                     |
| 10.4* <a href="#">Amended and Restated 2008 Key Employee Stock Option Plan effective August 26, 2015</a>   | (6)                     |
| 10.5 <a href="#">Credit and Security Agreement, dated as of December 19, 2022, by and among Kewaunee Scientific Corporation, Mid Cap Funding IV Trust, as agent, and the lenders from time to time party thereto</a> | (9)                     |
| 10.6 <a href="#">Agreement for Purchase and Sale of Real Property dated as of December 22, 2021 between CAI Investments Sub Series 100, LLC and Kewaunee Scientific Corporation</a>                                  | (20)                    |
| 10.6A <a href="#">First Amendment to the Agreement for Purchase and Sale of Real Property dated as of January 21, 2022</a>   | (20)                    |
| 10.6B <a href="#">Second Amendment to the Agreement for Purchase and Sale of Real Property dated as of January 24, 2022</a>  | (20)                    |
| 10.6C <a href="#">Third Amendment to the Agreement for Purchase and Sale of Real Property dated as of January 26, 2022</a>   | (20)                    |
| 10.6D <a href="#">Fourth Amendment to the Agreement for Purchase and Sale of Real Property dated as of March 23, 2022</a>  | (12)                    |
| 10.7* <a href="#">401Plus Executive Deferred Compensation Plan (as amended and restated January 1, 2009)</a>   | (5)                     |
| 10.7A* <a href="#">Amendment No. One to the Kewaunee Scientific Corporation 401Plus Executive Deferred Compensation Plan</a>   | (5)                     |
| 10.7B* <a href="#">Amendment No. Two to the Kewaunee Scientific Corporation 401Plus Executive Deferred Compensation Plan</a>   | (11)                    |
| 10.8* <a href="#">Pension Equalization Plan (as amended and restated January 1, 2009)</a>  | (5)                     |
| 10.8A* <a href="#">Amendment No. One to the Kewaunee Scientific Corporation Pension Equalization Plan</a>  | (5)                     |
| 10.9* <a href="#">Kewaunee Scientific Corporation 2017 Omnibus Incentive Plan</a>  | (10)                    |
| 10.10* <a href="#">Kewaunee Scientific Corporation 2023 Omnibus Incentive Plan, as amended</a>   | (8)                     |
| 10.11* <a href="#">Offer Letter to Donald T. Gardner III dated April 2, 2019</a>   | (13)                    |
| 10.12* <a href="#">Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Thomas D. Hull III</a>   | (14)                    |
| 10.13* <a href="#">Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Donald T. Gardner III</a>  | (14)                    |
| 10.14* <a href="#">Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Elizabeth D. Phillips</a>  | (14)                    |
| 10.15* <a href="#">Change of Control Employment Agreement dated as of June 18, 2019 between Kewaunee Scientific Corporation and Ryan S. Noble</a>  | (14)                    |
| 10.16* <a href="#">Employment agreement dated October 1, 2017 between Kewaunee Labway India Pvt. Ltd and Bhoopathy Sathyamurthy</a>  | (15)                    |

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|         | Reference |
|---------|-----------|
| 10.17*  | (16)      |
| 10.18*  | (17)      |
| 10.19*  | (19)      |
| 10.20*  | (19)      |
| 10.21*  | (21)      |
| 10.22*  | (1)       |
| 21.1    | (1)       |
| 23.1    | (1)       |
| 31.1    | (1)       |
| 31.2    | (1)       |
| 32.1    | (1)       |
| 32.2    | (1)       |
| 97.1    | (1)       |
| 101.INS | (1)       |
| 101.SCH | (1)       |
| 101.CAL | (1)       |
| 101.DEF | (1)       |
| 101.LAB | (1)       |
| 101.PRE | (1)       |
| 104     | (1)       |

\* The referenced exhibit is a management contract or compensatory plan or arrangement.

(All other exhibits are either inapplicable or not required.)

## Footnotes

- (1) Filed with this Form 10-K with the Securities and Exchange Commission.
- (2) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended October 31, 2005, and incorporated herein by reference.
- (3) Filed as an exhibit to the Kewaunee Scientific Corporation Annual Report to the Securities and Exchange Commission on Form 10-K (Commission File No. 0-5286) for the fiscal year ended April 30, 2023, and incorporated herein by reference.
- (4) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended January 31, 2024, and incorporated herein by reference.
- (5) Filed as an exhibit to the Kewaunee Scientific Corporation Annual Report to the Securities and Exchange Commission on Form 10-K (Commission File No. 0-5286) for the fiscal year ended April 30, 2015, and incorporated herein by reference.
- (6) Filed as Appendix A to the Kewaunee Scientific Corporation Proxy Statement for its Annual Meeting of Stockholders on August 26, 2015 (Commission File No. 0-5286) filed on July 23, 2015, and incorporated herein by reference.

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- (7) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended October 31, 2015, and incorporated herein by reference.
- (8) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended July 31, 2023, and incorporated herein by reference.
- (9) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on December 19, 2022, and incorporated herein by reference.
- (10) Filed as Appendix A to the Kewaunee Scientific Corporation Proxy Statement for its Annual Meeting of Stockholders on August 30, 2017 (Commission File No. 0-5286) filed on July 21, 2017, and incorporated herein by reference.
- (11) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended January 31, 2018, and incorporated herein by reference.
- (12) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on March 30, 2022, and incorporated herein by reference.
- (13) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on April 30, 2019, and incorporated herein by reference.
- (14) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on June 21, 2019, and incorporated herein by reference.
- (15) Filed as an exhibit to the Kewaunee Scientific Corporation Annual Report to the Securities and Exchange Commission on Form 10-K (Commission File No. 0-5286) for the fiscal year ended April 30, 2019, and incorporated herein by reference.
- (16) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended October 31, 2019, and incorporated herein by reference.
- (17) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File No. 0-5286) for the quarterly period ended January 31, 2020, and incorporated herein by reference.
- (18) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on April 27, 2020, and incorporated herein by reference.
- (19) Filed as an exhibit to the Kewaunee Scientific Corporation Annual Report to the Securities and Exchange Commission on Form 10-K (Commission File No. 0-5286) for the fiscal year ended April 30, 2020, and incorporated herein by reference.
- (20) Filed as an exhibit to the Kewaunee Scientific Corporation Quarterly Report to the Securities and Exchange Commission on Form 10-Q (Commission File 0-5286) for the quarterly period ended January 31, 2022, and incorporated herein by reference.
- (21) Filed as an exhibit to the Kewaunee Scientific Corporation Current Report on Form 8-K (Commission File No. 0-5286) filed on March 22, 2024, and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

KEWAUNEE SCIENTIFIC CORPORATION

By: /s/ Thomas D. Hull III  
Thomas D. Hull III  
President and Chief Executive Officer

Date: June 28, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities indicated on June 28, 2024.

(i) Principal Executive Officer  
  
/s/ Thomas D. Hull III  
Thomas D. Hull III  
President and Chief Executive Officer

(ii) Principal Financial and Accounting Officer  
  
/s/ Donald T. Gardner III  
Donald T. Gardner III  
Vice President, Finance  
Chief Financial Officer,  
Treasurer and Secretary

(iii) A majority of the Board of Directors:

/s/ Keith M. Gehl  
Keith M. Gehl

/s/ John D. Russell  
John D. Russell

/s/ Margaret B. Pyle  
Margaret B. Pyle

/s/ Donald F. Shaw  
Donald F. Shaw

/s/ Thomas D. Hull, III  
Thomas D. Hull, III

/s/ David S. Rhind  
David S. Rhind



**KEWAUNEE SCIENTIFIC CORPORATION**  
**RETENTION BONUS AGREEMENT FOR DONALD T. GARDNER III**

1. Retention Bonus Opportunity. The Company is pleased to offer you a cash retention bonus in the amount of \$150,000.00 (the "Bonus"), less all applicable deductions and withholdings. The Bonus will be paid to you in a single lump sum within 10 calendar days following the effectiveness of this Retention Bonus Agreement (the "Effective Date" and the "Agreement"), respectively.
2. Repayment. If you voluntarily resign from employment with the Company other than for Good Reason, or if the Company terminates your employment for Cause, in each case before the date that is 36 months from the Effective Date, you agree to reimburse the Company 100% of the gross amount of the Bonus.
3. Definitions. For purposes of this Agreement, "Cause" and "Good Reason" shall have the definitions ascribed thereto in the Change of Control Employment Agreement by and between the Company and you, effective as of the 18th day of June 2019, as may be amended from time to time.
4. Miscellaneous. By signing this Agreement, you acknowledge and agree that (i) you have reviewed this Agreement in its entirety, (ii) you have had an opportunity to obtain the advice of counsel prior to signing this Agreement, (iii) you fully understand all the terms and conditions contained in this Agreement, (iv) nothing in this Agreement confers upon you any right with respect to future compensation or continuation of your services with the Company or any of its affiliates, nor does anything in this Agreement interfere in any way with the right of the Company or any of its affiliates to terminate your relationship with the Company or its subsidiaries or affiliates, with or without cause, and with or without notice, and for any reason or no reason, (v) the Company will interpret and resolve any ambiguities in this Agreement in its discretion, (vi) you may not assign this Agreement, (vii) this Agreement can only be amended in writing signed by you and the Company, (viii) this Agreement represents the entire agreement between you and the Company regarding the bonus described above and (ix) this Agreement will be governed by the laws of North Carolina.

By your signature below, if you voluntarily resign from employment with the Company other than for Good Reason before the date that is 36 months from the Effective Date, or if the Company terminates your employment for Cause before the date that is 36 months from the Effective Date, you authorize the Company to withhold the amount due from you to the Company under this Agreement from all amounts otherwise due and payable to you on termination of employment if, and as, permitted by applicable law. If any amount remains unpaid, you agree to promptly repay the Company the remaining unpaid amount, in full.

**KEWAUNEE SCIENTIFIC CORPORATION**

By: 

Name: Thomas D. Hall

Title: President & CEO

Dated: June 26, 2024

**DONALD T. GARDNER III**

By: 

Name: Donald T. Gardner III

Dated: June 26, 2024



Exhibit 21.1

| Name of Subsidiary                                  | Jurisdiction of Organization | Percentage Ownership |
|---|------------------------------|----------------------|
| Kewaunee Labway Asia Pte. Ltd.                      | Singapore                    | 100%                 |
| Kewaunee Labway India Pvt. Ltd.                     | India                        | 94%                  |
| Kewaunee Scientific Corporation Singapore Pte. Ltd. | Singapore                    | 100%                 |
| Koncepo Scientech International Pvt. Ltd.           | India                        | 80%                  |
| Kequip Global Lab Solutions Pvt. Ltd.               | India                        | 70%                  |





## **Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (Nos. 333-274371, 333-160276, 333-176447, 333-213413, and 333-220389) of Kewaunee Scientific Corporation of our reports dated June 28, 2024, with respect to the consolidated financial statements of Kewaunee Scientific Corporation, included in this Annual Report on Form 10-K for the year ended April 30, 2024.

*Forvis Mazars, LLP*

**Atlanta, Georgia  
June 28, 2024**



Exhibit 31.1  
CERTIFICATION

I, Thomas D. Hull III, certify that:

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

/s/ Thomas D. Hull III

Thomas D. Hull III President and Chief Executive Officer

Date: June 28, 2024

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Exhibit 31.2  
CERTIFICATION

I, Donald T. Gardner III, certify that:

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

/s/ Donald T. Gardner III

Donald T. Gardner III Vice President, Finance and Chief Financial Officer

Date: June 28, 2024

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Exhibit 32.1

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

In connection with the accompanying Annual Report of Kewaunee Scientific Corporation (the "Company") on Form 10-K for the fiscal year ended April 30, 2024, as filed with the Securities and Exchange Commission on the date hereof, I, Thomas D. Hull III, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) such Form 10-K of the Company for the period ended April 30, 2024, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in such Form 10-K of the Company for the period ended April 30, 2024, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 28, 2024

/s/ Thomas D. Hull III

Thomas D. Hull III President and Chief Executive Officer

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Exhibit 32.2

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

In connection with the accompanying Annual Report of Kewaunee Scientific Corporation (the "Company") on Form 10-K for the fiscal year ended April 30, 2024, as filed with the Securities and Exchange Commission on the date hereof, I, Donald T. Gardner III, Vice President, Finance and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) such Form 10-K of the Company for the period ended April 30, 2024, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in such Form 10-K of the Company for the period ended April 30, 2024, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 28, 2024

/s/ Donald T. Gardner III

Donald T. Gardner III Vice President, Finance and Chief  
Financial Officer

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**KEWAUNEE SCIENTIFIC CORPORATION**  
**INCENTIVE-BASED COMPENSATION RECOVERY POLICY**  
**EFFECTIVE DECEMBER 1, 2023**

1. Policy Purpose. The purpose of this Kewaunee Scientific Corporation (the “Company”) Incentive-Based Compensation Recovery Policy (this “Policy”) is to enable the Company to recover Erroneously Awarded Compensation in the event that the Company is required to prepare an Accounting Restatement. This Policy is intended to comply with the requirements set forth in applicable rules of The NASDAQ Stock Market (the “Rules”) and shall be construed and interpreted in accordance with such intent. Unless otherwise defined in this Policy, capitalized terms shall have the meaning ascribed to such terms in Section 7.
2. Policy Administration. This Policy shall be administered by the Compensation Committee of the Board (the “Committee”) unless the Board determines to administer this Policy itself. The Committee has full and final authority to make all determinations under this Policy, in each case to the extent permitted under the Rules and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code. All determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company, its affiliates, its stockholders and Executive Officers. Any action or inaction by the Committee with respect to an Executive Officer under this Policy in no way limits the Committee’s actions or decisions not to act with respect to any other Executive Officer under this Policy or under any similar policy, agreement or arrangement, nor shall any such action or inaction serve as a waiver of any rights the Company may have against any Executive Officer other than as set forth in this Policy.
3. Policy Application. This Policy applies to all Incentive-Based Compensation received by a person: (a) after beginning service as an Executive Officer; (b) who served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation; (c) while the Company had a class of securities listed on a national securities exchange or a national securities association; and (d) during the three completed fiscal years immediately preceding the Accounting Restatement Date. In addition to such last three completed fiscal years, the immediately preceding clause (d) includes any transition period that results from a change in the Company’s fiscal year within or immediately following such three completed fiscal years; provided, however, that a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to twelve months shall be deemed a completed fiscal year. For purposes of this Section 3, Incentive-Based Compensation is deemed received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, Incentive-Based Compensation that is subject to both a Financial Reporting Measure vesting condition and a service-based vesting condition shall be considered received when the relevant Financial Reporting Measure is achieved, even if the Incentive-Based Compensation continues to be subject to the service-based vesting condition.
4. Policy Recovery Requirement. In the event of an Accounting Restatement, the Company must recover, reasonably promptly, Erroneously Awarded Compensation, in amounts determined pursuant to this Policy. The Company’s obligation to recover Erroneously Awarded Compensation is not dependent on if or when the Company files restated financial statements. Recovery under this Policy with respect to an Executive Officer shall not require the finding of any misconduct by such Executive Officer or such Executive Officer being found responsible for the accounting error leading to an Accounting Restatement. In the event of an Accounting Restatement, the Company shall satisfy the Company’s

obligations under this Policy to recover any amount owed from any applicable Executive Officer by exercising its sole and absolute discretion in how to accomplish such recovery, to the extent permitted under the Rules and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code. The Company's recovery obligation pursuant to this Section 4 shall not apply to the extent that the Committee, or in the absence of the Committee, a majority of the independent directors serving on the Board, determines that such recovery would be impracticable and:

- a. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Stock Exchange;
  - b. Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Stock Exchange, that recovery would result in such a violation, and must provide such opinion to the Stock Exchange; or
  - c. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Code.
5. Policy Prohibition on Indemnification and Insurance Reimbursement. The Company is prohibited from indemnifying any Executive Officer or former Executive Officer against the loss of Erroneously Awarded Compensation. Further, the Company is prohibited from paying or reimbursing an Executive Officer for purchasing insurance to cover any such loss.
6. Required Policy-Related Filings. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including disclosures required by U.S. Securities and Exchange Commission filings.
7. Definitions.
  - a. "Accounting Restatement" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
  - b. "Accounting Restatement Date" means the earlier to occur of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if the Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.
  - c. "Board" means the board of directors of the Company.

- d. “Code” means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code or regulation thereunder includes such section or regulation, any valid regulation or other official guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.
  - e. “Erroneously Awarded Compensation” means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts in such Accounting Restatement, and must be computed without regard to any taxes paid by the relevant Executive Officer; provided, however, that for Incentive-Based Compensation based on stock price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Stock Exchange.
  - f. “Executive Officer” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. An executive officer of the Company’s parent or subsidiary is deemed an “Executive Officer” if the executive officer performs such policy making functions for the Company.
  - g. “Financial Reporting Measure” means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure; provided, however, that a Financial Reporting Measure is not required to be presented within the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission to qualify as a “Financial Reporting Measure.” For purposes of this Policy, “Financial Reporting Measure” includes, but is not limited to, stock price and total stockholder return.
  - h. “Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
  - i. “Stock Exchange” means the national stock exchange on which the Company’s common stock is listed.
8. Acknowledgement. Each Executive Officer shall sign and return to the Company, within 30 calendar days following the later of (i) the effective date of this Policy first set forth above or (ii) the date the individual becomes an Executive Officer, the Acknowledgement Form attached hereto as Exhibit A, pursuant to which the Executive Officer agrees to be bound by, and to comply with, the terms and conditions of this Policy.
  9. Severability. The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable

law, such provision shall be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment; Termination. The Board may amend this Policy from time to time in its sole and absolute discretion and shall amend this Policy as it deems necessary to reflect the Rules, to comply with (or maintain an exemption from the application of) Section 409A of the Code. The Board may terminate this Policy at any time.
11. Other Recovery Obligations; General Rights. To the extent that the application of this Policy would provide for recovery of Incentive-Based Compensation that the Company recovers pursuant to Section 304 of the Sarbanes-Oxley Act or other recovery obligations, the amount the relevant Executive Officer has already reimbursed the Company will be credited to the required recovery under this Policy. This Policy shall not limit the rights of the Company to take any other actions or pursue other remedies that the Company may deem appropriate under the circumstances and under applicable law, in each case to the extent permitted under the Rules and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code. Nothing contained in this Policy shall limit the Company's ability to seek recoupment, in appropriate circumstances (including circumstances beyond the scope of this Policy) and as permitted by applicable law, of any amounts from any individual, in each case to the extent permitted under the Rules and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code.
12. Successors. This Policy is binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.
13. Governing Law; Venue. This Policy and all rights and obligations hereunder are governed by and construed in accordance with the internal laws of the State of Delaware, excluding any choice of law rules or principles that may direct the application of the laws of another jurisdiction. All actions arising out of or relating to this Policy shall be heard and determined exclusively in the Court of Chancery of the State of Delaware or, if such court declines to exercise jurisdiction or if subject matter jurisdiction over the matter that is the subject of any such legal action or proceeding is vested exclusively in the U.S. federal courts, the U.S. District Court for the District of Delaware.

