

REFINITIV

DELTA REPORT

10-Q

ALOT - ASTRONOA, INC.

10-Q - OCTOBER 28, 2023 COMPARED TO 10-Q - JULY 29, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1058

█ CHANGES 335

█ DELETIONS 414

█ ADDITIONS 309

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **July 29, October 28, 2023**

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 **0-13200**

AstroNova, Inc.

(Exact name of registrant as specified in its charter)

Rhode Island

05-0318215

(State or other jurisdiction of
incorporation or organization)

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

600 East Greenwich Avenue, West Warwick, Rhode Island

02893

(Address of principal executive offices)

(Zip Code)

(401) 828-4000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$.05 Par Value	ALOT	NASDAQ Global Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No .

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

Large accelerated

filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of the registrant's common stock, \$.05 par value per share, outstanding as of **September 1, 2023** **December 1, 2023** was **7,424,660.7,432,799**

ASTRONOVA, INC.

INDEX

Page

No

Part	Financial Information	
I.		
Item 1.	Financial Statements	
	Unaudited Condensed Consolidated Balance Sheets – July 29, 2023 October 28, 2023 and January 31, 2023	1
	Unaudited Condensed Consolidated Statements of Income (Loss) – Three and Six Nine Months Ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022	2
	Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) – Three and Six Nine Months Ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022	3
	Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity – Three and Six Nine Months Ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022	4
	Unaudited Condensed Consolidated Statements of Cash Flows – Six Nine Months Ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022	5
	Notes to the Condensed Consolidated Financial Statements (unaudited)	6-20
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21-29
		20
		29
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	30
Item 4.	Controls and Procedures	29
		30
Part II.	Other Information	31
Item 1.	Legal Proceedings	30
Item 1A.	Risk Factors	30
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	31
Item 6.	Exhibits	32
	Signatures	33

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

ASTRONOVA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Data)

	Januar		October 28, 2023	January 31, 2023
	July 29, 2023	y 31, 2023		
	(Unaudited)	(Unaudited)		
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	4,53	3,9		
	\$ 0	\$ 46	\$ 4,827	\$ 3,946
Accounts Receivable, net	18,0	21,		
	05	598	21,999	21,598
Inventories, net	49,0	51,		
	81	324	47,005	51,324
Prepaid Expenses and Other Current Assets	2,91	2,8		
	4	94	3,056	2,894
Total Current Assets	74,5	79,		
	30	762	76,887	79,762
Property, Plant and Equipment, net	13,8	14,		
	91	288	14,252	14,288
Identifiable Intangibles, net	20,0	21,		
	33	232	19,420	21,232
Goodwill	14,7	14,		
	60	658	14,440	14,658
Deferred Tax Assets, net	6,90	6,9		
	9	07	6,903	6,907
Right of Use Asset	735	794	650	794
Other Assets	1,69	1,5		
	2	66	1,651	1,566
TOTAL ASSETS		139		
	132,	,20		
	\$ 550	\$ 7	\$ 134,203	\$ 139,207
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts Payable	5,35	8,4		
	\$ 6	\$ 79	\$ 4,893	\$ 8,479
Accrued Compensation	2,66	2,7		
	8	50	3,256	2,750

Other Accrued Expenses	4,75	3,3		
	3	08	4,410	3,308
Revolving Line of Credit	13,9	15,		
	00	900	14,900	15,900
Current Portion of Long-Term Debt	2,70	2,1		
	0	00	2,700	2,100
Current Liability—Royalty Obligation	1,60	1,7		
	0	25	1,500	1,725
Current Liability—Excess Royalty Payment Due	613	562	542	562
Income Taxes Payable	—	786	56	786
Deferred Revenue	1,85	1,8		
	8	88	1,441	1,888
Total Current Liabilities	33,4	37,		
	48	498	33,698	37,498
NON-CURRENT LIABILITIES				
Long-Term Debt, net of current portion	10,7	12,		
	09	040	10,039	12,040
Royalty Obligation, net of current portion	2,78	3,4		
	9	15	2,476	3,415
Lease Liabilities, net of current portion	530	555	459	555
Income Taxes Payable	491	491	491	491
Deferred Revenue	—	674	—	674
Deferred Tax Liabilities	182	167	152	167
TOTAL LIABILITIES	48,1	54,		
	49	840	47,315	54,840
SHAREHOLDERS' EQUITY				
Preferred Stock, \$10 Par Value, Authorized 100,000 shares, None Issued	—	—		
Common Stock, \$0.05 Par Value, Authorized 13,000,000 shares; Issued 10,792,879 and 10,676,851 shares at July 29, 2023 and January 31, 2023, respectively	540	534		
Preferred Stock, \$10 Par Value, Authorized 100,000 shares, None Issued	—	—		
Common Stock, \$0.05 Par Value, Authorized 13,000,000 shares; Issued 10,801,253 and 10,676,851 shares at October 28, 2023 and January 31, 2023, respectively	540	534		

Additional Paid-in Capital	62,0	61,		
	04	131	62,340	61,131
Retained Earnings	58,4	59,		
	06	175	61,158	59,175
Treasury Stock, at Cost, 3,368,219 and 3,342,032 shares at July 29, 2023 and January 31, 2023, respectively		(34,585))
Treasury Stock, at Cost, 3,368,454 and 3,342,032 shares at October 28, 2023 and January 31, 2023, respectively			(34,588)	(34,235)
Accumulated Other Comprehensive Loss, net of tax	(1,9	(2,2		
	64)	38)	(2,562)	(2,238)
TOTAL SHAREHOLDERS' EQUITY	84,4	84,		
	01	367	86,888	84,367
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		139		
	132,	,20		
	\$ 550	\$ 7	\$ 134,203	\$ 139,207

See Notes to condensed consolidated financial statements (unaudited).

1

ASTRONOVA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(In Thousands, Except Per Share Data)
(Uaudited)

	Three Months Ended		Six Months Ended	
	July 29,		July 29,	
	2023	2022	2023	2022
Revenue	\$ 35,524	\$ 32,259	\$ 70,943	\$ 63,269
Cost of Revenue	25,814	20,877	48,847	41,158
Gross Profit	9,710	11,382	22,096	22,111
Operating Expenses:				
Selling and Marketing	6,697	5,981	12,707	11,863
Research and Development	1,557	1,595	3,345	3,118
General and Administrative	2,654	2,571	5,780	5,131
Operating Expenses	10,908	10,147	21,832	20,112
Operating Income (Loss)	(1,198)	1,235	264	1,999
Other Income (Expense), net:				

Interest Expense	(674)	(210)	(1,289)	(385)
Loss on Foreign Currency Transactions	(197)	(242)	(11)	(377)
Other, net	62	21	56	52
	<u>(809)</u>	<u>(431)</u>	<u>(1,244)</u>	<u>(710)</u>
Income (Loss) Before Income Taxes	(2,007)	804	(980)	1,289
Income Tax Provision (Benefit)	(390)	220	(211)	280
Net Income (Loss)	<u>\$ (1,617)</u>	<u>\$ 584</u>	<u>\$ (769)</u>	<u>\$ 1,009</u>
Net Income (Loss) per Common Share—Basic:	<u>\$ (0.22)</u>	<u>\$ 0.08</u>	<u>\$ (0.10)</u>	<u>\$ 0.14</u>
Net Income (Loss) per Common Share—Diluted:	<u>\$ (0.22)</u>	<u>\$ 0.08</u>	<u>\$ (0.10)</u>	<u>\$ 0.14</u>
Weighted Average Number of Common Shares Outstanding:				
Basic	7,420	7,310	7,396	7,287
Diluted	7,420	7,348	7,396	7,355

See Notes to condensed consolidated financial statements (unaudited).

2

ASTRONOVA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In Thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	July 29,		July 30,	
	2023	2022	2023	2022
Net Income (Loss)	\$ (1,617)	\$ 584	\$ (769)	\$ 1,009
Other Comprehensive Income (Loss), Net of Taxes:				
Foreign Currency Translation Adjustments	64	(435)	274	(1,368)
Loss from Cash Flow Hedges Reclassified to Income Statement	—	16	—	32
Other Comprehensive Income (Loss)	64	(419)	274	(1,336)
Comprehensive Income (Loss)	\$ (1,553)	\$ 165	\$ (495)	\$ (327)

Research and Development	1,683	1,903	5,028	5,021
General and Administrative	2,734	3,325	8,514	8,456
Operating Expenses	10,161	11,136	31,993	31,248
Operating Income	4,618	1,346	4,882	3,346
Other Income (Expense), net:				
Interest Expense	(630)	(701)	(1,919)	(1,086)
Loss on Foreign Currency Transactions	(279)	(237)	(291)	(614)
Other, net	(8)	(17)	49	35
	(917)	(955)	(2,161)	(1,665)
Income Before Income Taxes	3,701	391	2,721	1,681
Income Tax Provision	949	102	738	383
Net Income	\$ 2,752	\$ 289	\$ 1,983	\$ 1,298
Net Income per Common Share—Basic:	\$ 0.37	\$ 0.04	\$ 0.27	\$ 0.18
Net Income per Common Share—Diluted:	\$ 0.37	\$ 0.04	\$ 0.27	\$ 0.18
Weighted Average Number of Common Shares				
Outstanding:				
Basic	7,428	7,324	7,407	7,299
Diluted	7,485	7,379	7,477	7,363

See Notes to condensed consolidated financial statements (unaudited).

32

ASTRONOVA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY COMPREHENSIVE INCOME (LOSS)

(\$ In Thousands, Except per Share Data) Thousands)

(Unaudited)

	Accumulated							
	Additional				Comprehensive		Shareholders	
	Common Stock		Paid-in	Retained	Treasury	Income (Loss)	Equity	
	Shares	Amount	Capital	Earnings	Stock			
Balance January 31, 2022	10,566,40	\$ 528	\$ 59,692	\$ 56,51	\$ (33,974)	\$ (1,748)	\$ 81,012	
	4			4				
Share-Based Compensation	—	—	337	—	—	—	—	337
Employee Option Exercises	11,164	1	87	—	—	—	—	88

	61,513	3	(3)	—	(249)	—	—	(249)
Restricted Stock Awards								
Vested								
Net Income	—	—	—	425	—	—	—	425
Other Comprehensive Loss	—	—	—	—	—	(917)	(917)	
Balance April 30, 2022	10,639,08	\$ 532	\$ 60,113	\$ 56,93	\$ (34,223)	\$ (2,665)	\$ 80,696	
	1		9					
Share-Based Compensation	—	—	235	—	—	—	—	235
Restricted Stock Awards								
Vested	20,410	1	(1)	—	—	—	—	—
Net Income	—	—	—	584	—	—	—	584
Other Comprehensive Loss	—	—	—	—	—	(419)	(419)	
Balance July 30, 2022	10,659,49	\$ 533	\$ 60,347	\$ 57,52	\$ (34,223)	\$ (3,084)	\$ 81,096	
	1		3					
Balance January 31, 2023	10,676,85	\$ 534	\$ 61,131	\$ 59,17	\$ (34,235)	\$ (2,238)	\$ 84,367	
	1		5					
Share-Based Compensation	—	—	356	—	—	—	—	356
Employee Option Exercises	4,094	—	43	—	—	—	—	43
Restricted Stock Awards	99,989	4	(4)	—	(350)	—	—	(350)
Vested								
Net Income	—	—	—	848	—	—	—	848
Other Comprehensive Income	—	—	—	—	—	210	210	
Balance April 29, 2023	10,780,93	\$ 538	\$ 61,526	\$ 60,02	\$ (34,585)	\$ (2,028)	\$ 85,474	
	4		3					
Share-Based Compensation	—	—	398	—	—	—	—	398
Employee Option Exercises	7,429	1	81	—	—	—	—	82
Restricted Stock Awards	4,516	1	(1)	—	—	—	—	—
Vested								
Net Loss	—	—	—	(1,617)	—	—	—	(1,617)
Other Comprehensive Income	—	—	—	—	—	64	64	
Balance July 29, 2023	10,792,87	\$ 540	\$ 62,004	\$ 58,40	\$ (34,585)	\$ (1,964)	\$ 84,401	
	9		6					

	Three Months Ended		Nine Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022

Net Income	\$ 2,752	\$ 289	\$ 1,983	\$ 1,298
Other Comprehensive Income (Loss), net of taxes:				
Foreign Currency Translation Adjustments	(598)	(497)	(324)	(1,864)
Loss from Cash Flow Hedges Reclassified to Income Statement	—	16	—	47
Other Comprehensive Income (Loss)	<u>(598)</u>	<u>(481)</u>	<u>(324)</u>	<u>(1,817)</u>
Comprehensive Income (Loss)	<u><u>\$ 2,154</u></u>	<u><u>\$ (192)</u></u>	<u><u>\$ 1,659</u></u>	<u><u>\$ (519)</u></u>

See Notes to condensed consolidated financial statements (unaudited).

43

ASTRONOVA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS CHANGES IN SHAREHOLDERS' EQUITY

(\$ In Thousands) Thousands, Except per Share Data)

(Unaudited)

	Six Months Ended	
	July 29, 2023	July 30, 2022
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ (769)	\$ 1,009
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	2,144	1,820
Amortization of Debt Issuance Costs	11	13
Share-Based Compensation	754	572
Loss on Disposal of Assets	—	6
Restructuring, non-cash	2,040	—
Changes in Assets and Liabilities:		
Accounts Receivable	3,612	(518)
Other Receivable – Employee Retention Credit Receivable	—	3,135
Inventories	283	(7,516)
Income Taxes	(1,461)	65
Accounts Payable and Accrued Expenses	(2,267)	(2,312)
Other	371	(93)
Net Cash (Used) Provided by Operating Activities	<u>4,718</u>	<u>(3,819)</u>
Cash Flows from Investing Activities:		
Additions to Property, Plant and Equipment	<u>(494)</u>	<u>(163)</u>

Net Cash Used for Investing Activities	(494)	(163)
Cash Flows from Financing Activities:		
Net Cash Proceeds from Employee Stock Option Plans	71	69
Net Cash Proceeds from Share Purchases under Employee Stock Purchase Plan	54	19
Net Cash Used for Payment of Taxes Related to Vested Restricted Stock	(350)	(249)
Borrowings under Revolving Credit Facility	—	4,500
Repayment under Revolving Credit Facility	(2,000)	—
Payment of Minimum Guarantee Royalty Obligation	(875)	(1,000)
Principal Payments of Long-Term Debt	(750)	(250)
Net Cash Provided (Used) for Financing Activities	(3,850)	3,089
Effect of Exchange Rate Changes on Cash and Cash Equivalents	210	(98)
Net Increase (Decrease) in Cash and Cash Equivalents	584	(991)
Cash and Cash Equivalents, Beginning of Period	3,946	5,276
Cash and Cash Equivalents, End of Period	\$ 4,530	\$ 4,285
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for Interest	\$ 1,175	\$ 206
Cash Paid During the Period for Income Taxes, Net of Refunds	\$ 1,264	\$ 126

	Accumulated							
	Additional				Comprehensive			
	Common Stock		Paid-in		Retained		Treasury	
	Shares	Amount	Capital	Earnings	Stock	(Loss)	Income	Shareholders
Balance January 31, 2023	10,676,85							
	1	\$ 534	\$ 61,131	\$ 59,175	\$ (34,235)	\$ (2,238)	\$ 84,367	
Share-Based Compensation	—	—	356	—	—	—	—	356
Employee Option Exercises	4,094	—	43	—	—	—	—	43
Restricted Stock Awards								
Vested	99,989	4	(4)	—	(350)	—	—	(350)
Net Income	—	—	—	848	—	—	—	848
Other Comprehensive Income	—	—	—	—	—	210	210	
Balance April 29, 2023	10,780,93							
	4	\$ 538	\$ 61,526	\$ 60,023	\$ (34,585)	\$ (2,028)	\$ 85,474	
Share-Based Compensation	—	—	398	—	—	—	—	398
Employee Option Exercises	7,429	1	81	—	—	—	—	82

Restricted Stock Awards	4,516	1	(1)	—	—	—	—	—
Vested								
Net Loss	—	—	—	(1,617)	—	—	—	(1,617)
Other Comprehensive								
Income	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 64	\$ 64
Balance July 29, 2023	10,792,87	9	\$ 540	\$ 62,004	\$ 58,406	\$ (34,585)	\$ (1,964)	\$ 84,401
Share-Based Compensation	—	—	311	—	—	—	—	311
Employee Option Exercises	2,391	—	25	—	—	—	—	25
Restricted Stock Awards								
Vested	5,983	—	—	—	—	(3)	—	(3)
Net Income	—	—	—	2,752	—	—	—	2,752
Other Comprehensive Loss	—	—	—	—	—	(598)	—	(598)
Balance October 28, 2023	10,801,25	3	\$ 540	\$ 62,340	\$ 61,158	\$ (34,588)	\$ (2,562)	\$ 86,888
Balance January 31, 2022	10,566,40	4	\$ 528	\$ 59,692	\$ 56,514	\$ (33,974)	\$ (1,748)	\$ 81,012
Share-Based Compensation	—	—	337	—	—	—	—	337
Employee Option Exercises	11,164	1	87	—	—	—	—	88
Restricted Stock Awards								
Vested	61,513	3	(3)	—	—	(249)	—	(249)
Net Income	—	—	—	425	—	—	—	425
Other Comprehensive Loss	—	—	—	—	—	(917)	—	(917)
Balance April 30, 2022	10,639,08	1	\$ 532	\$ 60,113	\$ 56,939	\$ (34,223)	\$ (2,665)	\$ 80,696
Share-Based Compensation	—	—	235	—	—	—	—	235
Restricted Stock Awards								
Vested	20,410	1	(1)	—	—	—	—	—
Net Income	—	—	—	584	—	—	—	584
Other Comprehensive Loss	—	—	—	—	—	(419)	—	(419)
Balance July 30, 2022	10,659,49	1	\$ 533	\$ 60,347	\$ 57,523	\$ (34,223)	\$ (3,084)	\$ 81,096
Share-Based Compensation	—	—	405	—	—	—	—	405
Employee Option Exercises	9,097	1	22	—	—	—	—	23
Restricted Stock Awards								
Vested	1,101	—	—	—	—	(4)	—	(4)

Net Income	—	—	—	289	—	—	289
Other Comprehensive Loss	—	—	—	—	—	(481)	(481)
Balance October 29, 2022	10,669,68						
	9	\$ 534	\$ 60,774	\$ 57,812	\$ (34,227)	\$ (3,565)	\$ 81,328

See Notes to condensed consolidated financial statements (unaudited).

4

ASTRONOVA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

(Unaudited)

	Nine Months Ended	
	October 28, 2023	October 29, 2022
Cash Flows from Operating Activities:		
Net Income	\$ 1,983	\$ 1,298
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	3,158	2,621
Amortization of Debt Issuance Costs	17	18
Share-Based Compensation	1,065	977
Restructuring, non-cash	2,040	—
Changes in Assets and Liabilities:		
Accounts Receivable	(563)	(1,874)
Other Receivable – Employee Retention Credit Receivable	—	3,135
Inventories	2,111	(11,695)
Income Taxes	(531)	142
Accounts Payable and Accrued Expenses	(2,036)	(1,240)
Deferred Revenue	(1,121)	110
Other	(221)	(947)
Net Cash (Used for) Provided by Operating Activities	5,902	(7,455)
Cash Flows from Investing Activities:		
Cash Paid for Astro Machine Acquisition, net of acquired cash	—	(17,034)
Purchases of Property, Plant and Equipment	(1,279)	(222)
Net Cash Used for Investing Activities	(1,279)	(17,256)
Cash Flows from Financing Activities:		

Net Cash Proceeds from Employee Stock Option Plans	71	69
Net Cash Proceeds from Share Purchases under Employee Stock Purchase Plan	79	42
Net Cash Used for Payment of Taxes Related to Vested Restricted Stock	(353)	(253)
Borrowings under Revolving Credit Facility	—	19,900
Repayment under Revolving Credit Facility	(1,000)	—
Proceeds from Long-Term Debt Borrowings	—	6,000
Payment of Minimum Guarantee Royalty Obligation	(1,350)	(1,500)
Principal Payments of Long-Term Debt	(1,425)	(625)
Payment of Debt Issuance Costs	—	(15)
Net Cash Provided by (Used) for Financing Activities	(3,978)	23,618
Effect of Exchange Rate Changes on Cash and Cash Equivalents	236	313
Net Increase (Decrease) in Cash and Cash Equivalents	881	(780)
Cash and Cash Equivalents, Beginning of Period	3,946	5,276
Cash and Cash Equivalents, End of Period	\$ 4,827	\$ 4,496
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for Interest	\$ 1,695	\$ 440
Cash Paid During the Period for Income Taxes, net of refunds	\$ 1,285	\$ 265

See Notes to condensed consolidated financial statements (unaudited).

5

ASTRONOVA, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1 – Business and Basis of Presentation

Overview

Headquartered in West Warwick, Rhode Island, AstroNova, Inc. leverages its expertise in data visualization technologies to design, develop, manufacture and distribute a broad range of specialty printers and data acquisition and analysis systems. Our products are employed around the world in a wide range of applications in the aerospace, apparel, automotive, avionics, chemical, computer peripherals, communications, distribution, food and beverage, general manufacturing, packaging and transportation industries.

Our business consists of two segments, Product Identification ("PI") and Test & Measurement ("T&M"). The PI segment includes specialty printing systems and related supplies sold under the QuickLabel®, TrojanLabel® and GetLabels™ brand names. The T&M segment consists of our line of aerospace products, including flight deck printers, networking hardware, and related accessories as well as T&M data acquisition systems sold under the AstroNova® brand name.

On August 4, 2022, we acquired Astro Machine LLC ("Astro Machine"), an Illinois-based manufacturer of printing equipment, including label printers and related accessories, tabbers, conveyors, and envelope feeders. We reported Astro Machine as a part of our PI segment beginning in the third quarter of fiscal 2023.

PI products sold under the QuickLabel, TrojanLabel and GetLabels brands are used in brand owner and commercial applications to provide product packaging, marketing, tracking, branding, and labeling solutions to a wide array of industries. The PI segment offers a variety of digital color label tabletop printers and light commercial label printers, direct-to-package printers, high-volume presses, and specialty original equipment manufacturer ("OEM") printing systems, as well as a wide range of label, tag and flexible packaging material substrates and other supplies, including ink and toner, allowing customers to mark, track, protect and enhance the appearance of their products. PI products sold under the Astro Machine brand also include a variety of label printers, envelope and packaging printing, and related processing and handling equipment.

In the T&M segment, we have a long history of using our technologies to provide networking systems and high-resolution flight deck and cabin printers for the aerospace market. In addition, the T&M segment includes data acquisition recorders, sold under the AstroNova brand, to enable our customers to acquire and record visual and electronic signal data from local and networked data streams and sensors. The recorded data is processed, analyzed, stored and presented in various visual output formats.

Our PI products are sold by direct field salespersons as well as independent dealers and representatives, while our T&M products are sold predominantly through direct sales and manufacturers' representatives. In the United States, we have factory-trained direct field salespeople located throughout the country specializing in PI products. We also have direct field sales or service centers in Canada, China, Denmark, France, Germany, Malaysia, Mexico, Singapore, and the United Kingdom staffed by our own employees and dedicated third party contractors. Additionally, we utilize over 100 independent dealers and representatives selling and marketing our products in over 60 countries.

Unless otherwise indicated, references to "AstroNova", "we," "our," and "us" in this Quarterly Report on Form 10-Q refer to AstroNova, Inc. and its consolidated subsidiaries.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results of the interim periods included herein. These financial statements do not include all disclosures associated with annual financial statements and, accordingly, should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended January 31, 2023.

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the condensed consolidated financial statements and accompanying notes, including those that require consideration of forecasted

financial information using information that is reasonably available to us at this time. Some of the more significant estimates relate to revenue recognition, the allowances for doubtful accounts, inventory valuation, income taxes, valuation of long-lived assets, intangible assets and goodwill, share-based compensation, and warranty reserves. Management's estimates are based on the facts and circumstances available at the time estimates are made, historical experience, risk of loss, general economic conditions and trends, and management's assessments of the

probable future outcome of these matters, including our expectations at the time regarding the ongoing impact from the COVID-19 pandemic. Consequently, actual results could differ from those estimates.

Results of operations for the interim periods presented herein are not necessarily indicative of the results that may be expected for the full year.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of AstroNova, Inc. and its wholly-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Note 2 – Summary of Significant Accounting Policies Update

The accounting policies used in preparing the condensed consolidated financial statements in this Form 10-Q are the same as those used in preparing our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023.

Recently Adopted Accounting Pronouncements

In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update 2023-06, "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Updated and Simplification Initiative" ("ASU 2023-06"), which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification. ASU 2023-06 was issued in response to the U.S. Securities and Exchange Commission's (the "SEC") August 2018 final rule that updated and simplified disclosure requirements and is intended to align U.S. GAAP requirements with those of the SEC and to facilitate the application of U.S. GAAP for all entities. For entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. For all other entities, the amendments will be effective two years later. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. We are currently assessing potential impacts of ASU 2023-06 and do not expect the adoption of this guidance to have a material impact on our condensed consolidated financial statements and disclosures.

No other new accounting pronouncements, issued or effective during the first **six** **nine** months of the current year, have had or are expected to have a material impact on our consolidated financial statements.

Note 3 – Acquisitions

Astro Machine

On August 4, 2022, we acquired Astro Machine LLC ("Astro Machine"), an Illinois-based manufacturer of printing equipment, including label printers, tabbers, conveyors, and envelope feeders, for aggregate consideration of \$17.1 million.

The acquisition was accomplished pursuant to an Equity Interest Purchase Agreement dated as of August 4, 2022 (the "Purchase Agreement") by and among us, GSND Holding Corporation ("GSND"), the parent company of Astro Machine, and Astro Machine. Pursuant to the Purchase Agreement, we purchased 100% of the issued and outstanding equity interests of Astro Machine from GSND for a purchase price of \$15.6 million. The acquisition was funded using borrowings under our credit facility. We obtained a representation and warranty insurance policy and placed \$300,000 of the purchase price into an escrow account, which pursuant to the terms and conditions of the Purchase Agreement, are our sole recourse for breaches of representations and warranties by GSND. Upon the closing of the transaction, Astro Machine became a wholly owned subsidiary of AstroNova, Inc.

Concurrently with the signing of the Purchase Agreement, our newly acquired subsidiary, Astro Machine, entered into a Purchase and Sale Agreement with Selak Real Estate Limited Partnership ("SRE"), pursuant to which Astro Machine purchased certain real property assets of SRE for a purchase price, paid in cash, of \$1.5 million. These real estate assets are comprised of a 34,460 square foot industrial manufacturing building (including offices) on 1.26 acres of land, which is Astro Machine's principal place of business.

7

This transaction was a business combination and accounted for using the acquisition method of accounting prescribed by ASC 805, "Business Combinations" ("ASC 805"), whereby the results of operations, including the revenues and earnings of Astro Machine, are included in our financial statements from the date of acquisition. The purchase price of Astro Machine was allocated to the tangible and intangible assets acquired and liabilities assumed and recognized at their fair value based on widely accepted valuation techniques in accordance with ASC 820, "Fair Value Measurement," as of the acquisition date. The process for estimating fair values requires the use of significant estimates, assumptions and judgments, including determining the timing and estimates of future cash flows and developing appropriate discount rates. The excess of the purchase price over the fair value of the net identified assets acquired and liabilities assumed was recorded as goodwill. ASC 805 establishes a measurement period to provide companies with a reasonable amount of time to obtain the information necessary to identify and measure various items in a business combination and cannot extend beyond one year from the acquisition date.

The following table sets forth the final purchase price allocation of the Astro Machine acquisition for the estimated fair value of the net assets acquired and liabilities assumed as of the date of acquisition:

(In thousands)			
Cash	\$ 91	\$ 91	
Accounts Receivable	3,393	3,393	
Inventory	5,715	5,715	
Property, Plant and Equipment	4,200	4,200	
Identifiable Intangible Assets	3,480	3,480	
Goodwill	2,730	2,730	
Accounts Payable and Other Current Liabilities	(2,484)	(2,484)	
Total Purchase Price	\$ 17,125	\$ 17,125	

The fair value of the intangible assets acquired was estimated by applying the income approach. This fair value measurement is based on significant inputs that are not observable in the market and therefore represents a Level 3 measurement as defined in ASC 820, "Fair Value Measurement." Key assumptions in estimating the fair value of the intangibles include (1) remaining useful life of the tradename/trademarks and customer relations (2) royalty rate of 0.75%, (3) customer attrition rate of 18.0%, (4) discount rate of 19.0% and (5) a range of revenue and net income projections for fiscal years 2023 through 2026.

The following table sets forth the fair value of the acquired identifiable intangible assets and related estimated useful lives:

(In thousands)	Fair Value	Useful Life
		(years)
Customer Relations	\$ 3,060	5
Trademarks/Tradenames	420	5
Total	\$ 3,480	

The Customer Relations intangible asset represents the relationships that will be maintained with certain historical customers of Astro Machine. The trademark/tradename intangible assets reflect the industry reputation of the Astro Machine name and the registered trademarks held by Astro Machine for the use of several marks and logos.

Goodwill of \$2.7 million, which is not deductible for tax purposes, represents the excess of the purchase price over the estimated fair value assigned to the tangible and identifiable intangible assets acquired and liabilities assumed from Astro Machine. The goodwill recognized under ASC 805 is attributable to synergies which are expected to enhance and expand our overall product portfolio, opportunities in new and existing markets, future technologies that have yet to be determined and Astro Machine's assembled workforce. The carrying amount of the goodwill was allocated to the PI segment.

Total acquisition-related costs of \$0.7 million were included in general and administrative **expenses** **expense** in our consolidated statement of income for the **year three and nine months** ended **January 31, 2023** **October 28, 2023**.

The amounts of revenue and earnings before taxes attributable to Astro Machine and included in our consolidated statement of income **for the three and six months ended July 29, 2023** were as follows:

(In thousands)			Three Months			
			Ended		Nine Months Ended	
	Three -Months		Six-Months	October	October	October
	Ended July 29, 2023	Ended July 29, 2023		28,	29,	28, 29,
Revenue	\$ 4,897	\$ 9,127		\$ 4,703	\$ 6,575	\$ 13,830
Earnings before Taxes	\$ 704	\$ 1,393		\$ 1,199	\$ 1,055	\$ 2,594
						\$ 12,515
						\$ 1,571

Astro Machine results are reported as part of the PI segment. Proforma results are not provided, as disclosure of such amounts was impractical to determine as the acquired business had insufficient financial records and no audit history prior to the transaction.

Honeywell Asset Purchase and License Agreement

On June 30, 2022, we entered into an Asset Purchase and License Agreement with Honeywell International Inc. ("New HW Agreement") to acquire an exclusive, perpetual, world-wide license to manufacture Honeywell's flight deck printers for the Boeing 787 aircraft. The New HW Agreement provides for royalty payments to Honeywell based on gross revenues from the sales of the printers, paper and repair services of the licensed products in perpetuity. The royalty rates vary based on the year in which they are paid or earned and as products are sold or as services are provided and range from single-digit to mid-double-digit percentages of gross revenue. The New HW Agreement includes a provision for guaranteed minimum royalty payments to be paid in the event that the royalties earned by Honeywell do not meet the minimum for the preceding calendar year as follows: \$100,000 in 2024, \$200,000 in 2025, \$233,000 in 2026 and 2027, and \$234,000 in 2028.

This transaction was evaluated under ASC 805, "Business Combinations," and was accounted for as an asset acquisition.

The purchase price was allocated to the customer relationship intangible, which was the only asset acquired as a result of this transaction. This asset will be amortized over the useful life of the intangible. The minimum royalty payment obligation and related customer relationships intangible were recorded at the present value of the minimum royalty payments.

The acquired identifiable intangible asset is as follows:

(In thousands)	Fair	Useful Life
	Value	(Years)

Customer Contract Relationships	\$ 530	20
---------------------------------	--------	----

The minimum royalty payment due was discounted based on the payment schedule and applicable discount rate, resulting in an outstanding royalty obligation of \$0.5 million as of January 31, 2023, including \$0.1 million recorded as a current liability. Additional royalties based on sales activity will be recorded in the period that the associated revenue is earned. During **the second quarter of the current year, we incurred an additional \$0.1 million in excess royalties payable to Honeywell. As of July 29, 2023, the current outstanding royalty obligation is \$0.6 million, including \$0.2 million recorded as a current liability in the accompanying balance sheet.**

During fiscal 2023, we incurred \$0.1 million in excess royalty expense, which was **recorded as a current liability in our consolidated balance sheet at January 31, 2023 and was paid** in the first quarter of the current fiscal year. **As of the end of the third quarter of the current year, we incurred an additional \$0.2 million in royalties payable to Honeywell which was paid in the current fiscal year. As of October 28, 2023, the current outstanding royalty obligation is \$0.5 million, including \$0.1 million recorded as a current liability in the accompanying balance sheet.**

9

Note 4 – Revenue Recognition

We derive revenue from the sale of (i) hardware, including digital color label printers and specialty OEM printing systems, portable data acquisition systems and airborne printers and networking hardware used in the flight deck and cabin of military, commercial and business aircraft, (ii) related supplies required in the operation of the hardware, (iii) repairs and maintenance of hardware and (iv) service agreements.

Revenues disaggregated by primary geographic markets and major product types are as follows:

Primary geographical markets

(In thousands)	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022	October 28, 2023	October 29, 2022*	October 28, 2023	October 29, 2022*
	United States	\$ 22,342	\$ 19,044	\$ 45,176	\$ 38,695	\$ 20,953	\$ 22,473	\$ 61,773
Europe	7,836	7,883	15,801	15,301	11,292	11,447	31,088	26,748
Canada	2,224	2,225	4,049	4,080	2,311	2,392	6,480	6,472
Asia	1,724	1,789	3,018	2,726	1,670	1,480	4,920	4,206

Central and South America	1,02 4	1,02 3	2,22 3	1,91 1	995	1,311	3,220	3,222
Other	374	295	676	556	328	302	1,012	858
Total Revenue	\$ 35,5 24	\$ 32,2 59	\$ 70,9 43	\$ 63,2 69	\$ 37,549	\$ 39,405	\$ 108,493	\$ 102,674

*Certain amounts have been reclassified to conform to the current year's presentation.

Major product types

(In thousands)	Three Months Ended		Six Months Ended	
	July 29, 2023		July 30, 2022	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Hardware	\$ 11,268	\$ 8,637	\$ 22,934	\$ 17,937
Supplies	19,700	19,166	38,772	37,111
Service and Other	4,556	4,456	9,237	8,221
Total Revenue	\$ 35,524	\$ 32,259	\$ 70,943	\$ 63,269

(In thousands)	Three Months Ended		Nine Months Ended	
	October 28, 2023		October 29, 2022	
	2023	2022	2023	2022
Hardware	\$ 12,865	\$ 11,947	\$ 35,800	\$ 29,885
Supplies	19,973	22,945	58,744	60,055
Service and Other	4,711	4,513	13,949	12,734
Total Revenue	\$ 37,549	\$ 39,405	\$ 108,493	\$ 102,674

In December 2022, we entered into an amended contract with one of our T&M customers that provided for a total payment of \$3.25 million to us as a result of our claims allowable under French law relating to additional component costs we have incurred and will continue to incur in order to supply aerospace printers under the contract for the period beginning in April 2022 and continuing through 2025. Revenue from this arrangement will be recognized in proportion to the total estimated shipments through the end of the contract period. As of January 31, 2023, we have recognized \$1.1 million in revenue and the \$2.15 million balance was recorded as deferred revenue. During the three and **six** **nine** months of fiscal 2024, ended October 28, 2023, we recognized an additional \$0.3 **0.4** million and \$0.6 **1.0** million, respectively, which is included in revenue in the condensed consolidated statement of income (loss) for the **respective** periods ended July 29, 2023, presented, and there is a balance of \$1.5 **1.1** million in the deferred revenue at July 29, 2023 October 28, 2023. The remaining revenue to be recognized will be based on our shipments of the printers during the remainder of fiscal years year 2024 and during fiscal year 2025.

Contract Assets and Liabilities

We normally do not have contract assets, which are primarily unbilled accounts receivable that are conditional on something other than the passage of time.

Our contract liabilities, which represent billings in excess of revenue recognized, are related to advanced billings for purchased service agreements and extended warranties. Contract liabilities were \$329,000 \$304,000 and \$412,000 at July 29, 2023 October 28, 2023 and January 31, 2023, respectively, and are recorded as deferred revenue in the accompanying condensed consolidated balance sheet. The decrease in the deferred revenue balance during the three nine months ended July 29, 2023 October 28, 2023 is due to revenue recognized during the current period, including \$252,000 \$21,000 of revenue recognized that was included in the deferred revenue balance at January 31, 2023. The amount of revenue recognized for the period was partially offset by cash payments received in advance of satisfying performance obligations.

10

Contract Costs

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain costs related to obtaining sales contracts for our aerospace printer products meet the requirement to be capitalized. These costs are deferred and amortized over the remaining useful life of these contracts, which we currently estimate to be approximately 18 years as of July 29, 2023 October 28, 2023. The balance of these contract assets at January 31, 2023 was \$1.4 million. During the three and six nine months ended July 29, 2023 October 28, 2023, we amortized contract costs of \$19,000 and \$37,000 \$56,000, respectively. The balance of deferred incremental direct costs net of accumulated amortization at July 29, 2023 October 28, 2023 was \$1.3 million, of which \$0.1 million is reported in other current assets and \$1.2 million is reported in other assets in the accompanying condensed consolidated balance sheet.

Note 5 – Net Income (Loss) Per Common Share

Basic net income (loss) per share is calculated by dividing net income by the weighted average number of shares outstanding during the period. Diluted net income (loss) per share is calculated by dividing net income by the weighted average number of shares and, if dilutive, common equivalent shares, determined using the treasury stock method for stock options, restricted stock awards and restricted stock units outstanding during the period. A reconciliation of the shares used in calculating basic and diluted net income (loss) per share is as follows:

	Three Months Ended		Six Months Ended	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Weighted Average Common Shares Outstanding –				
Basic	7,420,135	7,309,716	7,396,200	7,286,735
Effect of Dilutive Options, Restricted Stock				
Awards and Restricted Stock Units	- *	38,230	- *	67,972
Weighted Average Common Shares Outstanding –				
Diluted	7,420,135	7,347,946	7,396,200	7,354,707

	Three Months Ended		Nine Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Weighted Average Common Shares Outstanding – Basic	7,428,202	7,324,089	7,406,985	7,299,277
Effect of Dilutive Options, Restricted Stock Awards and Restricted Stock Units	56,790	55,314	70,363	63,752
Weighted Average Common Shares Outstanding – Diluted	7,484,992	7,379,403	7,477,348	7,363,029

*For the three and six months ended July 29, 2023, we had weighted average common stock equivalent shares outstanding of 74,178 and 77,150, respectively, that could potentially dilute earnings per share in future periods; these shares were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive given the net loss during the periods.

For the three and six months ended July 29, 2023 October 28, 2023, the diluted per share amounts do not reflect weighted average common equivalent shares outstanding of 226,457 505,293 and 376,468 390,326, respectively. For the three and six months ended July 30, 2022 October 29, 2022, the diluted per share amounts do not reflect weighted average common equivalent shares outstanding of 612,116 540,407 and 586,084 602,510, respectively. These outstanding common equivalent shares were not included due to their anti-dilutive effect.

11

Note 6 – Intangible Assets

Intangible assets are as follows:

(In thousands)	July 29, 2023				January 31, 2023			
	Gross		Currency		Gross		Currency	
	Carrying	Accumulated	Translation	Net	Carrying	Accumulated	Translation	Net
	Amount	Amount	Adjustment	Amount	Amount	Amount	Adjustment	Amount
Miltope:								
Customer Contract								
Relationships	\$ 3,100	\$ (2,938)	\$ —	\$ 162	\$ 3,100	\$ (2,777)	\$ —	\$ 323
RITEC:								
Customer Contract								
Relationships	2,830	(1,656)	—	1,174	2,830	(1,623)	—	1,207
TrojanLabel:								
Existing Technology	2,327	(2,255)	96	168	2,327	(2,087)	94	334
Distributor Relations	937	(640)	37	334	937	(588)	27	376
Honeywell:								

Customer Contract	27,773	(12,362)	—	15,411	27,773	(11,913)	—	15,860
Relationships								
Astro Machine:								
Customer Contract								
Relationships	3,060	(612)	—	2,448	3,060	(306)	—	2,754
Trademarks	420	(84)	—	336	420	(42)	—	378
Intangible Assets, net	<u>\$ 40,447</u>	<u>\$ (20,547)</u>	<u>\$ 133</u>	<u>\$ 20,033</u>	<u>\$ 40,447</u>	<u>\$ (19,336)</u>	<u>\$ 121</u>	<u>\$ 21,232</u>
	October 28, 2023				January 31, 2023			
	Gross	Currency	Net		Gross	Currency	Net	
(In thousands)	Carrying Amount	Accumulated Amortization	Translation Adjustment	Carrying Amount	Carrying Amount	Accumulated Amortization	Translation Adjustment	Carrying Amount
Miltope:								
Customer Contract								
Relationships	\$ 3,100	\$ (3,019)	\$ —	\$ 81	\$ 3,100	\$ (2,777)	\$ —	\$ 323
RITEC:								
Customer Contract								
Relationships	2,830	(1,672)	—	1,158	2,830	(1,623)	—	1,207
TrojanLabel:								
Existing Technology	2,327	(2,336)	89	80	2,327	(2,087)	94	334
Distributor Relations	937	(662)	21	296	937	(588)	27	376
Honeywell:								
Customer Contract								
Relationships	27,773	(12,578)	—	15,195	27,773	(11,913)	—	15,860
Astro Machine:								
Customer Contract								
Relationships	3,060	(765)	—	2,295	3,060	(306)	—	2,754
Trademarks	420	(105)	—	315	420	(42)	—	378
Intangible Assets, net	<u>\$ 40,447</u>	<u>\$ (21,137)</u>	<u>\$ 110</u>	<u>\$ 19,420</u>	<u>\$ 40,447</u>	<u>\$ (19,336)</u>	<u>\$ 121</u>	<u>\$ 21,232</u>

There were no impairments to intangible assets during the periods ended **July 29, 2023** **October 28, 2023** and **July 30, 2022**.

October 29, 2022

With respect to the acquired intangibles included in the table above, amortization expense of \$0.6 million and \$0.4 million has been included in the condensed consolidated statements of income (loss) for each of the three months ended **July 29, 2023** **October 28, 2023**, and **July 30, 2022** **October 29, 2022**, respectively. Amortization expense of **\$1.2** **\$1.8** million and **\$0.8** **\$1.2** million related to the above-acquired intangibles has been included in the accompanying condensed consolidated statement of income (loss) for the **six** **nine** months ended **July 29, 2023** **October 28, 2023** and **July 30, 2022** **October 29, 2022**, respectively.

Estimated amortization expense for the next five fiscal years is as follows:

(In thousands)	Remaining ing					Remaining				
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
Estimated amortization expense	\$ 1,1	\$ 1,7	\$ 1,7	\$ 1,7	\$ 1,2	\$ 595	\$ 1,722	\$ 1,722	\$ 1,722	\$ 1,281

Note 7 – Inventories

Inventories are stated at the lower of cost (standard and average methods) or net realizable value and include material, labor and manufacturing overhead. The components of inventories are as follows:

(In thousands)	July 29, 2023	January 31, 2023	October 28, 2023	January 31, 2023
Materials and Supplies	\$ 37,806	\$ 38,387	\$ 37,248	\$ 38,387
Work-In-Process	1,328	1,146	1,453	1,146
Finished Goods	19,092	23,221	17,415	23,221
	58,226	62,754	56,116	62,754
Inventory Reserve	(9,145)	(11,430)	(9,111)	(11,430)
	<u>\$ 49,081</u>	<u>\$ 51,324</u>	<u>\$ 47,005</u>	<u>\$ 51,324</u>

12

Note 8 – Property, Plant and Equipment

Property, plant and equipment consist of the following:

(In thousands)	July 29, 2023	January 31, 2023	October 28, 2023		January 31, 2023
	2023	2023	2023	2023	2023
Land and Land Improvements	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304
Buildings and Leasehold Improvements	14,365	14,158	14,372	14,372	14,158
Machinery and Equipment	25,202	24,960	25,838	25,838	24,960
Computer Equipment and Software	<u>14,063</u>	<u>13,972</u>	<u>14,058</u>	<u>14,058</u>	<u>13,972</u>

Gross Property, Plant and Equipment	55,934	55,394	56,572	55,394
Accumulated Depreciation	(42,04		(42,320)	(41,106)
	3)	(41,106)		
Net Property Plant and Equipment	\$ 13,891	\$ 14,288	\$ 14,252	\$ 14,288

Depreciation expense on property, plant and equipment was \$0.5 ^{0.4} million and \$0.9 ^{1.3} million for the three and ^{six} ^{nine} months ended ^{July 29, 2023} ^{October 28, 2023}, respectively. Depreciation expense on property, plant and equipment was \$0.5 million and \$1.0 million for the three and ^{six} ^{nine} months ended ^{July 30, 2022} ^{October 29, 2022}, respectively.

Note 9 – Credit Agreement and Long-Term Debt

In connection with the purchase of Astro Machine, on August 4, 2022, we entered into a Second Amendment to the Amended and Restated Credit Agreement (the "Second Amendment") with Bank of America, N.A., as lender (the "Lender"). The Second Amendment amended the Amended and Restated Credit Agreement dated as of July 30, 2020, as amended by the First Amendment to Amended and Restated Credit Agreement, dated as of March 24, 2021, and the LIBOR Transition Amendment, dated as of December 24, 2021 (the "Existing Credit Agreement," and the Existing Credit Agreement as amended by the Second Amendment, the "Amended Credit Agreement"), between us and the Lender.

The Amended Credit Agreement provides for (i) a new term loan in the principal amount of \$6.0 million, which term loan was in addition to the existing term loan outstanding under the Existing Credit Agreement in the principal amount of \$9.0 million as of the effective date of the Second Amendment, and (ii) an increase in the aggregate principal amount of the revolving credit facility available thereunder from \$22.5 million to \$25.0 million. At the closing of the Second Amendment, we borrowed the entire \$6.0 million term loan and \$12.4 million under the revolving credit facility, and the proceeds of such borrowings were used in part to pay the purchase price payable under the Purchase Agreement and certain related transaction costs. The revolving credit facility may otherwise be used for corporate purposes.

12

The Amended Credit Agreement requires that the term loan be paid in quarterly installments on the last day of each of our fiscal quarters over the term of the Amended Credit Agreement on the following repayment schedule: the principal amount of each quarterly installment required to be paid on the last day of each of our fiscal quarters ending on or about October 31, 2022 through July 31, 2023 is \$375,000; and the principal amount of each quarterly installment required to be paid on the last day of each of our fiscal quarters ending on or about October 31, 2023 through April 30, 2027 is \$675,000. The entire remaining principal balance of the term loan is required to be paid on August 4, 2027. We may voluntarily prepay the term loan, in whole or in part, from time to time without premium or penalty (other than customary breakage costs, if applicable). We may repay borrowings under the revolving credit facility at any time without premium or penalty (other than customary breakage costs, if applicable), but in any event no later than August 4, 2027, and any outstanding revolving loans thereunder will be due and payable in full, and the revolving credit facility will terminate, on such date. We may reduce or terminate the revolving line of credit at any time, subject to certain thresholds and conditions, without premium or penalty.

The interest rates under the Amended Credit Agreement are as follows: the term loan and revolving credit loans bear interest at a rate per annum equal to, at our option, either (a) the BSBY Rate as defined in the Amended Credit Agreement (or, in the case of revolving credit loans denominated in a currency other than U.S. Dollars, the applicable quoted rate), plus a margin that varies within a range of 1.60% to 2.50% based on our consolidated leverage ratio, or (b) a fluctuating reference rate equal to the highest of (i) the federal fund rate plus 0.50%, (ii) Bank of America's publicly announced prime rate, (iii) the BSBY Rate plus 1.00%, or (iv) 0.50%, plus a margin that varies within a range of 0.60% to 1.50% based on our consolidated leverage ratio. In addition to certain other fees and expenses that we are required to pay to the Lender, we are required to pay a commitment fee on the undrawn portion of the revolving credit facility that varies within a range of 0.15% and 0.35% based on our consolidated leverage ratio. The loans under the Amended Credit Agreement are subject to certain mandatory prepayments, subject to various exceptions, from (a) net cash proceeds from certain dispositions of property, (b) net cash proceeds from certain issuances of equity, (c) net cash proceeds from certain issuances of additional debt and (d) net cash proceeds from certain extraordinary receipts.

13

Amounts repaid under the revolving credit facility may be reborrowed, subject to our continued compliance with the Amended Credit Agreement. No amount of the term loan that is repaid may be reborrowed.

We must comply with various customary financial and non-financial covenants under the Amended Credit Agreement. The financial covenants under the Amended Credit Agreement consist of a maximum consolidated leverage ratio, a minimum consolidated fixed charge coverage ratio and a minimum consolidated asset coverage ratio. The primary non-financial covenants limit our and our subsidiaries' ability to incur future indebtedness, to place liens on assets, to pay dividends or distributions on our or our subsidiaries' capital stock, to repurchase or acquire our or our subsidiaries' capital stock, to conduct mergers or acquisitions, to sell assets, to alter our or our subsidiaries' capital structure, to make investments and loans, to change the nature of our or our subsidiaries' business, and to prepay subordinated indebtedness, in each case subject to certain exceptions and thresholds as set forth in the Amended Credit Agreement, certain of which provisions were modified by the Second Amendment. As of **July 29, 2023**, October 28, 2023, we believe we are in compliance with all of the covenants in the Credit Agreement.

The Lender is entitled to accelerate repayment of the loans and to terminate its revolving credit commitment under the Amended Credit Agreement upon the occurrence of any of various customary events of default, which include, among other events, the following (which are subject, in some cases, to certain grace periods): failure to pay when due any principal, interest or other amounts in respect of the loans, breach of any of our covenants or representations under the loan documents, default under any other of our or our subsidiaries' significant indebtedness agreements, a bankruptcy, insolvency or similar event with respect to us or any of our subsidiaries, a significant unsatisfied judgment against us or any of our subsidiaries, or a change of control.

Our obligations under the Amended Credit Agreement continue to be secured by substantially all of our personal property assets (including a pledge of the equity interests we hold in ANI ApS, AstroNova GmbH and AstroNova SAS), subject to certain exceptions, and by a mortgage on our owned real property in West Warwick, Rhode Island, and are guaranteed by, and secured by substantially all of the personal property assets of Astro Machine.

13

Summary of Outstanding Debt

At **July 29, 2023** **October 28, 2023**, we had an outstanding balance of **\$13.9** **14.9** million on our revolving line of credit. The balance outstanding under the revolving line of credit bore interest at a weighted average annual rate of **7.95** **7.94%** and **7.56** **7.60%** and we incurred **\$333,000** **311,000** and **\$625,000** **936,000** for interest on this obligation during the three and **six** **nine** months ended **July 29, 2023** **October 28, 2023**, respectively. Additionally, during the **three and six** **nine** months ended **July 29, 2023** **October 28, 2023**, we incurred **\$6,000** **23,000** and **\$14,000**, respectively, of commitment fees on the undrawn portion of our revolving credit facility. The balance outstanding under the revolving line of credit bore interest at a weighted average rate of **5.17** **7.32%** and **4.79** **5.74%**, respectively, for the three and **six** **nine** months ended **July 30, 2022** **October 29, 2022**, and we incurred **\$45,000** **341,000** and **\$69,000** **409,000**, respectively, for interest on this obligation during the three and **six** **nine** months ended **July 30, 2022** **October 29, 2022**. Additionally, during the **six** **nine** months ended **July 30, 2022** **October 29, 2022**, we incurred **\$20,000** **38,000** of commitment fees on the undrawn portion of our revolving credit facility. Both the interest expense and commitment fees are included as interest expense in the accompanying condensed consolidated statements of income (loss) for all periods presented. At **July 29, 2023** **October 28, 2023**, there was **\$11.1** **10.1** million remaining available for borrowing under the revolving line of credit.

Long-term debt in the accompanying condensed consolidated balance sheets is as follows:

	July 29, 2023	January 31, 2023	October 28, 2023	January 31, 2023
(In thousands)				
USD Term Loan (7.66% as of July 29, 2023 and 6.78% as of January 31, 2023); maturity date of August 4, 2027	\$ 13,500	\$ 14,250		
USD Term Loan (7.69% as of October 28, 2023 and 6.78% as of January 31, 2023); maturity date of August 4, 2027			\$ 12,825	\$ 14,250
Debt Issuance Costs, net of accumulated amortization	(91)	(110)	(86)	(110)
Current Portion of Term Loan	(2,700)	(2,100)	(2,700)	(2,100)
Long-Term Debt	<u>\$ 10,709</u>	<u>\$ 12,040</u>	<u>\$ 10,039</u>	<u>\$ 12,040</u>

During the three and **six** **nine** months ended **July 29, 2023** **October 28, 2023**, we recognized interest expense on debt of **\$266,000** **254,000** and **\$514,000** **768,000**, respectively, and during the three and **six** **nine** months ended **July 30, 2022** **October 29, 2022**, we recognized interest expense on debt of **\$65,000** **266,000** and **\$118,000** **384,000**, respectively, which is recognized in the accompanying condensed consolidated statements of income (loss) for all periods presented.

The schedule of required principal payments remaining during the next five years on long-term debt outstanding as of **July 29, 2023** **October 28, 2023** is as follows:

(In thousands)			
Fiscal 2024, remainder	\$ 1,350	\$ 675	
Fiscal 2025	2,700	2,700	
Fiscal 2026	2,700	2,700	
Fiscal 2027	2,700	2,700	
Fiscal 2028	4,050	4,050	
	<u>\$ 13,500</u>	<u>\$ 12,825</u>	

Note 10 – Royalty Obligation

In fiscal 2018, we entered into an Asset Purchase and License Agreement with Honeywell International, Inc. ("Honeywell") to acquire an exclusive, perpetual, world-wide license to manufacture Honeywell's narrow-format flight deck printers for two aircraft families along with certain inventory used in the manufacturing of the licensed printers. The purchase price included a guaranteed minimum royalty payment of \$15.0 million, to be paid over ten years, based on gross revenues from the sales of the printers, paper and repair services of the licensed products. The royalty rates vary based on the year in which they are paid or earned, and product sold or service provided, and range from single-digit to mid double-digit percentages of gross revenue.

The guaranteed minimum royalty payment obligation was recorded at the present value of the minimum annual royalty payments. As of **July 29, 2023**, **October 28, 2023**, we had paid an aggregate of **\$10.0** **10.8** million of the guaranteed minimum royalty obligation. At **July 29, 2023** **October 28, 2023**, the current portion of the outstanding guaranteed minimum royalty obligation of \$1.5 million is to be paid over the next twelve months and is reported as a current liability and the remainder of **\$2.3** **2.0** million is reported as a long-term liability on our condensed consolidated balance sheet. For the three and **six** **nine** months ended **July 30, 2023** **October 28, 2023**, we incurred \$0.5 million and **\$0.9** **1.4** million, respectively, in excess royalty expense which is included in cost of revenue in our consolidated statements of income. A total of **\$0.8** **1.3** million in excess royalties was paid in the current fiscal year, and there are \$0.5 million in excess royalty payables due as a result of this agreement for the quarter ended **July 29, 2023** **October 28, 2023**.

In fiscal 2023, AstroNova, Inc. entered into a second Asset Purchase and License Agreement with Honeywell International, Inc. as further discussed in Note 3 "Acquisitions".

14

Note 11 – Leases

We enter into lease contracts for certain of our facilities at various locations worldwide. Our leases have remaining lease terms of one to six years.

Balance sheet and other information related to our leases is as follows:

Operating Leases (In thousands)	Balance Sheet Classification	July 29, 2023	January 31, 2023	Balance Sheet Classification	October 28, 2023	January 31, 2023

Lease Assets	Right of Use Assets	\$ 735	\$ 794	Right of Use Assets	\$ 650	\$ 794
Lease Liabilities – Current	Other Liabilities and Accrued Expenses	\$ 287	\$ 275	Other Liabilities and Accrued Expenses	\$ 254	\$ 275
Lease Liabilities – Long Term	Lease Liabilities	\$ 530	\$ 555	Lease Liabilities	\$ 459	\$ 555

Lease cost information is as follows:

Operating Leases (In thousands)	Statement of Income Classification	Three Months Ended		Three Months Ended	
		July 29, 2023	July 29, 2023	October 28, 2023	October 28, 2023
		General and Administrative Expense	\$ 127	General and Administrative Expense	\$ 259
Operating Leases (In thousands)	Statement of Income Classification	Three Months Ended		Three Months Ended	
		July 30, 2022	July 30, 2022	October 29, 2022	October 29, 2022
		General and Administrative Expense	\$ 104	General and Administrative Expense	\$ 200

15

Maturities of operating lease liabilities are as follows:

(In thousands)	July 29, 2023	October 28, 2023

Fiscal 2024, remaining	\$ 176	\$ 86
Fiscal 2025	259	252
Fiscal 2026	199	193
Fiscal 2027	151	145
Fiscal 2028	94	89
Thereafter	—	—
Total Lease Payments	879	765
Less: Imputed Interest	(62)	(52)
Total Lease Liabilities	\$ 817	\$ 713

As of **July 29, 2023** **October 28, 2023**, the weighted-average remaining lease term and weighted-average discount rate for our operating leases are **3.3** **3.2** years and **4.37** **4.39%**, respectively. We calculated the weighted-average discount rate using incremental borrowing rates, which equal the rates of interest that we would pay to borrow funds on a fully collateralized basis over a similar term.

Supplemental cash flow information related to leases is as follows:

(In thousands)	Three Months		Nine Months	
	Ended		Ended	
	July 29, 2023	July 29, 2023	October 28, 2023	October 28, 2023
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows for operating leases	\$ 85	\$ 177	\$ 91	\$ 268
(In thousands)	Three Months		Nine Months	
	Ended		Ended	
	July 30, 2022	July 30, 2022	October 29, 2022	October 29, 2022
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows for operating leases	\$ 79	\$ 162	\$ 74	\$ 237

Note 12 – Accumulated Other Comprehensive Loss

The changes in the balance of accumulated other comprehensive loss ("AOCL") by component are as follows:

(In thousands)	Foreign
(In thousands)	Currency
(In thousands)	Translation
Balance at January 31, 2023	\$ (2,238)
Other Comprehensive Income before reclassification	274
Balance at July 29, 2023	<u><u>\$ (1,964)</u></u>

(In thousands)	Foreign
(In thousands)	Currency
(In thousands)	Translation
Balance at January 31, 2023	\$ (2,238)
Other Comprehensive Loss before reclassification	(324)
Balance at October 28, 2023	<u><u>\$ (2,562)</u></u>

The amounts presented above in other comprehensive loss are net of taxes except for translation adjustments associated with our German and Danish subsidiaries.

16

Note 13 – Share-Based Compensation

We have one equity incentive plan from which we are authorized to grant equity awards, the AstroNova, Inc. 2018 Equity Incentive Plan (the "2018 Plan"). The 2018 Plan provides for, among other things, the issuance of awards, including incentive stock options, non-qualified stock options, stock appreciation rights, time-based restricted stock units ("RSUs"), or performance-based restricted stock units ("PSUs") and restricted stock awards ("RSAs"). The 2018 Plan authorizes the issuance of up to 950,000 shares of common stock, plus an additional number of shares equal to the number of shares subject to awards granted under previous equity incentive plans that are forfeited, cancelled, satisfied without the issuance of stock, otherwise terminated (other than by exercise), or, for shares of stock issued pursuant to any unvested award, that are reacquired by us at not more than the grantee's purchase price (other than by exercise). Under the 2018 Plan, all awards to employees generally have a minimum vesting period of one year. Options granted under the 2018 Plan must be issued at an exercise price of not less than the fair market value of our common stock on the date of grant and expire after ten years. Under the 2018 Plan, there were 124,439 123,772 unvested RSUs; 188,633 unvested PSUs; and options to purchase an aggregate of 135,500 shares outstanding as of July 29, 2023 October 28, 2023.

In addition to the 2018 Plan, we previously granted equity awards under our 2015 Equity Incentive Plan (the "2015 Plan") and our 2007 Equity Incentive Plan (the "2007 Plan"). No new awards may be issued under either the 2007 Plan or 2015 Plan, but outstanding awards will continue to be governed by those plans. As of July 29, 2023 October 28, 2023, options to purchase an

aggregate of 264,949 263,749 shares were outstanding under the 2007 Plan and options to purchase an aggregate of 130,000 129,000 shares were outstanding under the 2015 Plan.

We also have a Non-Employee Director Annual Compensation Program (the "Program") under which each non-employee director receives an automatic grant of RSAs on the date of the regular full meeting of the Board of Directors held each fiscal quarter. Under the Program, the number of whole shares to be granted each quarter is equal to 25% of the number calculated by dividing the director's annual compensation amount by the fair market value of the Company's stock on such day. On June 5, 2023, the each director's annual compensation amount was adjusted to be \$70,000. All RSA's granted under this Program vest immediately.

Share-based compensation expense was recognized as follows:

(In thousands)	Three Months Ended		Six Months Ended	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
	\$ —	\$ 1	\$ —	\$ 7
Stock Options	\$ —	\$ 1	\$ —	\$ 7
Restricted Stock Awards and Restricted Stock Units	391	234	743	562
Employee Stock Purchase Plan	7	—	11	3
Total	\$ 398	\$ 235	\$ 754	\$ 572
(In thousands)	Three Months Ended		Nine Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	\$ —	\$ —	\$ —	\$ 7
Stock Options	\$ —	\$ —	\$ —	\$ 7
Restricted Stock Awards and Restricted Stock Units	302	401	1,045	963
Employee Stock Purchase Plan	9	4	20	7
Total	\$ 311	\$ 405	\$ 1,065	\$ 977

16

Stock Options

Aggregated information regarding stock option activity for the six nine months ended July 29, 2023 October 28, 2023 is summarized below:

	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
	Options	Exercise Price	Options	Exercise Price
Outstanding at January 31, 2023	547,199	15.16	547,199	15.16
Granted	—	—	—	—
Exercised	(6,700)	10.57	(6,700)	10.57

Forfeited	(5,825)	15.53	(8,025)	15.34
Canceled	(4,225)	10.50	(4,225)	10.50
Outstanding at July 29, 2023	530,449	\$ 15.25		
Outstanding at October 28, 2023			528,249	\$ 15.25

Set forth below is a summary of options outstanding at **July 29, 2023** **October 28, 2023**:

Range of Exercise prices	Outstanding			Exercisable		
	Number of Shares	Weighted-		Number of Shares	Weighted-	
		Average	Remaining		Average	Remaining
		Exercise	Contractual		Exercise	Contractual
\$5.00-10.00	—	\$ —	—	—	\$ —	—
\$10.01-15.00	318,174	\$ 13.78	2.5	318,174	\$ 13.78	2.5
\$15.01-20.00	212,275	\$ 17.44	4.3	212,275	\$ 17.44	4.3
	530,449	\$ 15.25	3.2	530,449	\$ 15.25	3.2

17

Range of Exercise prices	Outstanding			Exercisable		
	Number of Shares	Weighted-		Number of Shares	Weighted-	
		Average	Remaining		Average	Remaining
		Exercise	Contractual		Exercise	Contractual
\$10.01-15.00	316,374	\$ 13.78	2.3	316,374	\$ 13.78	2.3
\$15.01-20.00	211,875	\$ 17.44	4.1	211,875	\$ 17.44	4.1
	528,249	\$ 15.25	3.0	528,249	\$ 15.25	3.0

There were no stock options granted in fiscal 2023, or during the first **six** **nine** months of fiscal 2024, and as of **July 29, 2023** **October 28, 2023**, there was no unrecognized compensation expense related to stock options.

Restricted Stock Units (RSUs), Performance-Based Stock Units (PSUs) and Restricted Stock Awards (RSAs)

Aggregated information regarding RSU, PSU and RSA activity for the **six** **nine** months ended **July 29, 2023** **October 28, 2023** is summarized below:

	RSUs, PSUs & RSAs	Weighted Average Grant Date Fair Value
		Grant Date Fair Value

Outstanding at January 31, 2023	274,927	\$ 12.82
Granted	147,327	12.57
Vested	(104,505)	12.10
Forfeited	(4,677)	12.49
Outstanding at July 29, 2023	313,072	\$ 12.95
Weighted Average		
	RSUs, PSUs & RSAs	Grant Date Fair Value
Outstanding at January 31, 2023	274,927	\$ 12.82
Granted	152,643	12.59
Vested	(110,488)	12.18
Forfeited	(4,677)	12.49
Outstanding at October 28, 2023	312,405	\$ 12.94

As of **July 29, 2023** **October 28, 2023**, there was approximately **\$2.0** **1.5** million of unrecognized compensation expense related to RSUs, PSUs and RSAs, which is expected to be recognized over a weighted average period of **1.1** **1.0** years.

Employee Stock Purchase Plan

On June 7, 2022, we adopted the AstroNova Inc. 2022 Employee Stock Purchase Plan ("2022 ESPP") to replace our previous Employee Stock Purchase Plan (the "Prior ESPP"). The 2022 ESPP allows eligible employees to purchase shares of common stock at a 15% discount from fair value on the first or last day of an offering period, whichever is less. A total of 40,000 shares were reserved for issuance under the 2022 ESPP and 5,045 shares were purchased under the 2022 ESPP during the year ended January 31, 2023. During the **six** **nine** months ended **July 29, 2023** **October 28, 2023**, there were **4,822** **7,213** shares purchased under the 2022 ESPP. During the **six** **nine** months ended **July 30, 2022** **October 29, 2022**, there were 1,550 shares purchased under the Prior ESPP, and no additional purchases may be made under the Prior ESPP. As of July 29, 2023, There are **30,130** **27,742** shares **remain** **remaining** available for purchase under the 2022 ESPP. **ESPP as of October 28, 2023.**

17

Note 14 – Income Taxes

Our effective tax rates are as follows:

	Three Months		Six Months	
	Ended	Ended	Ended	Ended
Fiscal 2024	19.4%	21.5 %		
Fiscal 2023	27.4%	21.7%		
Three Months			Nine Months	
Ended			Ended	
Fiscal 2024			25.6 %	27.1 %

We determine our estimated annual effective tax rate at the end of each interim period based on full-year forecasted pre-tax income and facts known at that time. The estimated annual effective tax rate is applied to the year-to-date pre-tax income at the end of each interim period with the cumulative effect of any changes in the estimated annual effective tax rate being recorded in the fiscal quarter in which the change is determined. The tax effect of significant unusual items is reflected in the period in which they occur.

During the three months ended **July 29, 2023** **October 28, 2023**, we recognized an income tax **benefit** **expense** of **\$390,000** **949,000**. The effective tax rate in this period was directly impacted by our jurisdictional mix of earnings, a **\$29,000** tax **expense** related to foreign return to provision differences and a **\$20,675** tax arising from windfall tax benefits related to our stock. **earnings**. During the three months ended **July 30, 2022** **October 29, 2022**, we recognized an income tax **expense** of **\$220,000** **102,000**. The effective tax rate in this period was directly impacted by our jurisdictional mix of earnings and a **\$13,000** **30,000** tax **expense** relating **benefit** arising from windfall tax benefit related to a revaluation of deferred taxes. **our stock**.

During the **six** **nine** months ended **July 29, 2023** **October 28, 2023**, we recognized an income tax **benefit** **expense** of **\$211,000** **738,000**. The effective tax rate in this period was directly impacted by our jurisdictional mix of earnings, a **\$77,000** tax **benefit** related to the expiration of the statute of limitations on a previously uncertain tax position, a **\$49,000** tax benefit arising from windfall tax benefits related to the Company's stock, and a **\$29,000** **18,000** tax **expense** related to foreign return to provision differences. During the **six** **nine** months ended **July 30, 2022** **October 29, 2022**, we recognized an income tax **expense** of **\$280,000** **383,000**. The effective tax rate in this period was directly impacted by our jurisdictional mix of earnings, a **\$38,000** tax **benefit** related to the expiration of the statute of limitations on previously uncertain tax positions, a **\$21,000** **51,000** tax **benefit** arising from a **windfall tax expense** **benefit** related to our stock, and a **\$13,000** tax **expense** relating to a revaluation of deferred taxes.

Note 15 – Segment Information

We report two segments: PI and T&M. We evaluate segment performance based on the segment profit before corporate expenses.

Summarized below are the Revenue and Segment Operating Profit **(Loss)** for each reporting segment:

Three Months		Six Months		Three Months Ended		Nine Months Ended	
Ended		Ended		Three Months Ended		Nine Months Ended	
Segment		Segment		Segment Operating		Segment Operating	
Reven	g Profit	Reven	g Profit	Revenue	Profit	Revenue	Profit
ue	(Loss)	ue	(Loss)				

Income	(2, 80	(9 1,		
(Loss)	00 4	80 28		
Before	7)) 9		
Income				
Taxes				
Income	(3 22	(2 28		
Tax	90 0	11 0		
Provision))		
(Benefit)				
Net	\$ (\$ 5	\$ (\$ 1		
Income	1 8	7 ,		
(Loss)	, 4	6 0		
	6	9 0		
	1) 9		
	7			
)			
	<u><u> </u></u>	<u><u> </u></u>		
Operating				
Income		4,618	1,346	4,882 3,346
Other				
Income				
(Expense),				
net		(917)	(955)	(2,161) (1,665)
Income				
Before				
Income				
Taxes		3,701	391	2,721 1,681
Income				
Tax				
Provision		949	102	738 383
Net				
Income		\$ 2,752	\$ 289	\$ 1,983 \$ 1,298
	<u><u> </u></u>	<u><u> </u></u>		

Note 16 – Fair Value

Assets and Liabilities Not Recorded at Fair Value

Our long-term debt, including the current portion of long-term debt not reflected in the financial statements at fair value, is reflected in the table below:

July 29, 2023						October 28, 2023				
(in thousands)	Fair Value Measurement					Fair Value Measurement				
	Level				Carrying Value	Level				Carrying Value
	Level 1	Level 2	3	Total		Level 1	Level 2	Level 3	Total	
Long-Term debt and related current maturities	\$ —	\$ —	\$ 13,	\$ 13,	\$ 13,5					
			50	50	63					
			0	0		\$ —	\$ —	\$ 12,882	\$ 12,882	\$ 12,825

January 31, 2023											
(in thousands)	Fair Value Measurement										
	Level 1			Level 2			Level 3			Total	Carrying Value
Long-Term debt and related current maturities	\$ —			\$ —			\$ 14,310		\$ 14,310	\$ 14,310	\$ 14,250

The fair value of our long-term debt, including the current portion, is estimated by discounting the future cash flows using current interest rates at which similar loans with the same maturities would be made to borrowers with similar credit ratings and is classified as Level 3.

19

Note 17 - Restructuring

On July 26, 2023, we adopted a restructuring plan for our Product Identification segment. As part of the restructuring plan, we will transition segment that transitioned a portion of the printer manufacturing within our Product Identification segment from our facilities in Asia and Rhode Island to our Astro Machine, Inc. facility located in Illinois. In addition, Additionally, we will cease ceased selling certain of our older, lower-margin or low-volume Product Identification segment products. products and made targeted reductions to our workforce. As part of the restructuring plan, we also intend to consolidate certain of our international Product Identification sales and distribution facilities and to streamline our channel partner network. In addition, we have made targeted reductions to our workforce. We expect to substantially complete this plan during fiscal year 2024.

As a result of the adoption and implementation of our Product Identification segment restructuring plan, in the second quarter of our fiscal year 2024 we recognized a pre-tax restructuring charge of \$2.7 million, comprised primarily of non-cash charges related to inventory write-offs associated with product curtailment and discontinuation and facility exit related costs, and cash charges related to severance-related costs. Below is a summary of the restructuring costs and liability by type as of July 29, 2023 October 28, 2023.

(in thousands)	Amounts paid in			
	Amounts paid in		quarter ended	
	Restructuring Costs	quarter ended	October 28,	Restructuring
			2023	Liability

Severance and Employee Related Costs	\$ 611	\$ (40)	\$ (320)	\$ 251
Inventory Write-Off	1,991	—	—	—
Facility Exit and Other Restructuring Costs	49	—	—	—
Total	\$ 2,651	\$ (40)	\$ (320)	\$ 251

(in thousands)	<u>Amounts Paid in quarter</u>		
	<u>Restructuring</u>	<u>ended</u>	<u>Restructuring</u>
	<u>Costs</u>	<u>July 29, 2023</u>	<u>Liability</u>
Severance and Employee Related Costs	\$611	\$(40)	\$571
Inventory Write-Off	1,991	-	-
Facility Exit and Other Restructuring Costs	49	-	-
Total	\$2,651	\$(40)	\$571

The restructuring liability is included in other accrued expenses in the accompanying condensed consolidated balance sheet as of **July 29, 2023** **October 28, 2023**, and the majority of the balance is expected to be paid by the end of our fiscal 2024.

19

The following table summarizes restructuring costs included in the accompanying condensed consolidated statement of income (loss): income:

	Nine	Three and Six
	Months	Months Ended
	Ended	July 29, 2023
	October	
(in thousands)	28, 2023	
Cost of Revenue	\$ 2,096	
Operating Expenses:		
Selling & Marketing	443	
Research & Development	29	
General & Administrative	83	
Total	\$ 2,651	

(in thousands)	
Cost of Revenue	\$2,096
Operating Expenses:	
Selling & Marketing	443
Research & Development	29
General & Administrative	83

Total	\$2,651
-------	---------

Product Retrofit Program

In connection with our restructuring plan, we identified the need to address quality and reliability issues in certain models of our PI printers as a result of faulty ink provided by one of our larger suppliers. In order to remedy these issues and maintain solid customer relationships, during the second quarter of the current year we **have** initiated a program to retrofit all of the printers sold to our customers that were affected by the faulty ink.

Upon initiating this program, we identified approximately 150 printers sold to our customers that were affected by the faulty ink. We are working with our customers to either repair or replace the affected printers and will do this on a gradual basis **beginning in the current quarter** through March 2024. The estimated costs associated with this program are \$0.9 million, which includes the cost of parts, labor and travel. Those costs were recognized and recorded in the second quarter of the current year and are included in cost of revenue in the accompanying consolidated statement of income (loss) for the **three and six nine** month **periods** period ended **July 29, 2023** **October 28, 2023**. The balance in the related liability, which is included in other accrued expenses in the accompanying condensed consolidated balance sheet at **July 29, 2023** **October 28, 2023**, is as follows:

(in thousands)	(in tho usa nds)
Pro	on
visi	for
on	Pro
for	duc
Pro	t
duc	Ret
t	rofit
Ret	Pro 8
rofit	gra 5
Pro 8	m \$2
gra 5	
m \$2	

Co	(
st	3
of	8
Re	7
pair	
s	
and	
Re	
pla	
ce	
me	
nts	
inc	
urr	
ed	
thro	
ugh	
Oct	
obe	
r	
28,	
202	
3	—
Bal	
anc	
e at	
Oct	
obe	
r	
28,	4
202	6
3	\$ 5

Provision for Product Retrofit Program	\$ 852
Cost of Repairs and Replacements incurred through July 29, 2023	(149)
Balance at July 29, 2023	\$ 703

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

Business Overview

This section should be read in conjunction with our condensed consolidated financial statements included elsewhere herein and our Annual Report on Form 10-K for the fiscal year ended January 31, 2023.

We are a multinational enterprise that leverages our proprietary data visualization technologies to design, develop, manufacture, distribute and service a broad range of products that acquire, store, analyze and present data in multiple formats. We organize our structure around a core set of competencies, including research and development, manufacturing, service, marketing and distribution. We market and sell our products and services through the following two segments:

- Product Identification (“PI”) – offers color and monochromatic digital label printers, direct-to-package printers and custom OEM printers. PI also provides software to design, manage and print labeling and packaging images locally across networked printing systems, as well as all related printing supplies such as pressure sensitive labels, tags, ir toners and thermal transfer ribbons used by digital printers. PI also provides on-site and remote service, spare parts and various service contracts.
- Test and Measurement (“T&M”) – offers a suite of products and services that acquire data from local and networked data streams and sensors as well as wired and wireless networks. The T&M segment includes a line of aerospace printers that are used to print hard copies of data required for the safe and efficient operation of aircraft including navigation maps, clearances, arrival and departure procedures, flight itineraries, weather maps, performance data, passenger data, and various air traffic control data. Aerospace products also include aircraft networking systems for high-speed onboard data transfer. T&M also provides repairs, service and spare parts.

20

We market and sell our products and services globally through a diverse distribution structure of direct sales personnel, manufacturers' representatives and authorized dealers that deliver a full complement of branded products and services to customers in our respective markets. Our growth strategy centers on organic growth through product innovation made possible by research and development initiatives, as well as strategic acquisitions that fit into or complement existing core businesses.

On July 26, 2023, we adopted a restructuring plan for our PI segment. As part of the restructuring plan, we ~~will transition~~ transitioned a portion of the printer manufacturing within our PI segment from our facilities in Asia and Rhode Island to our Astro Machine, Inc. facility located in Illinois. In addition, we ~~will cease~~ ceased selling certain of our older, lower-margin or low-volume PI segment ~~products~~ products and have made targeted reductions to our workforce. As part of the restructuring plan, we also intend to consolidate certain of our international PI sales and distribution facilities and to streamline our channel partner network. ~~In addition, we have made targeted reductions to our workforce.~~ We expect to substantially complete this plan during our fiscal year 2024.

As a result of the adoption and implementation of our PI segment restructuring plan, in the second quarter of our fiscal year 2024 we recognized pre-tax restructuring expense of \$2.7 million, comprised primarily of non-cash charges related to inventory write-offs associated with product curtailment and discontinuation and facility exit related costs, and cash charges related to severance and related costs.

In connection with our restructuring plan, we identified the need to address quality and reliability issues in certain models of our PI printers as a result of faulty ink provided by one of our larger suppliers. In order to remedy these issues and maintain solid customer relationships, during the second quarter of the current year we ~~have~~ initiated a program to retrofit all of the printers sold to our customers that were affected by the faulty ink.

Upon initiating this program, we identified approximately 150 printers sold to our customers that were affected by the faulty ink. We are working with our customers to repair or replace the impacted printers and will do this on a gradual basis **beginning in the current quarter** through March 2024. The estimated costs associated with this program are \$0.9 million, which includes the cost of parts, labor and travel. Those costs were recognized and recorded in the second quarter of the current year. Refer to Note 17, "Restructuring," in our condensed consolidated financial statements included elsewhere in this report for further details.

On August 4, 2022, we completed the acquisition of Astro Machine, an Illinois-based manufacturer of printing equipment, including label printers, tabbers, conveyors, and envelope feeders, for an aggregate consideration of \$17.1 million. Astro Machine is reported as part of our PI segment beginning with the third quarter of fiscal 2023. Refer to Note 3, "Acquisitions," in our condensed consolidated financial statements included elsewhere in this report for further details.

21

COVID-19 Update

All of our global operations were materially adversely affected by the worldwide COVID-19 pandemic and the related supply-chain disruptions. In the aftermath of the immediate severe impacts of COVID-19, the resulting changes in our customers' purchasing behavior, the post-pandemic impact of inflation from macroeconomic factors, and the continued and lingering structural impacts on our global supply chain, particularly with respect to the availability and costs of electronic components, have made planning for customer demand and manufacturing production more difficult and have had an adverse impact on our operations and financial performance. Also, the post-pandemic impact has led to a rise in the cost of a number of classes of acquired goods for both the T&M and PI segments. We will continue to evaluate the impact of COVID-19 and its aftermath effects on our business, results of operations and cash flows throughout **the remainder of fiscal 2024**, including the potential impacts on various estimates and assumptions inherent in the preparation of the consolidated financial statements.

Since the COVID-19 pandemic began we have experienced difficulties in obtaining raw materials and components for our products. Some of the structural dislocations in the global economy that were triggered by the pandemic are prolonging these difficulties. Particularly with respect to certain electronic components for legacy products in our T&M segment, availability has been curtailed and may not recover, and as a result, we have had to accelerate product redesign and quickly transition customers to products with more viable long-term product configurations. We expect to incur substantial costs in doing so but are unable to accurately estimate the financial **impact due to the rapidly changing environment**. We have also had to incur costs, related to higher shipping fees (i.e., air rather than ocean freight) and though these have abated to a degree, they have not returned to pre-pandemic levels. These factors negatively impacted our efficiency and delayed shipments for each of the fiscal quarters in fiscal 2023, and while those issues have abated in the first **six** **nine** months of fiscal 2024, it is unclear whether this favorable trend will continue. We are addressing these issues through long-range planning and procuring higher inventory levels for the affected items to help mitigate potential shortages whenever practicable. For our T&M segment, we are also monitoring and reacting to extended lead times on electronic components, and utilizing a variety of strategies, including blanket orders, vendor-bonded inventories, extended commitments to our supply base, and seeking alternative suppliers. Additionally, we have taken actions to increase regular contact with our essential vendors and increased our forecasting horizon for our products to help us better manage our supply chain. In some cases, we are working with our vendors to help them procure

21

components. Our strategies to counteract these supply chain dislocations have significantly increased the amount of inventory we maintain to support our product sales. We have also experienced several situations where component shortages and scarcity have required us to pay significantly higher costs to obtain those components, particularly electronic components and circuit board assemblies in the T&M segment and inks and printer machine parts in the PI segment. We will continue to monitor our supply chain going forward and update our mitigation strategies as we determine appropriate. We are not able to predict how current supply chain difficulties will develop in the future, and if the steps we are taking are not effective, it could have a material adverse impact on our business and results of operations.

Product Identification Update

The COVID-19 pandemic impacted our PI business by limiting our ability to meet with customers to demonstrate our products at trade shows and on-site in their facilities. We partially countered this through a variety of virtual, on-line selling and digital marketing strategies, a number of which we continue to emphasize today. The degree to which post-pandemic selling practices will revert to traditional practices is unknown, and the ultimate mix of customer engagement methods of face-to-face selling versus digital selling methods are just starting to recover. For example, throughout fiscal 2023 we attended numerous trade shows, but demand generation through those selling methods has not fully recovered and digital marketing has, we believe, become a more permanent element of our go-to-market strategy. This has required us to shift resources to those technologies. Further, the reliability of timely delivery of acceptable quality printer components from one of our suppliers has deteriorated post-pandemic, which has caused us to incur additional direct procurement costs to carry higher inventories to assure adequate supplies to satisfy customers. We have also incurred additional warranty and technical service costs to offset the impacts of these quality issues and invested considerable time and resources with that supplier to improve their performance.

Test & Measurement Update

The aerospace industry, which we serve through our aerospace product line, was significantly disrupted by the COVID-19 pandemic, because of the severe decline in the demand for air travel, demand for aircraft, and a general curtailment of aircraft production rates. This had a material adverse impact on our financial results. Although air travel demand and aircraft production demand have improved and the direct and secondary impacts of the demand decline have abated, they have not recovered completely. We believe that it will be at least another one to three years before we reach full revenue recovery due to the lingering impacts of the pandemic era on the economic structure of the airline industry. General economic conditions could also still become a negative factor impacting demand for new aircraft, which could potentially stall or reverse current favorable trends. If this were to happen individually or in combination, these factors would be difficult to respond to, which could have a material adverse impact on our business operations and financial results.

22

Results of Operations

Three Months Ended July 29, 2023 October 28, 2023 vs. Three Months Ended July 30, 2022 October 29, 2022

Revenue by segment and current quarter percentage change over the prior year for the three months ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022 were:

(Dollars in thousand s)	Com pare					% Change Compared to Prior Year				
	Jul y 29, 202	As a % of Rev enu	Jul y 30, 202	As a % of Rev enu	Prior Year	October 28, 2023	As a % of Revenue	October 29, 2022	As a % of Revenue	% Change Compared to Prior Year
	PI	25, 77	72.	23, 38	72.					
PI	\$ 7	6%	\$ 2	5%	10.2%	\$ 26,543	70.7%	\$ 29,879	75.8%	(11.2)%
T&M	9,7 47	27. 4%	8,8 77	27. 5%	9.8%	11,006	29.3%	9,526	24.2%	15.5%
Total	35, 52	100	32, 25	100		\$ 37,549	100.0%	\$ 39,405	100.0%	(4.7)%

Revenue for the second third quarter of the current year was \$35.5 million \$37.5 million, representing a 10.1% increase 4.7% decrease compared to the previous year's second third quarter revenue of \$32.3 million \$39.4 million. Revenue through domestic channels for the second third quarter of the current year was \$22.3 million \$20.9 million, an increase a decrease of 17.3% 6.8% from the prior year's second third quarter domestic revenue of \$19.0 million \$22.5 million. International revenue for the second third quarter of the current year was \$13.2 million \$16.6 million, representing 37.1% 44.2% of our second third quarter revenue and reflects a 0.2% 2.0% decrease from the previous year's second third quarter international revenue. Current year second third quarter international revenue includes a favorable foreign exchange rate impact of \$0.1 million \$0.4 million.

22

Hardware revenue in the second third quarter of the current year was \$11.3 million \$12.9 million, a 30.5% 7.7% increase compared to the prior year's second third quarter hardware revenue of \$8.6 million \$11.9 million. The current quarter increase is attributable to increased hardware sales in both the T&M and PI segments. Current quarter hardware sales in the PI T&M segment were \$5.3 million, an increase of 39.7% which increased \$1.4 million or \$1.5 million 23.0% as compared to the previous same period in the prior year, second quarter PI hardware sales of \$3.8 million. This increase was the primarily as a result of the \$2.7 million of hardware sales from the newly acquired Astro Machine, which was partially offset by a decline in sales of our QuickLabel and TrojanLabel printers. T&M hardware sales for the current quarter were \$6.0 million, a 23.3% increase from the previous year's second quarter T&M hardware sales of \$4.9 million, as the \$1.3 million or 29.2% increase in increased sales in our aerospace printer product line line. The overall increase in current quarter hardware sales was slightly partially offset by the modest a \$0.5 million or 7.9% decline in hardware sales of in our data recorder product line.PI segment.

Supplies revenue in the second third quarter of the current year was \$19.7 million \$20.0 million, a 2.8% increase 13.0% decrease compared to the prior year's second third quarter supplies revenue of \$19.2 million \$22.9 million. Supplies Current quarter supplies revenue

increased decreased in both the PI and T&M segment as compared to the same period in the current quarter. The increase prior year, but was primarily due to the contribution of \$1.8 million of a \$3.0 million or 16.5% decline in ink jet supply sales from the newly acquired Astro Machine in the PI segment. Also contributing segment and to the current quarter's increase in supply revenue was growth a much lesser degree, a decline in paper supply revenue for the aerospace printers in the T&M segment. The overall increase in supplies revenue for the current quarter was offset to a large degree by a decline in ink jet supplies sales in the PI segment.

Service and other revenues of \$4.6 million \$4.7 million in the current quarter increased 2.2% compared to second quarter revenue service and other revenues of \$4.5 million in the second third quarter of the prior year. The increase is due primarily Current quarter service and other revenue increased in both the PI and T&M segment as compared to the \$0.4 million of Astro Machine parts revenues included since the acquisition same period in the PI segment. The current quarter prior year, but was primarily due to an increase was in aerospace printer repairs revenue, partially offset by a the decline in aerospace parts revenue for aerospace printer products in the T&M segment.

The current year's second third quarter gross profit was \$9.7 million \$14.8 million, a 14.7% decrease an 18.4% increase compared to the prior year's second third quarter gross profit of \$11.4 million \$12.5 million. Current quarter gross profit margin of 27.3% 39.4% reflects an 8.0 a 7.7 percentage point decrease increase from the prior year's second third quarter gross profit margin of 35.3% 31.7%. The lower higher gross profit margin for the current quarter compared to the prior year's second third quarter is primarily attributable to \$2.1 million of restructuring costs favorable pricing and \$0.9 million of product retrofit costs recognized in the current quarter mix.

Operating expenses for the current quarter were \$10.9 million \$10.1 million, a 7.5% increase an 8.8% decrease compared to the prior year's second third quarter operating expenses of \$10.1 million \$11.1 million. The increase in operating expenses for the current period is primarily due to the \$0.4 million of operating expenses from Astro Machine and the \$0.6 million impact from restructuring costs. Current quarter selling and marketing expenses were \$6.7 million \$5.7 million, a 12.0% increase 2.8% decrease compared to the second third quarter of the prior year. The increase decrease for the current quarter was primarily due to \$0.4 million of severance cost due to the restructuring plan decreases in wages, commissions, and the increase maintenance contract fees, partially offset by increases in advertising and trade show expenses and amortization expense related to the customer relationship and trademark intangibles acquired as part of the Astro Machine acquisition. The increase in current quarter selling and marketing expenses was partially offset by decreases in wages, commissions and maintenance contract fees. acquisition. Current quarter general and administrative expenses were \$2.7 million, a 3.2% increase 17.8% decrease compared to the second third quarter of the prior year, primarily due to \$0.2 million of general and administrative expenses from Astro Machine, \$0.1 million of severance cost due to the restructuring plan and a decline in outside service costs, partially offset by increases in employee wages, benefits bonus and share based compensation, professional fee expenses. Research and development ("R&D") expenses were \$1.6 million \$1.7 million in the current quarter, a 2.4% an 11.6% decrease compared to the second third quarter of the prior year, as primarily due to decreases in wages and benefits were largely supplies expense. The decrease in R&D expense for the current quarter was partially offset by increases in outside services and consulting fees. R&D spending as a percentage of revenue for the current quarter was 4.4% 4.5% as compared to 4.9% 4.8% for the same period in the prior year.

Other expenses in the second third quarter of the current year were \$0.8 million \$0.9 million compared to \$0.4 million \$1.0 million for the same period in the prior year. Current quarter other expense includes interest expense on term debt and our revolving line of credit of \$0.7 million \$0.6 million, and \$0.2 million \$0.3 million of net foreign exchange loss, offset by \$0.1 million of other

income, loss. Other expenses for expense in the second third quarter of the prior year consisted of includes interest expense on our term debt and line of credit of \$0.7 million, a net foreign exchange loss of \$0.2 million and \$0.2 million other expense of net foreign exchange loss. \$0.1 million.

We recognized a federal, state and foreign income tax benefit expense for the second third quarter of the current year of \$0.4 million \$0.9 million resulting in an effective tax rate of 19.4% 25.6%. The effective tax rate in this period was directly impacted by our jurisdictional mix of earnings. During the three months ended October 29, 2022, we recognized an income tax expense of \$0.1 million, resulting in an effective tax rate of 26.0%. The effective tax rate in this period was directly impacted by our jurisdictional mix of earnings a \$29,000 tax expense related to foreign return to provision differences and a \$20,675 \$30,000 tax benefit arising from a windfall tax benefits benefit related to our stock. During the three months ended July 30, 2022, we recognized an income tax expense of \$0.2 million. The effective tax rate of 27.4% was directly impacted by our jurisdictional mix of earnings and a \$13,000 tax expense relating to a revaluation of deferred taxes.

We reported a net loss income of \$1.6 million \$2.8 million or \$0.22 \$0.37 per diluted share for the second third quarter of the current year. The results for this period were impacted by expense of \$2.7 million (\$2.0 million net of tax or \$0.28 per diluted share) related to the restructuring plan and expense of \$0.9 million (\$0.7 million net of tax or \$0.09 per diluted share) related to the product retrofit program. On a comparable basis, net income for the prior year's second third quarter was \$0.6 million \$0.3 million or \$0.08 \$0.04 per diluted share. Prior year's third quarter results were impacted by transaction costs of \$0.7 million (\$0.5 million net of tax or \$0.07 per diluted share) related to the acquisition of Astro Machine.

Six Nine Months Ended July 29, 2023 October 28, 2023 vs. Six Nine Months Ended July 30, 2022 October 29, 2022

Revenue by segment and current period percentage change over the prior year for the six nine months ended July 29, 2023 October 28, 2023 and July 30, 2022 October 29, 2022 were:

(Dollars in thousands)	As of July 29, 2023						As of October 28, 2023						As of July 30, 2022						As of October 29, 2022						
	Revenue			Revenue			Revenue			Revenue			Revenue			Revenue			Revenue			Revenue			
	Year	Jul 29, 2023	%	Year	Jul 29, 2023	%	Year	Oct 28, 2023	%	Year	Oct 28, 2023	%	Year	Oct 29, 2022	%	Year	Oct 29, 2022	%	Year	Oct 29, 2022	%	Year	Oct 29, 2022	%	
Product Identification	50,871	2023	71.2%	45,107	2023	71.6%	Prior Year	77,416	2023	71.4%	74,985	2022	73.0%	77,416	2022	71.4%	74,985	2022	73.0%	77,416	2022	71.4%	74,985	2022	73.0%
T&M	20,071	2023	28.1%	18,161	2023	28.0%	10.5%	31,077	2023	28.6%	27,689	2022	27.0%	31,077	2022	28.6%	27,689	2022	27.0%	31,077	2022	28.6%	27,689	2022	27.0%

Total	70, 94	10	63, 26	10	\$ 3 \$ 9	0.0% 0.0%	12.1 %	\$ 108,493	100.0 %	\$ 102,674	100.0 %	5.7 %
-------	-----------	----	-----------	----	--------------	--------------	--------	------------	---------	------------	---------	-------

Revenue for the first **six** **nine** months of the current year was **\$70.9 million** **\$108.5 million**, representing a **12.1% 5.7%** increase compared to the previous year's first **six** **nine** months revenue. Revenue through domestic channels for the first **half** **nine** months of the current year was **\$45.2 million** **\$61.8 million**, an increase of **16.7% 1.0%** from prior year's domestic revenue of **\$38.7 million** **\$61.2 million**. International revenue for the first **six** **nine** months of the current year was **\$25.8 million** **\$46.7 million**, a **4.9% 12.6%** increase from the previous year's international revenue of **\$24.6 million** **\$41.5 million**. International revenue for the first **six** **nine** months of the current year reflected **an unfavorable** **a favorable** foreign exchange rate impact of \$0.2 million.

Hardware revenue in the first **six** **nine** months of the current year was **\$22.9 million** **\$35.8 million**, a **27.9% 19.8%** increase compared to the prior year's first **six** **nine** months hardware revenue of **\$17.9 million** **\$29.9 million**. The current year's increase is attributable to increased hardware sales in both the T&M and PI segments. Current year hardware sales in the PI segment were **\$10.4 million** **\$15.9 million**, an increase of **55.8% \$3.3 million** or **\$3.7 million 25.8%** compared to the previous year's PI hardware sales of **\$6.7 million** **\$12.6 million**. This increase was the result of the **\$5.2 million** inclusion in the current year of the first **six** months of hardware sales of **\$5.2 million** from **the newly acquired Astro Machine**, which **was acquired in the third quarter of the prior year**. The increase in PI hardware revenue as a result of the acquisition of Astro Machine was partially offset by a decline in sales of our QuickLabel and TrojanLabel printers. T&M hardware sales for the current year were **\$12.5 million** **\$19.9 million**, an **11.3% a 15.4%** increase from the prior year's T&M hardware sales of **\$11.3 million** **\$17.3 million**, as the **\$2.3 million** **\$3.6 million** or **25.8% 26.0%** increase in sales in our aerospace printer product line was modestly offset by **the a** decline in sales of our data recorder product line.

Supplies revenue in the first **half** **nine** months of the current year was **\$38.8 million** **\$58.7 million**, representing a **4.5% increase** **2.2% decrease** over the prior year's **six** **nine** months supplies revenue of **\$37.1 million** **\$60.1 million**. Supplies revenue increased in both the PI and T&M segment in **The current year**. The **increase** **year decrease** was primarily due to **the \$3.1 million contribution** of supply sales from **the newly acquired Astro Machine** **an overall decline** in Quick Label product group supplies revenue in the PI segment. Also contributing to the increase in the current quarter's supply revenue was the increase in paper supply revenue for the aerospace printers in the T&M segment. The overall **increase** **decrease** in supplies revenue for the current quarter was offset to a large degree **due to** **by the decline** **contribution** in **ink jet supplies** **the current year** of the first **six** months of **supply sales** of **\$3.1 million** from **Astro Machine** in the PI segment, which was acquired in the third quarter of the prior year and the increase in the current quarter's paper supply revenue for the aerospace printers in the T&M segment.

Service and other revenues were **\$9.2 million** **\$13.9 million** in the first nine months of the current year, a **9.5% increase** compared to the prior year's first nine months service and other revenues of **\$12.7 million**. Service and other revenue increased in both the PI and T&M segments with the increase primarily due to the **\$0.9 million** of service and other sales for the first **six** months of the current year a **12.4% increase** compared to the prior year's first **six** months service and other revenues of **\$8.2 million**. The increase is due primarily to **\$0.9 million** of **from** **Astro Machine** parts revenues included since the acquisition in the PI segment, which was acquired in the third quarter of the prior year. The current **quarter** **year** increase was **offset** **also impacted** by **a decline** **increased** parts revenue in **parts** **the PI segment** and **increased** repair revenue in the T&M segment.

Current year first six nine months gross profit was \$22.1 million \$36.9 million, consistent with a 6.6% increase compared to the prior year's year's first six nine months gross profit. Our gross profit margin of 31.1% 34.0% in the current year reflects a 3.8 0.3 percentage point decrease increase from the prior year's first six nine months gross profit margin of 34.9% 33.7%. The lower increased gross profit and related profit margin for the current year compared to the prior year is primarily attributable to \$2.1 million of higher margins on a favorable product mix restructuring costs and \$0.9 million of product retrofit costs recognized in the current year.

Operating expenses for the first six nine months of the current fiscal year were \$21.8 million \$32.0 million, an 8.6% a 2.4% increase compared to the prior year's first six nine months operating expenses of \$20.1 million \$31.2 million. The increase in operating expenses for the current period is primarily due to the \$0.7 million of operating expenses from Astro Machine and the \$0.6 million impact from restructuring costs. Selling and marketing expenses for the current year of \$12.7 million \$18.5 million increased by 7.1% 3.8% compared to the previous year's first six nine months primarily due to the \$0.4 million of severance cost due to the restructuring plan and the increase in amortization expense related to the customer relationship and trademark intangibles acquired as part of the Astro Machine acquisition, acquisition, the \$0.4 million of severance cost due to the restructuring plan and bonus expense. The increase in the current years year selling and marketing expenses was partially offset by decreases in wages, commissions and maintenance contract fees. General and administrative expenses increased 12.6% to \$5.8 million of \$5.0 million in the first six nine months of the current year compared to \$5.1 million in were consistent with the first six nine months of the prior year, primarily due to \$0.4 million of general and administrative expenses from Astro Machine, \$0.1 million of severance cost due to the restructuring plan and an increase as increases in wages, benefits and share based compensation, professional fees, wages and bonus expense were largely offset by declines in outside service fees, partially offset by a decrease in employee fees. fees and supplies and repair expenses. R&D spending in the first six nine months of the current year was \$3.3 million \$8.5 million, a 7.3% increase compared to which was consistent with the prior year's first six nine months, spend of \$3.1 million primarily due to an increase as increases in outside services and supplies expenses partially bonus expense were offset by decreases in employee wages. Current year spending on R&D represents 4.7% 4.6% of revenue compared to the prior year's first six nine months level of 4.9%.

Other expenses during the first six nine months of the current year were \$1.2 million \$2.2 million compared to \$0.7 million \$1.7 million in the first six nine months of the previous year. Current year other expense expenses includes interest expense on debt and the our line of credit of \$1.3 million, offset by other income of \$0.1 million. Other expenses for the first six months of the prior year included interest expense on debt of \$0.4 million \$1.9 million and net foreign exchange loss of \$0.4 million, offset by other \$0.3 million. Other expenses during the first nine months of the prior year include interest expense on our term debt and line of \$0.1 million credit of \$1.1 million and net foreign exchange loss of \$0.6 million.

We recognized a \$0.2 million \$0.7 million of income tax benefit expense for the first six nine months of the current fiscal year, resulting in an effective tax rate of 21.5% 27.1%. The effective tax rate was directly impacted by our jurisdictional mix of earnings, a \$77,000 tax benefit related to the expiration of the statute of limitations on a previously uncertain tax position, a \$49,000 tax benefit arising from windfall tax benefits related to the Company's stock, and a \$29,000 \$18,000 tax expense related to foreign return to provision differences. We recognized \$0.3 million \$0.4 million of income tax expense for the first six nine months of the prior fiscal

year which reflected resulted in a 22.8% effective tax rate. The effective tax rate for this period was directly impacted by our jurisdictional mix of earnings, a \$38,000 tax benefit related to the expiration of the statute of limitations on previously uncertain tax positions, a \$21,000 \$51,000 tax benefit arising from a windfall tax expense benefit related to our stock, and a \$13,000 tax expense relating to a revaluation of deferred taxes and resulted in a 21.7% effective tax rate. taxes.

We reported a net loss income of \$0.8 million \$2.0 million, or \$0.10 \$0.27 per diluted share, for the first six nine months of the current year. The results for this period were impacted by expense of \$2.7 million (\$2.0 million net of tax or \$0.28 per diluted share) related to the restructuring plan and expense of \$0.9 million (\$0.7 million net of tax or \$0.09 per diluted share) related to the product retrofit program. On a comparable basis, net income for the prior year's first six nine months was \$1.0 million \$1.3 million, or \$0.14 \$0.18 per diluted share. Prior year third quarter results were impacted by transaction costs of \$0.7 million (\$0.5 million net of tax or \$0.07 per diluted share) related to the acquisition of Astro Machine.

Segment Analysis

We report two segments: PI and T&M and evaluate segment performance based on the segment profit before corporate and financial administration expenses. Summarized below are the Revenue and Segment Operating Profit (Loss) for each reporting segment:

(In thousands)	Three Months Ended				Six Months Ended			
	Revenue		Segment Operating Profit		Revenue		Segment Operating Profit	
	July 29,	July 30,	July 29,	July 30,	July 29,	July 30,	July 29,	July 30,
	2023	2022	2023	2022	2023	2022	2023	2022
Product Identification	\$ 25,777	\$ 23,382	\$ (461)	\$ 1,644	\$ 50,872	\$ 45,106	\$ 2,055	\$ 3,058
T&M	9,747	8,877	1,917	2,162	20,071	18,163	3,989	4,072
Total	<u>\$ 35,524</u>	<u>\$ 32,259</u>	<u>1,456</u>	<u>3,806</u>	<u>\$ 70,943</u>	<u>\$ 63,269</u>	<u>6,044</u>	<u>7,130</u>
Corporate Expenses			2,654	2,571			5,780	5,131
Operating Income (Loss)			(1,198)	1,235			264	1,999
Other Income (Expense), Net			(809)	(431)			(1,244)	(710)
Income (Loss) Before Income Taxes			(2,007)	804			(980)	1,289
Income Tax Provision (Benefit)			(390)	220			(211)	280
Net Income (Loss)			<u>\$ (1,617)</u>	<u>\$ 584</u>			<u>\$ (769)</u>	<u>\$ 1,009</u>

25

(In thousands)	Three Months Ended				Nine Months Ended			
	Revenue		Segment Operating Profit		Revenue		Segment Operating Profit	
	October 28,	October 29,	October 28,	October 29,	October 28,	October 29,	October 28,	October 29,
	2023	2022	2023	2022	2023	2022	2023	2022
Product Identification	\$ 26,543	\$ 29,879	\$ 4,794	\$ 2,960	\$ 77,416	\$ 74,985	\$ 6,848	\$ 6,019

T&M	11,006	9,526	2,558	1,711	31,077	27,689	6,548	5,783
Total	\$ 37,549	\$ 39,405		7,352	4,671	\$ 108,493	\$ 102,674	13,396
Corporate Expenses			2,734	3,325			8,514	8,456
Operating Income			4,618	1,346			4,882	3,346
Other Income								
(Expense), Net			(917)	(955)			(2,161)	(1,665)
Income Before								
Income Taxes			3,701	391			2,721	1,681
Income Tax Provision			949	102			738	383
Net Income			\$ 2,752	\$ 289			\$ 1,983	\$ 1,298

Product Identification-PI

Revenue from the PI segment increased \$2.4 million decreased \$3.3 million or 10.2% 11.2% in the second third quarter of the current year, with revenue of \$25.8 million \$26.5 million compared to \$23.4 million \$29.9 million in the same period of the prior year. The current quarter increase decrease is attributable to the contribution of the newly acquired Astro Machine, which provided revenue of \$4.9 million for the second quarter of the current year. The current quarter increase in PI revenue was offset by declines decline in revenue from inkjet supplies sales and certain tabletop label hardware sales, particularly in North America resulting primarily from the impairment adverse market reaction to the deterioration of certain label printers due to the ink quality issues related to one of our large suppliers. The PI segment recognized a current quarter segment operating loss income of \$0.5 million \$4.8 million, reflecting a negative profit margin of 1.8% 18.1%. This compares to the prior year's second third quarter segment profit of \$1.6 million \$3.0 million and related profit margin of 7.0% 9.9%. The decrease increase in the current year second third quarter PI segment operating profit and margin is primarily due to the impact of \$2.6 million of costs related to the restructuring plan lower manufacturing and \$0.9 million of product retrofit costs recognized in the current quarter. This decrease was slightly offset by the inclusion of Astro Machine operating expenses and a favorable product mix.

Revenue from the PI segment increased 12.8% 3.2% to \$50.9 million \$77.4 million in the first six nine months of the current year from \$45.1 million \$75.0 million in the same period of the prior year. The current year's increase is primarily due to the contribution result of the newly acquired inclusion of \$9.1 million of sales in the first six months of the current year from Astro Machine, which provided revenue was acquired in the third quarter of \$9.1 million for the current prior year. The current year's increase in PI revenue was partially offset by declines in the revenue from inkjet supplies and certain tabletop label hardware sales, particularly in North America resulting primarily from the continued adverse market reaction to issues caused by the impairment deterioration of certain label printers due to the ink quality issues related to one of our larger suppliers. The current year's PI segment operating profit was \$2.1 million \$6.8 million with a profit margin of 4.0% 8.8%, compared to the prior year's segment operating profit of \$3.1 million \$6.0 million and related profit margin of 6.8% 8.0%. The decrease increase in the current year's year PI segment operating profit and margin is primarily due to the inclusion of Astro Machine for the full nine months of fiscal 2024, lower manufacturing and operating expenses and a favorable product mix, partially offset by the impact of \$2.6 million of costs related to the restructuring plan and \$0.9 million of product retrofit costs recognized in the current year. This decrease was slightly offset by the inclusion of Astro Machine and a favorable product mix.

Test & Measurement—T&M

Revenue from the T&M segment was \$9.7 million \$11.0 million for the second third quarter of the current fiscal year, representing a 9.8% 15.5% increase compared to revenue of \$8.9 million \$9.5 million for the same period in the prior year. The increase in revenue for the current quarter is primarily attributable to strong hardware sales in our aerospace product lines as a result of increased aerospace printer product unit volume. Demand for printers especially for narrow-body aircraft, has increased due to the post-pandemic recovery in air travel demand and new orders of airplanes and the corresponding increase in production rates. The sales of printers for wide-body aircraft have increased but at much slower rates compared with narrow-body demand. Current current quarter revenue increase was partially offset also impacted by a decline small increase in hardware sales in the data recorder product line. T&M's second third quarter segment operating profit was \$1.9 million \$2.6 million, reflecting a profit margin of 19.7% 23.2%, compared to the prior year second third quarter segment operating profit of \$2.2 million \$1.7 million and related operating margin of 24.4% 18.0%. The decrease increase in T&M's current year second third quarter segment operating profit margin is due to lower higher revenue from high-margin product lines.

Revenue from the T&M segment was \$20.1 million \$31.1 million for the first six nine months of the current fiscal year, a 10.5% 12.2% increase compared to sales of \$18.2 million \$27.7 million for the same period in the prior year. The increase in revenue for the current year was primarily attributable to strong hardware sales in our aerospace product lines as a result of increased aerospace printer product unit volume. Demand for printers especially for narrow-body aircraft, has increased due to the post-pandemic recovery in air travel demand, which has driven new orders of airplanes and a corresponding increase in production rates. The sales of printers for wide-body aircraft have increased but at a much slower rate compared with narrow-body demand. the current quarter T&M segment revenue increase was partially offset by a decline in T&M hardware sales in the data recorder product line. The segment's first six nine months operating profit of \$4.0 million \$6.5 million resulted in a 19.9% 21.1% profit margin compared to the prior year's segment operating profit of \$4.1 million \$5.8 million and related operating margin of 22.4% 20.9%. The decrease increase in T&M's current year segment operating profit margin is due to lower higher revenue from high-margin product lines.

Liquidity and Capital Resources

Overview

Historically, our primary sources of liquidity have been cash generated from operating activities and borrowings under our revolving credit facility. These sources have also usually funded the majority of our capital expenditures and contractual contingent consideration obligations. We have funded acquisitions by borrowing under bank term loan facilities.

We believe cash flow generation from operations and available unused credit capacity under our credit facility will support our anticipated needs. In fiscal 2024 (after required debt amortization and payment of minimum guaranteed royalty payments to Honeywell), we plan to focus on inventory reduction and reduction of debt outstanding under our revolving credit facility, to the degree practicable and as constrained by supply chain management challenges. We also anticipate that we will have the

capacity ability to spend finance, under a secured financing agreement, \$1.5 million to \$2.0 million for capital investments to upgrade production machinery to support planned revenue growth and cost reduction objectives. Finally, if further acquisition opportunities develop that would require additional cash above our current available capacity, based on regular communication with our lender, we believe that our current operating performance and the reduction in leverage ratios as measured by the covenants within our credit facilities since the acquisition of Astro Machine would permit us to obtain sufficient additional debt financing, barring any unforeseen changes in the credit and capital markets.

In connection with our purchase of Astro Machine on August 4, 2022, we entered into a Second Amendment to Amended and Restated Credit Agreement (the "Second Amendment") with Bank of America, N.A., as lender (the "Lender"). The Second Amendment amended the Amended and Restated Credit Agreement dated as of July 30, 2020, as amended by the First Amendment to Amended and Restated Credit Agreement, dated as of March 24, 2021, and the LIBOR Transition Amendment, dated as of December 24, 2021 (the "Existing Credit Agreement," and the Existing Credit Agreement as amended by the Second Amendment, the "Amended Credit Agreement"), between us and the Lender.

The Amended Credit Agreement provides for (i) a new term loan in the principal amount of \$6.0 million, which term loan was in addition to the existing term loan outstanding under the Existing Credit Agreement in the principal amount of \$9.0 million as of the effective date of the Second Amendment, and (ii) an increase in the aggregate principal amount of the revolving credit facility available thereunder from \$22.5 million to \$25.0 million. Under the Amended Credit Agreement, revolving credit loans may continue to be borrowed, at our option, in U.S. Dollars or, subject to certain conditions, Euros, British Pounds, Canadian Dollars or Danish Kroner.

In response to the COVID-19 pandemic and related economic dislocation, we have implemented and will continue to implement a variety of expense reduction and cash preservation initiatives. On April 27, 2020, our board of directors suspended our quarterly cash dividend beginning with the second quarter of our fiscal year 2021.

At July 29, 2023 October 28, 2023 our cash and cash equivalents were \$4.5 million \$4.8 million. We have borrowed \$13.9 million \$14.9 million on our revolving line of credit and have \$11.1 million \$10.1 million available for borrowing under that facility as of July 29, 2023 October 28, 2023.

26

Indebtedness

Term Loan

The Amended Credit Agreement requires that the term loan be paid in quarterly installments on the last day of each of our fiscal quarters over the term of the Amended Credit Agreement on the following repayment schedule: the principal amount of each quarterly installment required to be paid on the last day of each of our fiscal quarters ending on or about October 31, 2022 through July 31, 2023 is \$375,000; and the principal amount of each quarterly installment required to be paid on the last day of each of our fiscal quarters ending on or about October 31, 2023 through April 30, 2027 is \$675,000. The entire remaining principal balance of the term loan is required to be paid on August 4, 2027. We may voluntarily prepay the term loan, in whole or in part, from time to time without premium or penalty (other than customary breakage costs, if applicable). We may repay borrowings under the revolving credit facility at any time without premium or penalty (other than customary breakage costs, if applicable), but in any event no later

than August 4, 2027, and any outstanding revolving loans thereunder will be due and payable in full, and the revolving credit facility will terminate, on such date. We may reduce or terminate the revolving line of credit at any time, subject to certain thresholds and conditions, without premium or penalty.

The loans under the Amended Credit Agreement are subject to certain mandatory prepayments, subject to various exceptions, from (a) net cash proceeds from certain dispositions of property, (b) net cash proceeds from certain issuances of equity, (c) net cash proceeds from certain issuances of additional debt and (d) net cash proceeds from certain extraordinary receipts.

Amounts repaid under the revolving credit facility may be reborrowed, subject to our continued compliance with the Amended Credit Agreement. No amount of the term loan that is repaid may be reborrowed.

The interest rates under the Amended Credit Agreement are as follows: the term loan and revolving credit loans bear interest at a rate per annum equal to, at our option, either (a) the BSBY Rate as defined in the Amended Credit Agreement (or, in the case of revolving credit loans denominated in a currency other than U.S. Dollars, the applicable quoted rate), plus a margin that varies within a range of 1.60% to 2.50% based on our consolidated leverage ratio, or (b) a fluctuating reference rate equal to the highest of (i) the federal fund rate plus 0.50%, (ii) Bank of America's publicly announced prime rate, (iii) the BSBY Rate plus 1.00%, or (iv) 0.50%, plus a margin that varies within a range of 0.60% to 1.50% based on our consolidated leverage ratio. In addition to certain other fees and expenses that we are required to pay to the Lender, we are required to pay a commitment fee on the undrawn portion of the revolving credit facility that varies within a range of 0.15% and 0.35% based on our consolidated leverage ratio.

We must comply with various customary financial and non-financial covenants under the Amended Credit Agreement. The financial covenants under the Amended Credit Agreement consist of a maximum consolidated leverage ratio, a minimum consolidated fixed charge coverage ratio and a minimum consolidated asset coverage ratio. The primary non-financial covenants limit our and our subsidiaries' ability to incur future indebtedness, to place liens on assets, to pay dividends or distributions on our or our subsidiaries' capital stock, to repurchase or acquire our or our subsidiaries' capital stock, to conduct mergers or acquisitions, to sell assets, to alter our or our subsidiaries' capital structure, to make investments and loans, to change the nature of our or our subsidiaries' business, and to prepay subordinated indebtedness, in each case subject to certain exceptions and thresholds as set forth in the Amended Credit Agreement, certain of which provisions were modified by the Second Amendment. As of **July 29, 2023** **October 28, 2023**, we believe we are in compliance with all of the covenants in the Credit Agreement.

The Lender is entitled to accelerate repayment of the loans and to terminate its revolving credit commitment under the Amended Credit Agreement upon the occurrence of any of various customary events of default, which include, among other events, the following (which are subject, in some cases, to certain grace periods): failure to pay when due any principal, interest or other amounts in respect of the loans, breach of any of our covenants or representations under the loan documents, default under any other of our or our subsidiaries' significant indebtedness agreements, a bankruptcy, insolvency or similar event with respect to us or any of our subsidiaries, a significant unsatisfied judgment against us or any of our subsidiaries, or a change of control.

Our obligations under the Amended Credit Agreement continue to be secured by substantially all of our personal property assets (including a pledge of the equity interests we hold in ANI ApS, AstroNova GmbH and AstroNova SAS), subject to certain exceptions, and by a mortgage on our owned real property in West Warwick, Rhode Island, and are guaranteed by, and secured by substantially all of the personal property assets of Astro Machine.

Cash Flow

Our statements of cash flows for the **six** nine months ended **July 29, 2023** **October 28, 2023** and **July 30, 2022** **October 29, 2022** are included in Item 1 of this Quarterly Report on Form 10-Q. Net cash provided by operating activities was **\$4.7 million** **\$5.9 million** for the first **six** nine months of fiscal 2024 compared to cash used of **\$3.8 million** **\$7.5 million** for the same period of the previous year. The increase in net cash provided by operations for the first **six** nine months of the current year is primarily due to an increase in cash provided by working capital. The combination of changes in accounts receivable, inventory, income taxes payable, accounts payable and accrued expenses **increased** **decreased** cash by **\$0.2 million** **\$2.1 million** for the first **six** nine months of fiscal 2024, compared to a decrease of **\$10.3 million** **\$14.7 million** for the same period in fiscal 2023. **Cash** Additionally, cash provided for by operating activities for the **six** nine months of fiscal 2024 was impacted by \$2.0 million of non cash restructuring costs. The cash used for operating activities for the **six** nine months of fiscal 2023 was partially offset by \$3.1 million of cash received for the employee retention credit.

Our accounts receivable balance **decreased** **increased** to **\$18.0 million** **\$22.0 million** at the end of the **second** **third** quarter of fiscal 2024 compared to \$21.6 million at year end. Days sales outstanding for the **second** **third** quarter of the current year **decreased** **increased** to **46** **53** days, compared to 49 days at prior year end. Our inventory balance was **\$49.1 million** **\$47.0 million** at the end of the **first** **third** quarter of fiscal 2024, a decrease compared to \$51.3 million at year end. Inventory days on hand **decreased** **increased** to **171** **186** days at the end of the current quarter from 176 days at the prior year end. The decrease in our inventory balance is primarily due to the write down of inventory of \$2.0 million related to the restructuring plan initiated in the second quarter, as well as the lingering impact of inventory increases related to difficulties in the supply chain environment, including increased pricing and long lead times to obtain components and supplies, which has required us to increase our component and supply buffer stock to support the demands of our customers and which has not yet abated. We have also increased inventory levels related to our T&M products to maintain our targeted inventory levels as a result of increased sales in that segment and parts shortage issues quarter.

Our cash position at **July 29, 2023** **October 28, 2023**, was **\$4.5 million** **\$4.8 million** compared to \$3.9 million at year end. The increase in cash during the current quarter was primarily a result of cash provided from the working capital accounts, as discussed above. Cash outflows during the quarter included **principal payments on our long-term debt of \$1.4 million** and the **guaranteed royalty obligation of \$1.4 million**, **repayments on our revolving line of credit of \$2.0 million**, **principal payments on our long-term debt** and the **guaranteed royalty obligation of \$0.8 million** and \$0.9 million, respectively, **\$1.0 million** and cash used for capital expenditures of **\$0.5 million** **\$1.3 million**.

Contractual Obligations, Commitments and Contingencies

There have been no material changes to our contractual obligations as disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023, other than those occurring in the ordinary course of business.

Critical Accounting Policies, Estimates and Certain Other Matters

The preparation of our condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of commitments and contingencies at the date of the condensed consolidated financial statements and reported amounts of revenue and expenses during the reporting period. We base these estimates and judgments on factors we believe to be relevant, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

The process of determining significant estimates is fact-specific and takes into account factors such as historical experience, current and expected economic conditions, product mix, and in some cases, actuarial and appraisal techniques. We constantly re-evaluate these significant factors and make adjustments where facts and circumstances dictate.

While we believe that the factors considered provide a meaningful basis for the accounting policies applied in the preparation of the condensed consolidated financial statements, we cannot guarantee that our estimates and assumptions will be accurate. As the determination of these estimates requires the exercise of judgment, actual results may differ from those estimates, and such differences may be material to our condensed consolidated financial statements. There have been no material changes to the application of critical accounting policies as disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, but rather reflect our current expectations concerning future events and results. We generally use the words "believes," "expects," "intends," "plans," "anticipates," "likely," "continues," "may," "will," and similar expressions to identify forward-looking statements. Such forward-looking statements, including those concerning our expectations, involve risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors which could cause actual results to differ materially from those anticipated include, but are not limited to (a) general economic, financial, industry and business conditions; (b) the continuing impact of the COVID-19 pandemic on us, our customers, our suppliers and the global economy; (c) declining demand in the test and measurement markets, especially defense and aerospace; (d) our ability to develop and introduce new products and achieve market acceptance of these products; (e) our dependence on contract manufacturers and/or single or limited source suppliers; (f) competition in the specialty printer or data acquisition industries; (g) our ability to obtain adequate pricing for our products and control our cost structure; (h) our

ability to adequately enforce and protect our intellectual property, defend against assertions of infringement or loss of certain licenses; (i) the risk of incurring liabilities as a result of installed product failures due to design or manufacturing defects (j) the risk of a material security breach of our information technology system or cybersecurity attack impacting our business and our relationship with customers; (k) our ability to attract, develop and retain key employees and manage human capital resources; (l) economic, political and other risks associated with international sales and operations and the impact of changes in foreign currency exchange rates on the results of operations; (m) changes in tax rates or exposure to additional income tax liabilities; (n) our ability to comply with our current credit agreement or secure alternative financing and to otherwise manage our indebtedness; (o) our ability to successfully integrate and realize the expected benefits from Astro Machine and other acquisitions and realize benefits from divestitures; (p) our ability to maintain adequate self-insurance accruals or insurance coverage for employee health care benefits;

(q) our compliance with customer or regulators certifications and our compliance with certain governmental laws and regulations; (r) our ability to achieve and maintain effective internal controls and procedures over financial reporting; (s) the risk that we may not successfully execute or achieve the expected benefits of our restructuring plan for our Product Identification segment and (t) all other risks included under "Item 1A-Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023. We assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

29

Item 3. Quantitative and Qualitative Disclosures About Market Risk

During the ~~six~~ nine months ended ~~July 29, 2023~~ October 28, 2023, there were no material changes to our market risk disclosures as set forth in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended January 31, 2023.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our senior leadership team, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Remediation of Material Weaknesses

Our management, under ~~As previously disclosed in Part II Item 9A Controls and Procedures in our Annual Report on Form 10-K for the supervision of~~ year ended January 31, 2023, and our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by subsequent Quarterly Reports on Form 10-Q filed prior to this quarterly report. Based ~~Quarterly Report~~ on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of July 29, 2023 as a result of the Form 10-Q, we identified material weakness weaknesses in our internal control over financial reporting described below.

Material Weakness in Internal Control Over Financial Reporting

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As reported in Item 9A of our Annual Report on Form 10-K/A for the year ended January 31, 2023, our management concluded that our internal control over financial reporting was ineffective because of the following material weakness:

We reporting. Specifically, we did not maintain effective controls to properly identify and assess significant non-routine transactions.

Plan for Remediation of Material Weakness

Our management has discussed the identified material weakness with the Audit Committee of our Board of Directors. During fiscal 2024, we have begun to implement implemented measures designed to improve internal control over financial reporting and to remediate the control deficiencies for significant non-routine transactions that led to our material weakness. Among other things, we have supplemented our controls regarding the review of contracts and hired additional qualified accounting and financial reporting personnel with appropriate expertise to perform specific functions and responsibilities. Additionally, we have engaged a national accounting firm to provide additional depth and expertise to assist with the identification, recording, and reporting of complex US GAAP technical accounting matters.

Management believes that when completed, Our management, under the measures described above will be sufficient supervision of our Chief Executive Officer and Chief Financial Officer have tested and evaluated the effectiveness of the procedures and controls related to remediate our remediation of the identified material weakness and strengthen our overall internal control over financial reporting. As our management continues to evaluate and work to enhance our internal control over financial reporting, we may take additional measures to address control deficiencies or we may modify some of the remediation measures described above. The identified material weakness will not be considered remediated until the applicable remediated controls operate for significant non-routine transactions. As a sufficient period of time and result, management has concluded through testing, that, these as of October 28, 2023, we have remediated the previously reported material weaknesses and our disclosure controls and procedures are operating effectively. effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

29

Changes in Internal Control over Financial Reporting

Except for the measures taken to remediate our identified material weakness noted above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fiscal quarter ended July 29, 2023 October 28, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

30

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There are no pending or threatened legal proceedings against us that we believe to be material to our financial position or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, one should carefully consider the factors discussed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023, which could materially affect our business, financial condition or future operating results. The risks described in our Annual Report on Form 10-K are not the only risks that could affect our business, as additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results as well as adversely affect the value of our common stock.

Other than below, there have been no material updates to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023.

We may not successfully execute or achieve the expected benefits of our restructuring plan for our Product Identification segment.

In July 2023, we announced a restructuring plan for our Product Identification segment to streamline the cost structure and enhance the operational efficiencies of the segment. These measures that we have taken and expect to take pursuant to the restructuring plan are subject to known and unknown risks and uncertainties, including whether we have targeted the appropriate areas for our cost-saving efforts and at the appropriate scale, and whether, if required in the future, we will be able to appropriately target any additional areas for our cost-saving efforts. As such, the actions we are taking under the restructuring plan and that we may decide to take in the future may not be successful in yielding our intended results. Implementation of the restructuring plan and any other cost-saving initiatives may be costly and disruptive to our business, the expected costs and charges may be greater than we have forecasted, and the estimated cost savings may be lower than we have forecasted. Additionally, certain aspects of the restructuring plan, such as severance costs in connection with reducing our headcount, could negatively impact our cash flows. In addition, our initiatives have resulted, and could in the future result in, personnel attrition beyond our planned reduction in headcount or reduced employee morale, which could in turn adversely impact productivity, including through a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods, or our ability to attract highly skilled employees. See Note 17, "Restructuring," in our condensed consolidated financial statements included elsewhere in this report for further details regarding the restructuring plan.

30

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

During the **second** third quarter of fiscal 2024, we made the following repurchases of our common stock:

Total Number of Shares Purchased	Total Number of Shares That May Be Purchased		
Weighted Average	as Part of Publicly Announced Plans or Under the Plans		
Total Number of Shares Repurchased	Price paid Per Share	Programs	or Programs

May 1—May 31	\$				
June 1—June 30	\$				
July 1—July 31	\$				
Total Number of Shares Purchased					
as Part of Publicly Announced Plans or Programs					
Total Number of Shares Repurchased	Weighted Average Price paid Per Share				Maximum Number of Shares That May Be Purchased Under the Plans or Programs
August 1—August 31	—	\$	—	—	—
September 1—September 30	235	(a) \$ 12.39)		—	—
October 1— October 31	—	\$	—	—	—

(a) An executive of the Company delivered 235 shares of the Company's common stock toward the satisfaction of taxes due with respect to vesting of restricted shares. The shares delivered were valued at an average market value of \$12.39 per share and are included with treasury stock in the consolidated balance sheet. These transactions were not part of a publicly announced purchase plan or program.

Item 6. Exhibits

3A [Restated Articles of Incorporation of the Company and all amendments thereto, filed as Exhibit 3A to the Company's Quarterly Report on Form 10-Q for the quarter ended July 30, 2016 and incorporated by reference herein.](#)

3B [By-laws of the Company as amended to date, filed as Exhibit 3B to the Company's Annual Report on Form 10-K/A for the fiscal year ended January 31, 2008 \(File no. 000-13200\) and incorporated by reference herein.](#)

31.1 [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

31.2 [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

32.1 [Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

32.2 [Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

101.INS XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

101.SCH Inline XBRL Taxonomy Extension Schema Document

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

32

SIGNATURES

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

ASTRONOVA, INC. (Registrant)

Date: September 7, 2023 December 6, 2023

By /s/ Gregory A. Woods

Gregory A. Woods,
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ David S. Smith

David S. Smith,
Vice President, Chief Financial Officer and Treasurer
(Principal Accounting Officer and Principal Financial Officer)

33

Exhibit 31.1

CERTIFICATION

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gregory A. Woods certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AstroNova, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

Date: **September 7, 2023** December 6, 2023

/s/ Gregory A. Woods

Gregory A. Woods,
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David S. Smith, certify that:

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

Date: **September 7, 2023** December 6, 2023

/s/ David S. Smith

David S. Smith,

Vice President, Chief Financial Officer and Treasurer
(Principal Accounting Officer and Principal Financial
Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of AstroNova, Inc. (the "Company") on Form 10-Q for the period ended **July 29, 2023** **October 28, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory A. Woods, President and Chief Executive Officer of the Company, certify, pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **September 7, 2023** **December 6, 2023**

/s/ Gregory A. Woods

Gregory A. Woods,
President and Chief Executive Officer
(Principal Executive Officer)

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

Exhibit 32.2

ASTRONOVA, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AstroNova, Inc. (the "Company") on Form 10-Q for the period ended **July 29, 2023** **October 28, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David S. Smith, Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **September 7, 2023** **December 6, 2023**

/s/ David S. Smith

David S. Smith,
Vice President, Chief Financial Officer and Treasurer
(Principal Accounting Officer and Principal Financial
Officer)

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

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2023, Refinitiv. All rights reserved. Patents Pending.