REFINITIV

DELTA REPORT

10-Q

TRNS - TRANSCAT INC

10-Q - DECEMBER 28, 2024 COMPARED TO 10-Q - SEPTEMBER 28, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	737
CHANGES	327
DELETIONS	180
ADDITIONS	230

Table of Contents

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: September 28, 2024 December 28, 2024

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to_________

Commission File Number: 000-03905

TRANSCAT, INC.

(Exact name of registrant as specified in its charter)

Ohio	16-0874418
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

35 Vantage Point Drive, Rochester, New York 14624
(Address of principal executive offices) (Zip Code)

(585) 352-7777
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.50 par value	TRNS	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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

The number of shares of common stock, par value $0.50 per share, of the registrant outstanding as of October 31, 2024 January 31, 2025 was 9,199,277. 9,309,470
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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

TRANSCAT, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Amounts)

	(Unaudited) Second Quarter Ended		(Unaudited) Six Months Ended		(Unaudited) Third Quarter Ended		(Unaudited) Nine Months Ended	
	September 28,	**September 23,**	**September 28,**	**September 23,**	**December 28,**	**December 23,**	**December 28,**	**December 23,**

	2024	2023	2024	2023	2024	2023	2024	2023
Service Revenue	$ 44,083	$ 41,431	$ 87,861	$ 81,284	$ 41,557	$ 41,509	$ 129,418	$ 122,793
Distribution Revenue	23,743	21,373	46,672	42,118	25,197	23,657	71,869	65,775
Total Revenue	67,826	62,804	134,533	123,402	66,754	65,166	201,287	188,568
Cost of Service Revenue	29,492	27,347	58,387	54,229	29,200	28,015	87,587	82,244
Cost of Distribution Revenue	17,128	15,332	32,285	30,338	17,875	16,215	50,160	46,553
Total Cost of Revenue	46,620	42,679	90,672	84,567	47,075	44,230	137,747	128,797
Gross Profit	21,206	20,125	43,861	38,835	19,679	20,936	63,540	59,771
Selling, Marketing and Warehouse Expenses	8,181	6,856	15,982	13,325	8,119	7,519	24,101	20,844
General and Administrative Expenses	9,290	11,626	19,045	19,227	9,460	9,123	28,505	28,350
Total Operating Expenses	17,471	18,482	35,027	32,552	17,579	16,642	52,606	49,194
Operating Income	3,735	1,643	8,834	6,283	2,100	4,294	10,934	10,577
Interest Expense	76	890	128	1,704	199	81	327	1,785
Interest Income	(286)	-	(598)	-	(219)	(347)	(817)	(347)
Other Expense (Income)	232	(49)	363	15				
Total Interest and Other Expense (Income), net	22	841	(107)	1,719				
Other (Income) Expense					(1,009)	289	(646)	304
Total Interest and Other (Income)/Expense, net					(1,029)	23	(1,136)	1,742
Income Before Provision For Income Taxes	3,713	802	8,941	4,564	3,129	4,271	12,070	8,835
Provision for Income Taxes	427	342	1,247	1,155	772	923	2,019	2,078
Net Income	$ 3,286	$ 460	$ 7,694	$ 3,409	$ 2,357	$ 3,348	$ 10,051	$ 6,757
Basic Earnings Per Share	$ 0.36	$ 0.06	$ 0.84	$ 0.44	$ 0.26	$ 0.39	$ 1.10	$ 0.84
Average Shares Outstanding	9,160	7,819	9,107	7,732	9,230	8,615	9,147	8,060
Diluted Earnings Per Share	$ 0.35	$ 0.06	$ 0.83	$ 0.43	$ 0.25	$ 0.38	$ 1.09	$ 0.83
Average Shares Outstanding	9,282	7,948	9,222	7,840	9,326	8,752	9,243	8,187

See accompanying notes to consolidated financial statements.

TRANSCAT, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	(Unaudited) Second Quarter Ended		(Unaudited) Six Months Ended		(Unaudited) Third Quarter Ended		(Unaudited) Nine Months Ended	
	September 28, 2024	September 23, 2023	September 28, 2024	September 23, 2023	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Net Income	$ 3,286	$ 460	$ 7,694	$ 3,409	$ 2,357	$ 3,348	$ 10,051	$ 6,757
Other Comprehensive (Loss) / Income :								

Other Comprehensive (Loss)/Income :								
Currency Translation Adjustment	381	(352)	221	124	(1,149)	364	(928)	488
Other, net of tax effects of $1 and $2 for the second quarter ended September 28, 2024 and September 23, 2023, respectively; and $3 and $4 for the six months ended September 28, 2024 and September 23, 2023, respectively	5	6	10	12				
Total Other Comprehensive Income / (Loss)	386	(346)	231	136				
Other, net of tax effects of ($5) and $3 for the third quarter ended December 28, 2024 and December 23, 2023, respectively; and ($1) and $7 for the nine months ended December 28, 2024 and December 23, 2023, respectively					(14)	9	(4)	21
Total Other Comprehensive (Loss)/Income					(1,163)	373	(932)	509
Comprehensive Income	$ 3,672	$ 114	$ 7,925	$ 3,545	$ 1,194	$ 3,721	$ 9,119	$ 7,266

See accompanying notes to consolidated financial statements.

TRANSCAT, INC.

CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share and Per Share Amounts)

	(Unaudited) September 28, 2024	(Audited) March 30, 2024	(Unaudited) December 28, 2024	(Audited) March 30, 2024
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 23,815	$ 19,646	$ 4,640	$ 19,646
Marketable Securities	-	15,533	-	15,533
Accounts Receivable, less allowance for credit losses of $565 and $544 as of September 28, 2024 and March 30, 2024, respectively	48,933	47,779		
Accounts Receivable, less allowance for credit losses of $577 and $544 as of December 28, 2024 and March 30, 2024, respectively			51,621	47,779
Other Receivables	628	506	734	506
Inventory, net	15,549	17,418	13,793	17,418
Prepaid Expenses and Other Current Assets	6,241	4,276	5,771	4,276
Total Current Assets	95,166	105,158	76,559	105,158
Property and Equipment, net	47,493	38,944	50,490	38,944
Goodwill	138,127	105,585	176,617	105,585
Intangible Assets, net	24,362	19,987	57,682	19,987
Right to Use Assets, net	17,309	16,823	23,568	16,823
Other Assets	1,096	1,055	1,093	1,055
Total Assets	$ 323,553	$ 287,552	$ 386,009	$ 287,552
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Accounts Payable	$ 13,043	$ 11,495	$ 16,184	$ 11,495
Accrued Compensation and Other Current Liabilities	11,092	19,665	13,085	19,665

Current Portion of Long-Term Debt	2,386	2,339	2,410	2,339
Total Current Liabilities	26,521	33,499	31,679	33,499
Long-Term Debt	612	1,817	39,496	1,817
Deferred Tax Liabilities, net	9,297	9,291	9,255	9,291
Lease Liabilities	14,661	14,873	20,780	14,873
Other Liabilities	3,705	2,903	3,719	2,903
Total Liabilities	54,796	62,383	104,929	62,383
Shareholders' Equity:				
Common Stock, par value $0.50 per share, 30,000,000 shares authorized; 9,199,277 and 8,839,299 shares issued and outstanding as of September 28, 2024 and March 30, 2024, respectively	4,600	4,420		
Common Stock, par value $0.50 per share, 30,000,000 shares authorized; 9,309,257 and 8,839,299 shares issued and outstanding as of December 28, 2024 and March 30, 2024, respectively			4,655	4,420
Capital in Excess of Par Value	178,986	141,624	190,200	141,624
Accumulated Other Comprehensive Loss	(718)	(949)	(1,881)	(949)
Retained Earnings	85,889	80,074	88,106	80,074
Total Shareholders' Equity	268,757	225,169	281,080	225,169
Total Liabilities and Shareholders' Equity	$ 323,553	$ 287,552	$ 386,009	$ 287,552

See accompanying notes to consolidated financial statements.

TRANSCAT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	(Unaudited) Six Months Ended		(Unaudited) Nine Months Ended	
	September 28, 2024	September 23, 2023	December 28, 2024	December 23, 2023
Cash Flows from Operating Activities:				
Net Income	$ 7,694	$ 3,409	$ 10,051	$ 6,757
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Net Loss on Disposal of Property and Equipment	43	11		
Net (Gain)Loss on Disposal of Property and Equipment			(64)	24
Deferred Income Taxes	6	23	(36)	42
Depreciation and Amortization	8,513	6,078	12,941	9,841
Gain on Sale of Assets			(855)	-
Provision for Accounts Receivable and Inventory Reserves	108	347	147	379
Stock-Based Compensation Expense	1,623	2,171	2,075	3,338
Changes in Assets and Liabilities, net of acquisitions:				
Accounts Receivable and Other Receivables	1,746	2,384	1,848	3,819
Inventory	2,597	3,376	4,612	3,208
Prepaid Expenses and Other Current Assets	(1,918)	465	(1,419)	728
Accounts Payable	1,525	(3,969)	4,179	(5,194)
Accrued Compensation and Other Current Liabilities	(6,178)	1,677	(2,197)	3,947
Income Taxes Payable			(2,925)	-
Net Cash Provided by Operating Activities	15,759	15,972	28,357	26,889

Cash Flows from Investing Activities:				
Purchase of Property and Equipment	(7,633)	(5,444)	(10,502)	(9,099)
Business Acquisitions, net of cash acquired	(15,858)	(12,882)	(86,095)	(12,932)
Proceeds from Sale of Assets			1,100	-
Sales of Marketable Securities	15,533	-	15,533	-
Net Cash Used in Investing Activities	(7,958)	(18,326)	(79,964)	(22,031)
Cash Flows from Financing Activities:				
Repayment of Revolving Credit Facility, net	-	5,288		
Proceeds From/(Repayment of) Revolving Credit Facility, net			39,495	(42,713)
Repayments of Term Loan	(1,158)	(1,112)	(1,745)	(1,678)
Issuance of Common Stock, net of direct costs	838	384	1,766	75,714
Repurchase of Common Stock	(3,026)	(2,247)	(3,208)	(2,247)
Net Cash (Used in)/Provided by Financing Activities	(3,346)	2,313		
Net Cash Provided by Financing Activities			36,308	29,076
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(286)	(244)	293	(260)
Net Increase/(Decrease) in Cash and Cash Equivalents	4,169	(285)		
Net (Decrease)/Increase in Cash and Cash Equivalents			(15,006)	33,674
Cash and Cash Equivalents at Beginning of Period	19,646	1,531	19,646	1,531
Cash and Cash Equivalents at End of Period	$ 23,815	$ 1,246	$ 4,640	$ 35,205
Supplemental Disclosure of Cash Flow Activity:				
Cash (received)/paid during the period for:				
Interest	$ (462)	$ 1,680	$ (611)	$ 1,652
Income Taxes, net	$ 5,534	$ 1,099	$ 6,859	$ 1,884
Supplemental Disclosure of Non-Cash Investing and Financing Activities:				
Common stock issued for acquisitions	$ 35,479	$ 34,769	$ 45,410	$ 34,769
Assets acquired and liabilities assumed in business combinations:				
Accrued holdback and contingent consideration related to acquisitions	$ 1,306	$ 4,589	$ 1,343	$ 4,859
Contingent consideration treated as equity related to acquisitions	$ 750	$ -	$ 750	$ -
Balance Sheet Reclassification of Property and Equipment, net to Inventory	$ 692	$ 494	$ 1,097	$ 737

See accompanying notes to consolidated financial statements.

TRANSCAT, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In Thousands, Except Par Value Amounts)

(Unaudited)

	Common Stock Issued $0.50 Par Value		Capital In Excess of Par	Accumulated Other Comprehensive	Retained		Common Stock Issued $0.50 Par Value		Capital In Excess of Par	Accumulated Other Comprehensive	Retained	
	Shares	Amount	Value	(Loss)	Earnings	Total	Shares	Amount	Value	(Loss)	Earnings	Total
Balance as of March 25, 2023	7,562	$ 3,781	$ 27,886	$ (1,200)	$ 69,163	$ 99,630	7,562	$ 3,781	$ 27,886	$ (1,200)	$ 69,163	$ 99,630
Issuance of Common Stock	82	42	6,988	-	-	7,030	82	42	6,988	-	-	7,030

Repurchase of Common Stock	(3)	(2)	(86)	-	(213)	(301)	(3)	(2)	(86)	-	(213)	(301)
Stock-Based Compensation	2	1	929	-	-	930	2	1	929	-	-	930
Other Comprehensive Income	-	-	-	482	-	482	-	-	-	482	-	482
Net Income	-	-	-	-	2,949	2,949	-	-	-	-	2,949	2,949
Balance as of June 24, 2023	7,643	$ 3,822	$ 35,717	$ (718)	$ 71,899	$ 110,720	7,643	$ 3,822	$ 35,717	$ (718)	$ 71,899	$ 110,720
Issuance of Common Stock	313	156	27,967	-	-	28,123	313	156	27,967	-	-	28,123
Repurchase of Common Stock	(22)	(11)	(593)	-	(1,342)	(1,946)	(22)	(11)	(593)	-	(1,342)	(1,946)
Stock-Based Compensation	44	22	1,219	-	-	1,241	44	22	1,219	-	-	1,241
Other Comprehensive Loss	-	-	-	(346)	-	(346)	-	-	-	(346)	-	(346)
Net Income	-	-	-	-	460	460	-	-	-	-	460	460
Balance as of September 23, 2023	7,978	$ 3,989	$ 64,310	$ (1,064)	$ 71,017	$ 138,252	7,978	$ 3,989	$ 64,310	$ (1,064)	$ 71,017	$ 138,252
Issuance of Common Stock							849	424	80,229	-	-	80,653
Direct costs of Stock Offering							-	-	(5,323)	-	-	(5,323)
Stock-Based Compensation							2	1	1,166	-	-	1,167
Other Comprehensive Income							-	-	-	373	-	373
Net Income							-	-	-	-	3,348	3,348
Balance as of December 23, 2023							8,829	$ 4,414	$ 140,382	$ (691)	$ 74,365	$ 218,470

	Common Stock Issued $0.50 Par Value		Capital In Excess of Par Value	Accumulated Other Comprehensive (Loss)	Retained Earnings	Total	Common Stock Issued $0.50 Par Value		Capital In Excess of Par Value	Accumulated Other Comprehensive (Loss)	Retained Earnings	Total
	Shares	Amount					Shares	Amount				
Balance as of March 30, 2024	8,839	$ 4,420	$ 141,624	$ (949)	$ 80,074	$ 225,169	8,839	$ 4,420	$ 141,624	$ (949)	$ 80,074	$ 225,169
Issuance of Common Stock	302	151	32,888	-	-	33,039	302	151	32,888	-	-	33,039
Contingent Consideration Classified as Equity	-	-	750	-	-	750	-	-	750	-	-	750
Repurchase of Common Stock	(13)	(7)	(652)	-	(961)	(1,620)	(13)	(7)	(652)	-	(961)	(1,620)
Stock-Based Compensation	16	8	689	-	-	697	16	8	689	-	-	697

Other Comprehensive Loss	-	-	-	(155)	-	(155)	-	-	-	(155)	-	(155)
Net Income	-	-	-	-	4,408	4,408	-	-	-	-	4,408	4,408
Balance as of June 29, 2024	9,144	$ 4,572	$ 175,299	$ (1,104)	$ 83,521	$ 262,288	9,144	$ 4,572	$ 175,299	$ (1,104)	$ 83,521	$ 262,288
Issuance of Common Stock	53	26	3,251	-	-	3,277	53	26	3,251	-	-	3,277
Repurchase of Common Stock	(11)	(5)	(483)	-	(918)	(1,406)	(11)	(5)	(483)	-	(918)	(1,406)
Stock-Based Compensation	13	7	919	-	-	926	13	7	919	-	-	926
Other Comprehensive Income	-	-	-	386	-	386	-	-	-	386	-	386
Net Income	-	-	-	-	3,286	3,286	-	-	-	-	3,286	3,286
Balance as of September 28, 2024	9,199	$ 4,600	$ 178,986	$ (718)	$ 85,889	$ 268,757	9,199	$ 4,600	$ 178,986	$ (718)	$ 85,889	$ 268,757
Issuance of Common Stock							111	56	10,803	-	-	10,859
Repurchase of Common Stock							(2)	(1)	(41)	-	(140)	(182)
Stock-Based Compensation							1	-	452	-	-	452
Other Comprehensive Loss							-	-	-	(1,163)	-	(1,163)
Net Income							-	-	-	-	2,357	2,357
Balance as of December 28, 2024							9,309	$ 4,655	$ 190,200	$ (1,881)	$ 88,106	$ 281,080

See accompanying notes to consolidated financial statements.

TRANSCAT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 – GENERAL

Description of Business: Transcat, Inc. (“Transcat,” “we,” “us,” “our” or the “Company”) is a leading provider of accredited calibration services, cost control and optimization services, and distribution and rental of value-added professional grade handheld test, measurement and control instrumentation. The Company is focused on providing services and products to highly regulated industries, particularly the life science industry, which includes pharmaceutical, biotechnology, medical device and other FDA-regulated businesses. Additional industries served include industrial manufacturing; energy and utilities, including oil and gas; chemical manufacturing; FAA-regulated businesses, including aerospace and defense and other industries that require accuracy in their processes, confirmation of the capabilities of their equipment, and for which the risk of failure is very costly.

Basis of Presentation: Transcat’s unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the Securities and Exchange Commission (“SEC”). Accordingly, the Consolidated Financial Statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of the Company’s management, all adjustments considered necessary for a fair presentation (consisting of normal recurring adjustments) have been included. The results for the interim periods are not necessarily indicative of what the results will be for the fiscal year. The accompanying Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as of and for the fiscal year ended March 30, 2024 (“fiscal year 2024”) contained in the Company’s Annual Report on Form 10-K for fiscal year 2024 filed with the SEC.

Use of Estimates: The preparation of Transcat’s Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States ("GAAP") requires that the Company make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to, allowance for credit losses and returns, inventory reserves, estimated levels of achievement for performance-based restricted stock units, fair value of stock options, depreciable lives of fixed assets, estimated lives of intangible assets, fair value of the goodwill reporting units, and the valuation of assets acquired, liabilities assumed and consideration transferred in business acquisitions. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the Consolidated Financial Statements may change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. Actual results could differ from those estimates. Such changes and refinements in estimation methodologies are reflected in reported results of operations in the period in which the changes are made and, if material, their effects are disclosed in the Notes to the Consolidated Financial Statements.

Cash and Cash Equivalents: Cash equivalents consist of highly liquid investments with an original maturity when purchased of three months or less and are stated at cost, which approximates fair value.

Marketable Securities: Marketable securities consist of highly liquid investments with an original maturity when purchased of more than three months and are stated at fair value on the Consolidated Balance Sheets. These securities are considered trading securities. Earnings on the marketable securities are included in interest income in the Consolidated Statements of Income.

Revenue Recognition: Distribution non-rental revenue is recorded when an order’s title and risk of loss transfers to the customer, which is generally upon shipment. Distribution rental revenue is recognized over time using the time-elapsed output method as this portrays the transfer of control to the customer. The Company recognizes the majority of its Service revenue based upon when the calibration or other activity is performed and then shipped and/or delivered to the customer. The majority of the Company’s revenue generating activities have a single performance obligation and are recognized at the point in time when control transfers and/or our obligation has been fulfilled. Some Service revenue is generated from managing customers’ calibration programs in which the Company recognizes revenue over time using the time-elapsed output method as this portrays the transfer of control to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for product shipped or services performed. Sales taxes and other taxes billed and collected from customers are excluded from revenue. The Company generally invoices its customers for freight, shipping, and handling charges. Freight billed to customers is included in revenue. Shipping and handling is not included in revenue. Provisions for customer returns are provided for in the period the related revenue is recorded based upon historical data.

Under Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers, we use judgments that could potentially impact both the timing of our satisfaction of performance obligations. Such judgments include considerations in determining our transaction prices and when our performance obligations are satisfied for our standard product sales that include general payment terms that are between net 30 and 90 days.

Revenue recognized from prior period performance obligations for the second third quarter of the fiscal year ending March 29, 2025 (“fiscal year 2025”) was immaterial. As of September December 28, 2024, the Company had no unsatisfied performance obligations for contracts with an original expected duration of greater than one year. Pursuant to ASC Topic 606, the Company applied the practical expedient with respect to disclosure of the deferral and future expected timing of revenue recognition for transaction price allocated to remaining performance obligations. Deferred revenue, unbilled revenue and deferred contract costs recorded on our Consolidated Balance Sheets as of September December 28, 2024 and March 30, 2024 were immaterial. See Note 4 for disaggregated revenue information.

	% of Total Net Sales				**% of Total Net Sales**			
	Second Quarter Ended		Six Months Ended		**Third Quarter Ended**		**Nine Months Ended**	
	September 28, 2024	September 23, 2023	September 28, 2024	September 23, 2023	**December 28, 2024**	**December 23, 2023**	**December 28, 2024**	**December 23, 2023**
Point-in-Time	86.6 %	90.4 %	86.1 %	90.5 %	86.5 %	88.8 %	86.2 %	89.9 %
Over Time - Output Method	13.4 %	9.6 %	13.9 %	9.5 %	13.5 %	11.2 %	13.8 %	10.1 %
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Fair Value of Financial Instruments: Transcat has determined the fair value of debt and other financial instruments using a valuation hierarchy. The hierarchy, which prioritizes the inputs used in measuring fair value, consists of three levels. Level 1 uses observable inputs such as quoted prices in active markets; Level 2 uses inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, which is defined as unobservable inputs in which little or no market data exists, requires the Company to develop its own assumptions. The carrying amount of debt on the Consolidated Balance Sheets approximates fair value due to variable interest rate pricing on a portion of the debt with the balance bearing an interest rate approximating current market rates, and the carrying amounts for cash and cash equivalents, marketable securities, accounts receivable and accounts payable approximate fair value due to their short-term nature. Investment assets, which fund the Company's non-qualified deferred compensation plan, consist of mutual funds and are valued based on Level 1 inputs. At each of September December 28, 2024 and March 30, 2024, investment assets totaled $0.1 million, $0.1 million and are included as a component of other assets (non-current) on the Consolidated Balance Sheets.

Stock-Based Compensation: The Company measures the cost of services received in exchange for all equity awards granted, including stock options and restricted stock units, based on the fair market value of the award as of the grant date. The Company records compensation cost related to unvested equity awards by recognizing, on a straight-line basis, the unamortized grant date fair value over the remaining service period for awards expected to vest. Excess tax benefits for share-based award activity are reflected in the Consolidated Statements of Income as a component of the provision for income taxes. Excess tax benefits are realized benefits from tax deductions for exercised awards in excess of the deferred tax asset attributable to stock-based compensation costs for such awards. The Company did not capitalize any stock-based compensation costs as part of an asset. The Company estimates forfeiture rates based on its historical experience. During the first six nine months of fiscal year 2025 and fiscal year 2024, the Company recorded non-cash stock-based compensation cost of $1.6 $2.1 million and $2.2 $3.3 million, respectively, in the Consolidated Statements of Income.

Foreign Currency Translation and Transactions: The accounts of Cal OpEx Limited (d/b/a Transcat Ireland), an Irish company, and Transcat Canada Inc., both of which are wholly-owned subsidiaries of the Company, are maintained in their local currencies, the Euro and the Canadian dollar, respectively, and have been translated to U.S. dollars. Accordingly, the amounts representing assets and liabilities have been translated at the period-end rates of exchange and related revenue and expense accounts have been translated at an average rate of exchange during the period. Gains and losses arising from translation of Cal OpEx Limited's and Transcat Canada Inc.'s financial statements into U.S. dollars are recorded directly to the accumulated other comprehensive loss component of shareholders' equity.

Transcat records foreign currency gains and losses on business transactions denominated in foreign currency. The net foreign currency was anet loss of $0.4 less than $0.1million for the first six nine months of fiscal year 2025 and anet gain of less than $0.1 million $0.1million for the first six nine months of fiscal year 2024. The Company continually utilizes short-term foreign exchange forward contracts to reduce the risk that its future earnings denominated in Canadian dollars would be adversely affected by changes in currency exchange rates. The Company does not apply hedge accounting and therefore the net change in the fair value of the contracts, which totaled a gain of less than $0.1 $0.2 million during each of the first six nine months of fiscal years 2025 and 2024, was recognized as a component of Interest and Other (Income) Expenses, net in the Consolidated Statements of Income. The change in the fair value of the contracts is offset by the change in fair value on the underlying accounts receivables denominated in Canadian dollars being hedged. On September December 28, 2024, the Company had a foreign exchange contract, which matured in October January 2025, 2024,outstanding in the notional amount of $2.5 $2.9 million. This contract was subsequently renewed and remains in place. The Company does not use hedging arrangements for speculative purposes.

Earnings Per Share: Basic earnings per share of the Company's common stock, par value $0.50 per share ("common stock"), are computed based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share of common stock reflect the assumed conversion of stock options, unvested restricted stock units using the treasury stock method and contingent consideration classified as equity in periods in which they have a dilutive effect. In computing the per share effect of assumed conversion, proceeds received from the exercise of options and unvested restricted stock units are considered to have been used to purchase shares of common stock at the average market prices during the period, and the resulting net additional shares of common stock are included in the calculation of average shares of common stock outstanding.

For the second third quarter of each of fiscal year 2025 and 2024, the net additional common stock equivalents had a ($0.01) effect on the calculation of diluted earnings per share. For the second quarter of fiscal year 2024, the net additional common stock equivalents had no effect on the calculation of diluted earnings per share. For the first six nine months of each of fiscal years 2025 and 2024, the net additional common stock equivalents had a ($0.01) effect on the calculation of diluted earnings per share. The average shares outstanding used to compute basic and diluted earnings per share are as follows (amounts in thousands):

	Second Quarter Ended		Six Months Ended		Third Quarter Ended		Nine Months Ended	
	September 28, 2024	September 23, 2023	September 28, 2024	September 23, 2023	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Average Shares Outstanding – Basic	9,160	7,819	9,107	7,732	9,230	8,615	9,147	8,060
Effect of Dilutive Common Stock Equivalents	122	129	115	108	96	137	96	127
Average Shares Outstanding – Diluted	9,282	7,948	9,222	7,840	9,326	8,752	9,243	8,187
Anti-dilutive Common Stock Equivalents	31	31	41	37	53	37	42	46

Goodwill and Intangible Assets: Goodwill represents the excess of the purchase price over the fair values of the underlying net assets of an acquired business. The Company tests goodwill for impairment for each reporting unit on an annual basis during the fourth quarter of its fiscal year, or immediately if conditions indicate that such impairment could exist. The Company is permitted, but not required, to qualitatively assess indicators of a reporting unit's fair value to determine whether it is necessary to perform the two-step goodwill impairment test. If a quantitative test is deemed necessary, a discounted cash flow analysis is prepared to estimate fair value.

Intangible assets, namely customer base and covenants not to compete, represent an allocation of purchase price to identifiable intangible assets of an acquired business. Intangible assets are evaluated for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. The allocation of goodwill and intangible assets by segment for the fiscal year 2025 additions are preliminary. A summary of changes in the Company's goodwill and intangible assets is as follows (amounts in thousands):

	Goodwill			Intangible Assets			Goodwill			Intangible Assets		
	Distribution	Service	Total	Distribution	Service	Total	Distribution	Service	Total	Distribution	Service	Total
Net Book Value as of March 30, 2024	$ 38,216	$ 67,369	$ 105,585	$ 6,993	$ 12,994	$ 19,987	$ 38,216	$ 67,369	$ 105,585	$ 6,993	$ 12,994	$ 19,987
Additions	21,685	10,847	32,532	5,360	2,680	8,040	21,693	49,713	71,406	5,360	37,880	43,240
Amortization	-	-	-	(1,443)	(2,222)	(3,665)	-	-	-	(2,220)	(3,297)	(5,517)
Currency Translation Adjustment	-	10	10	-	-	-	-	(374)	(374)	-	(28)	(28)
Net Book Value as of September 28, 2024	$ 59,901	$ 78,226	$ 138,127	$ 10,910	$ 13,452	$ 24,362						
Net Book Value as of December 28, 2024							$ 59,909	$ 116,708	$ 176,617	$ 10,133	$ 47,549	$ 57,682

Other Liabilities: A summary of other current and non-current liabilities is as follows (amounts in thousands):

	(Unaudited) September 28, 2024	(Audited) March 30, 2024	(Unaudited) December 28, 2024	(Audited) March 30, 2024
Current Liabilities:				
Accrued Payroll and Employee Benefits	$ 4,982	$ 5,508	$ 5,442	$ 5,508
Accrued Incentives	1,277	4,182	1,187	4,182
Current Portion of Lease Liabilities	3,201	2,510	3,331	2,510
Accrued Acquisition Holdbacks	514	2,577	1,347	2,577
Accrued Sales Tax	652	813	607	813
Accrued Contingent Consideration	-	529	-	529
Income Taxes Payable		2,926	-	2,926
Other Current Liabilities	466	620	1,171	620
Accrued Compensation and Other Current Liabilities	$ 11,092	$ 19,665	$ 13,085	$ 19,665
Non-Current Liabilities:				
Postretirement Benefit Obligation	$ 1,132	$ 1,134	$ 1,115	$ 1,134
Accrued Acquisition Holdbacks	1,647	1,647	1,647	1,647
Accrued Contingent Consideration	806	-	835	-
Other Non-Current Liabilities	120	122	122	122
Other Liabilities	$ 3,705	$ 2,903	$ 3,719	$ 2,903

Recent Accounting Guidance Not Yet Adopted: In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280). The ASU requires disclosures, on an annual and interim basis, of significant segment expenses and other segment items that are regularly provided to the Chief Operating Decision Maker ("CODM") as well as the title and position of the CODM. ASU 2023-07 is effective for annual periods beginning in fiscal 2025 and interim periods in fiscal year 2026 with early adoption permitted. The adoption of this ASU is expected to impact the Company's financial statement disclosures but have no material impact on our the Company's results of operations, cash flows or financial condition.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The ASU expands the income tax disclosure requirements, principally related to the rate reconciliation table and income taxes paid. ASU 2023-09 is effective for annual periods beginning in fiscal 2026, with early adoption permitted. The adoption of the ASU is not expected to have a material impact on the Company's financial statement disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses. This guidance requires disclosures about significant expense categories, including but not limited to, inventory purchases, employee compensation, depreciation, amortization, and selling expenses. This amendment is effective for the Company's fiscal year 2028 and interim periods within fiscal year 2029. The Company is currently assessing the impact of this guidance on its financial statement disclosures.

NOTE 2 – LONG-TERM DEBT

On July 7, 2021, the Company entered into the Second Amended and Restated Credit Facility Agreement (the "Credit Agreement") with Manufacturers and Traders Trust Company ("M&T"), that amended and restated in its entirety the Company's prior credit agreement with M&T.

The Credit Agreement provides for a revolving credit commitment (the "revolving credit facility") of $80.0 million through June 2026, with a letter of credit subfacility of $10.0 million. The Company's 2018 term loan, with an original principal amount of $15.0 million (the "2018 Term Loan"), is also provided for under the Credit Agreement.

The Credit Agreement allows the Company to use up to $50.0 million under the revolving credit facility for acquisitions in any single fiscal year. The Credit Agreement restricts the Company's ability to complete acquisitions of businesses with a principal place of business located in the United Kingdom or the European Union to an aggregate purchase price of $40.0 million during the term of the Credit Agreement, if the acquisition is financed directly or indirectly with the revolving credit facility.

Under the Credit Agreement, the Company may make restricted payments up to $25.0 million in the aggregate over the term of the Credit Agreement and $10.0 million in any single fiscal year to repurchase shares and pay dividends.

As of September December 28, 2024, $80.0 million was available for borrowing under the revolving credit facility. As facility, of September 28, 2024, there were no amounts outstanding under the revolving credit facility. which $39.5 million was outstanding.

As of September December 28, 2024, $3.0 $2.4 million was outstanding on the 2018 Term Loan, all of which $2.4 million was included in current liabilities on the Consolidated Balance Sheets with the remainder included in long-term debt. Sheets. The 2018 Term Loan requires total amortizing repayments (principal plus interest) of $0.2 million per month through its maturity date in December 2025.

Interest and Other Costs: Effective July 1, 2023, interest on outstanding borrowings under the revolving credit facility accrue, at Transcat's election, at either the variable Daily Simple SOFR or a fixed rate for a designated period at the SOFR corresponding to such period (subject to a 0.25% floor), in each case, plus a margin. Unused fees accrue based on the average daily amount of unused credit available on the revolving credit facility. Interest rate margins and unused fees are determined on a quarterly basis based upon the Company's calculated leverage ratio. The Company's interest rate for the revolving credit facility for the first six nine months of fiscal year 2025 was 7.1% 5.6%. Interest on outstanding borrowings under the 2018 Term Loan accrue at a fixed rate of 3.90% over the term of the loan.

Covenants: The Credit Agreement has certain covenants with which the Company must comply, including a fixed charge ratio covenant, which prohibits the Company's fixed charge ratio from being less than 1.15 to 1.00, and a leverage ratio covenant, which prohibits the Company's leverage ratio from exceeding 3.00 to 1.00. The Company was in compliance with all loan covenants and requirements during the first six nine months of fiscal year 2025. The Company's leverage ratio, as defined in the Credit Agreement, was 0.08 0.97 at September December 28, 2024, compared with 0.10 at March 30, 2024.

Other Terms: The Company has pledged all of its U.S. tangible and intangible personal property, the equity interests of its U.S.-based subsidiaries, and a majority of the common stock of Transcat Canada Inc. as collateral security for the loans made under the revolving credit facility.

NOTE 3 – STOCK-BASED COMPENSATION

In September 2021, the Transcat, Inc. 2021 Stock Incentive Plan (the "2021 Plan") was approved by shareholders and became effective. The 2021 Plan replaced the Transcat, Inc. 2003 Incentive Plan (the "2003 Plan"). Shares available for grant under the 2021 Plan include any shares remaining available for issuance under the 2003 Plan and any shares that are subject to outstanding awards under the 2003 Plan that are subsequently canceled, expired, forfeited, or otherwise not issued or are settled in cash. The 2021 Plan provides for, among other awards, grants of restricted stock units and stock options to directors, officers and key employees at the fair market value at the date of grant. At September December 28, 2024, 0.6 million shares of common stock were available for future grant under the 2021 Plan.

The Company receives an excess tax benefit related to restricted stock vesting and stock options exercised and redeemed. The discrete tax benefits related to share-based compensation and stock option activity during the first six nine months of fiscal year 2025 and fiscal year 2024 were $1.1 $1.3 million and $0.6 $0.7 million, respectively.

Restricted Stock Units: The Company grants time-based and performance-based restricted stock units as a component of executive and key employee compensation. Expense for restricted stock unit grants is recognized on a straight-line basis for the service period of the stock award based upon fair value of the award on the date of grant. The fair value of the restricted stock unit grants is the quoted market price for the Company's common stock on the date of grant. These restricted stock units are either time vested, or vest following the third fiscal year from the date of grant subject to cumulative diluted earnings per share or cumulative Adjusted EBITDA targets over the eligible period.

Compensation cost ultimately recognized for performance-based restricted stock units will equal the grant date fair market value of the unit that coincides with the actual outcome of the performance conditions. On an interim basis, the Company records compensation cost based on the estimated level of achievement of the performance conditions. The expense relating to the time vested restricted stock units is recognized on a straight-line basis over the requisite service period for the entire award.

The following table summarizes the non-vested restricted stock units outstanding as of September December 28, 2024 (in thousands, except per unit data):

Date Granted	**Measurement Period**	**Total Number of Units Outstanding**	**Grant Date Fair Value Per Unit**	**Estimated Level of Achievement at September 28, 2024**	**Measurement Period**	**Total Number of Units Outstanding**	**Grant Date Fair Value Per Unit**	**Estimated Level of Achievement at December 28, 2024**
October 2018	October 2018 – September 2028	5	$ 20.81	Time Vested	October 2018 – September 2028	4	$ 20.81	Time Vested
March 2022	March 2022 – March 2025	1	$ 76.31	Time Vested	March 2022 – March 2025	1	$ 76.31	Time Vested
May 2022	May 2022 – March 2025	9	$ 63.17	Time Vested	May 2022 – March 2025	9	$ 63.17	Time Vested
May 2022	May 2022 – March 2025	8	$ 63.17	0% of target level	May 2022 – March 2025	8	$ 63.17	0% of target level
August 2022	August 2022 – August 2025	1	$ 78.04	Time Vested	August 2022 – August 2025	1	$ 78.04	Time Vested
May 2023	May 2023 – March 2026	8	$ 89.70	150% of target level	May 2023 – March 2026	8	$ 89.70	150% of target level
May 2023	May 2023 – March 2026	8	$ 89.70	Time Vested	May 2023 – March 2026	8	$ 89.70	Time Vested
May 2023	May 2023 – May 2026	13	$ 89.70	Time Vested	May 2023 – May 2026	11	$ 89.70	Time Vested
April 2024	April 2024 - April 2027	2	$ 107.13	Time Vested	April 2024 - April 2027	2	$ 107.13	Time Vested
April 2024	April 2024 - April 2027	1	$ 108.04	Time Vested	April 2024 - April 2027	1	$ 108.04	Time Vested
May 2024	May 2024 - May 2027	1	$ 119.45	Time Vested	May 2024 - May 2027	1	$ 119.45	Time Vested
May 2024	May 2024 - May 2027	1	$ 124.12	Time Vested	May 2024 - May 2027	1	$ 124.12	Time Vested
May 2024	May 2024 - March 2027	9	$ 124.12	100% of target level	May 2024 - March 2027	9	$ 124.12	100% of target level

May 2024	May 2024 - March 2027	10	$	124.12	Time Vested	May 2024 - March 2027	10	$ 124.12	Time Vested
July 2024	July 2024 - July 2027	1	$	116.91	Time Vested	July 2024 - July 2027	1	$ 116.91	Time Vested
September 2024	September 2024 - September 2025	6	$	120.66	Time Vested	September 2024 - September 2025	6	$ 120.66	Time Vested
September 2024	September 2024 - September 2027	1	$	123.33	100% of target level	September 2024 - September 2027	1	$ 123.33	100% of target level
September 2024	September 2024 - September 2027	1	$	123.33	Time Vested	September 2024 - September 2027	1	$ 123.33	Time Vested
December 2024						December 2024 - December 2027	9	$ 103.44	Time Vested

Total expense relating to restricted stock units, based on grant date fair value and the achievement criteria, was $0.9 $1.5 million and $1.5 $2.4 million in the first six nine months of fiscal year 2025 and fiscal year 2024, respectively. As of September December 28, 2024, unearned compensation, to be recognized over the grants' respective service periods, totaled $5.0 million based on estimated achievement levels as of September December 28, 2024. If the maximum performance levels were achieved, the unearned compensation could be a maximum of $6.4 million.

Stock Options: The Company grants stock options to employees and directors with an exercise price equal to the quoted market price of the Company's stock at the date of the grant. The fair value of stock options is estimated using the Black-Scholes option pricing formula that requires assumptions for expected volatility, expected dividends, the risk-free interest rate and the expected term of the option. Expense for stock options is recognized on a straight-line basis over the requisite service period for each award. Options vest either immediately or over a period of up to five years using a straight-line basis and expire either five years or ten years from the date of grant.

We calculate the fair value of the stock options granted using the Black-Scholes model. The following weighted-average assumptions were used to value options granted during the first six nine months of fiscal year 2025 and fiscal year 2024:

	Second Quarter Ended		Six Months Ended		Third Quarter Ended		Nine Months Ended	
	September 28, 2024	September 23, 2023	September 28, 2024	September 23, 2023	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Risk-Free Interest Rate	4.09 %	4.38 %	4.35 %	3.82 %	N/A	4.84 %	4.35 %	4.09 %
Volatility Factor	40.70 %	36.87 %	40.98 %	37.04 %	N/A	37.31 %	40.98 %	37.12 %
Expected Term (in Years)	4.00	6.27	4.00	6.22	N/A	6.50	4.00	6.30
Annual Dividend Rate	0.00 %	0.00 %	0.00 %	0.00 %	N/A	0.00 %	0.00 %	0.00 %

We calculate expected volatility for stock options by taking an average of historical volatility over the expected term. The computation of expected term was determined based on safe harbor rules, giving consideration to the contractual terms of the stock-based awards and vesting schedules. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield in effect at the time of grant. We assume no expected dividends. Under FASB ASC Topic 718, Compensation – Stock Compensation, the Company has elected to account for forfeitures as they occur.

During the first six nine months of fiscal year 2025, the Company granted options for 10,000 shares of common stock in the aggregate to Company employees that vest over three years.

During the first six nine months of fiscal year 2024, the Company granted options for 7,000 shares of common stock in the aggregate to Company employees that vest over three years, an option for 10,000 shares of common stock to a Company employee that vests over five years and an option options for 10,000 20,000 shares of common stock (10,000 each) to a two Company director directors that vests vest over five years.

The expense related to all stock option awards was $0.7 $0.6 million in the first six nine months of fiscal year 2025 and $0.6 $0.9 million in the first six nine months of fiscal year 2024.

The following table summarizes the Company's options as of and for the first six nine months ended September December 28, 2024 (in thousands, except price per option data and years):

	Number Of Options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value	Number Of Options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of March 30, 2024	234	$ 63.43			234	$ 63.43		
Granted	10	$ 112.93			10	$ 112.93		
Exercised	(25)	$ 23.02			(37)	$ 34.21		
Forfeited	(12)	$ 63.04			(32)	$ 38.07		
Outstanding as of September 28, 2024	207	$ 70.67	6	$ 10,522				
Exercisable as of September 28, 2024	72	$ 58.95	6	$ 2,838				
Outstanding as of December 28, 2024					175	$ 72.42	6	$ 5,862
Exercisable as of December 28, 2024					64	$ 59.49	6	$ 2,954

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the second third quarter of fiscal year 2025 and the exercise price, multiplied by the number of in-the-money stock options) that would have been received by the option holders had all holders exercised their options on September December 28, 2024. The amount of aggregate intrinsic value will change based on the fair market value of the Company's common stock.

Total unrecognized compensation cost related to non-vested stock options as of September December 28, 2024 was $2.1 $1.7 million, which is expected to be recognized over a period of three years. The aggregate intrinsic value of stock options exercised during the first six nine months of fiscal year 2025 was $2.4 $3.2 million and during the first six nine months of fiscal year 2024 was $0.3 million. Cash received from the exercise of options in the first six nine months of fiscal year 2025 was $0.6 million $1.3 million and during the first six nine months of fiscal year 2024 was $0.1 million.

NOTE 4 – SEGMENT INFORMATION

The basis for determining our operating segments is the manner in which financial information is used in monitoring our operations. Transcat has two reportable segments: Service and Distribution. Through our Service segment, we offer calibration, repair, inspection, analytical qualifications, preventative maintenance, consulting and other related services. Through our Distribution segment, we sell and rent national and proprietary brand instruments to customers globally. The Company has no inter-segment sales. We believe that reporting performance at the operating income level is the best indicator of segment performance. The following table presents segment and geographic data for the second third quarter and first six nine months of fiscal year 2025 and fiscal year 2024 (dollars in thousands):

	Second Quarter Ended		Six Months Ended		Third Quarter Ended		Nine Months Ended	
	September 28, 2024	September 23, 2023	September 28, 2024	September 23, 2023	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Revenue:								

Service	$ 44,083	$ 41,431	$ 87,861	$ 81,284	$ 41,557	$ 41,509	$ 129,418	$ 122,793
Distribution	23,743	21,373	46,672	42,118	25,197	23,657	71,869	65,775
Total	67,826	62,804	134,533	123,402	66,754	65,166	201,287	188,568
Gross Profit:								
Service	14,591	14,084	29,474	27,055	12,357	13,494	41,831	40,549
Distribution	6,615	6,041	14,387	11,780	7,322	7,442	21,709	19,222
Total	21,206	20,125	43,861	38,835	19,679	20,936	63,540	59,771
Operating Expenses:								
Service (1)	10,887	13,342	21,680	23,121	10,945	10,528	32,624	33,649
Distribution (1)	6,584	5,140	13,347	9,431	6,634	6,114	19,982	15,545
Total	17,471	18,482	35,027	32,552	17,579	16,642	52,606	49,194
Operating Income:								
Service	3,704	742	7,794	3,934	1,412	2,966	9,207	6,900
Distribution	31	901	1,040	2,349	688	1,328	1,727	3,677
Total	3,735	1,643	8,834	6,283	2,100	4,294	10,934	10,577
Unallocated Amounts:								
Interest and Other (Income)/Expense, net	22	841	(107)	1,719	(1,029)	23	(1,136)	1,742
Provision for Income Taxes	427	342	1,247	1,155	772	923	2,019	2,078
Total	449	1,183	1,140	2,874	(257)	946	883	3,820
Net Income	$ 3,286	$ 460	$ 7,694	$ 3,409	$ 2,357	$ 3,348	$ 10,051	$ 6,757
Geographic Data:								
Revenues to Unaffiliated Customers (2)								
United States (3)	$ 62,492	$ 57,119	$ 123,232	$ 111,376	$ 61,064	$ 59,090	$ 184,296	$ 170,466
Canada	3,794	3,896	8,266	8,143	4,424	4,083	12,690	12,226
Other International	1,540	1,789	3,035	3,883	1,266	1,993	4,301	5,876
Total	$ 67,826	$ 62,804	$ 134,533	$ 123,402	$ 66,754	$ 65,166	$ 201,287	$ 188,568

(1) Operating expense allocations between segments are based on actual amounts, a percentage of revenues, headcount, and management's estimates.

(2) Revenues are attributed to the countries based on the destination of a product shipment or the location where service is rendered.

(3) United States includes Puerto Rico.

NOTE 5 – BUSINESS ACQUISITIONS

Martin: Effective December 10, 2024, the Company acquired Martin Calibration, Inc, a privately-held Minnesota calibration services company ("Martin"). Martin is ISO 17025 certified. This transaction aligned with a key component of the Company's acquisition strategy of targeting businesses that expand the depth and breadth of the Company's service capabilities.

The Martin goodwill is primarily attributable to the workforce acquired, as well as operational synergies and other intangibles that do not qualify for separate recognition.

The goodwill and intangible assets relating to the Martin acquisition have preliminarily been allocated to the Service segment. Intangible assets related to the Martin acquisition are being amortized for financial reporting purposes on an accelerated basis over the estimated useful life of up to 30 years and are deductible for tax purposes. Amortization of goodwill related to the Martin acquisition is deductible for income tax purposes.

The total purchase price for Martin was approximately $80.4 million consisting of $70.4 million in cash and the issuance of our common stock valued at $10.0 million, including $2.0 million placed in escrow for certain post-closing adjustments and indemnification claims, if any.

The purchase price allocation is subject to revision based upon our final review of tangible and intangible asset valuation assumptions, working capital adjustments, assets acquired, liabilities assumed and consideration transferred. The following is a summary of the preliminary purchase price allocation, in the aggregate, to the fair value, based on Level 3 inputs, of Martin's assets and liabilities acquired on December 10, 2024 (in thousands):

Goodwill	$38,871

Intangible Assets – Customer Base & Contracts			32,000
Intangible Assets – Trademarks and Tradenames			3,200
			74,071
Plus:	Cash		200
	Accounts Receivable		3,949
	Property and Equipment		3,412
	Right To Use Assets		5,811
	Other Current Assets		58
Less:	Current Liabilities		(1,320)
	Lease Liabilities		(5,813)
Total Purchase Price		$	80,368

From the date of acquisition through the end of the third quarter of fiscal year 2025, Martin has contributed revenue of $1.3 million and an operating income of $0.1 million, which includes the negative impact of amortization of the acquired intangible assets.

Becnel: Effective April 15, 2024, the Company acquired Becnel Rental Tools, LLC, a privately-held Louisiana limited liability company ("Becnel"), pursuant to an Agreement and Plan of Merger (the "Becnel agreement"), by and among the Company, Becnel and the other parties thereto. Becnel is an ISO 9001:2015 certified provider of rental tools and services primarily utilized in the decommissioning and maintenance of oil wells. This transaction aligned with a key component of the Company's acquisition strategy of targeting businesses that expand the depth and breadth of the Company's service and rental capabilities.

The Becnel goodwill is primarily attributable to the workforce acquired, as well as operational synergies and other intangibles that do not qualify for separate recognition. The goodwill and intangible assets relating to the Becnel acquisition have preliminarily been allocated to both the Service and Distribution segment. Intangible assets related to the Becnel acquisition are being amortized for financial reporting purposes on an accelerated basis over the estimated useful life of up to eleven years and are deductible for tax purposes. Amortization of goodwill related to the Becnel acquisition is deductible for income tax purposes.

The total purchase price for Becnel was approximately $49.8 million consisting of up to $17.5 million in cash and the issuance of our common stock valued at $32.3 million. Pursuant to the Becnel agreement, the Company held back approximately $2.5 million of the purchase price for certain potential post-closing adjustments. This includes $0.5 million withheld for ordinary post-closing adjustments and $2.0 million withheld that is subject to revenue target achievement.

Pursuant to the Becnel agreement, the purchase price is subject to reduction by $2.0 million if certain revenue targets are not met through April 15, 2026. As of April 15, 2024 and September December 28, 2024, the estimated fair value of this contingent consideration, classified as Level 3 in the fair value hierarchy, was approximately $1.5 million and $1.6 million, respectively. This amount was calculated using a Geometric Brownian motion distribution that was then used in a Monte Carlo simulation model. Assumptions used in the Monte Carlo simulation model included: 1) discount rate of 11.00%, 2) risk-free interest rate of 5.00%, 3) asset volatility of 30.00%, and 4) forecasted revenue. 50% of this contingent consideration is payable in cash and 50% of this contingent consideration is payable in 9,283 shares of Transcat common stock. The cash portion of the contingent consideration is classified as a liability and is recorded in other liabilities in the Consolidated Balance Sheets. The stock portion of the contingent consideration is classified as equity and is recorded in shareholders equity in the Consolidated Balance Sheets. The contingent consideration payout will either be $0 or $2.0 million depending on the revenue target achievement.

This cash portion of the contingent consideration is remeasured quarterly. If, as a result of remeasurement, the value of the cash portion of the contingent consideration changes, any charges or income will be included in the Company's Consolidated Statements of Income. There was no impact from the remeasurement done during the first six nine months of fiscal year 2025. Due to the uncertainty with utilizing these significant unobservable inputs for this Level 3 fair value measurement, materially higher or lower fair value measurements may be recognized at subsequent remeasurement periods. The stock portion of the contingent consideration is remeasured quarterly. If, as a result of the measurement, the value of the stock portion of the contingent consideration changes, any changes will be included in the Consolidated Balance Sheets as a component of shareholders equity.

The purchase price allocation is subject to revision based upon our final review of tangible and intangible asset valuation assumptions, working capital adjustments, assets acquired, liabilities assumed and consideration transferred. The following is a summary of the preliminary purchase price allocation, in the aggregate, to the fair value, based on Level 3 inputs, of Becnel's assets and liabilities acquired on April 15, 2024 (in thousands):

Goodwill	$32,537
Intangible Assets – Customer Base & Contracts	7,200
Intangible Assets – Trademarks and Tradenames	840

			40,577
Plus:	Cash		214
	Accounts Receivable		3,041
	Property and Equipment		6,122
	Other Current Assets		79
Less:	Current Liabilities		(210)
Total Purchase Price		$	49,823

From the date of acquisition through the end of the second third quarter of fiscal year 2025, Becnel has contributed revenue of $4.7 $7.1 million and an operating loss of $0.2 $0.3 million, which includes the negative impact of amortization of the acquired intangible assets.

Axiom: Effective August 8, 2023, Transcat purchased all of the outstanding capital stock of Axiom Test Equipment, Inc. (“Axiom”), a privately-held California rental provider of electronic test equipment to customers across the United States. This transaction aligned with a key component of the Company’s acquisition strategy of targeting businesses that expand the depth and breadth of the Company’s Distribution capabilities.

The Axiom goodwill is primarily attributable to the workforce acquired, as well as operational synergies and other intangibles that do not qualify for separate recognition. All the goodwill and intangible assets relating to the Axiom acquisition has been allocated to the Distribution segment. Intangible assets related to the Axiom acquisition are being amortized for financial reporting purposes on an accelerated basis over the estimated useful life of up to twelve years and are not deductible for tax purposes. Amortization of goodwill related to the Axiom acquisition is not deductible for tax purposes.

The total purchase price for Axiom was approximately $38.7 million and was paid with $10.0 million in cash and the issuance of our common stock valued at $28.6 million. Pursuant to the asset purchase agreement, the Company held back approximately $3.9 million of the purchase price for certain potential post-closing adjustments.

The following is a summary of the purchase price allocation, in the aggregate, to the fair value, based on Level 3 inputs, of Axiom's assets and liabilities acquired on August 8, 2023 (in thousands):

Goodwill		$	26,758
Intangible Assets – Customer Base & Contracts			7,900
			34,658
Plus:	Cash		161
	Accounts Receivable		925
	Inventory		1,796
	Other Current Assets		40
	Property and Equipment		4,965
Less:	Current Liabilities		(579)
	Deferred Tax Liability		(3,242)
Total Purchase Price		$	38,724

During the first six nine months of fiscal year 2025, Axiom has contributed revenue of $4.7 $6.6 million and operating income of $0.3 $0.2 million, which includes the negative impact of amortization of the acquired intangible assets.

SteriQual: Effective July 12, 2023, Transcat purchased all of the outstanding capital stock of SteriQual, Inc. (“SteriQual”), a Florida based provider of expert consulting services to pharmaceutical, biopharmaceutical, medical device and diagnostic equipment manufacturers. This transaction aligned with a key component of the Company’s acquisition strategy of targeting businesses that expand the depth and breadth of the Company’s Service capabilities.

The SteriQual goodwill is primarily attributable to the workforce acquired, as well as operational synergies and other intangibles that do not qualify for separate recognition. All the goodwill and intangible assets relating to the SteriQual acquisition has been allocated to the Service segment. Intangible assets related to the SteriQual acquisition are being amortized for financial reporting purposes on an accelerated basis over the estimated useful life of up to fifteen years and are not deductible for tax purposes. Amortization of goodwill related to the SteriQual acquisition is not deductible for tax purposes.

The total purchase price for SteriQual was approximately $4.3 million and was paid by the issuance of our common stock. Pursuant to the asset purchase agreement, the Company held back approximately $0.9 million of the purchase price for certain potential post-closing adjustments. Pursuant to the asset purchase agreement, the purchase price is subject to reduction by $0.5 million if certain revenue targets are not met through July 12, 2024. The revenue targets were not met and the remaining $0.4 million of the holdback was paid during the second quarter of fiscal year 2025. The purchase price was reduced to $3.8 million as of December 23, 2023 as the Company recorded a receivable in the amount of $0.5 million related to the revenue target contingent consideration. This receivable was recognized based on the facts and circumstances at the date of acquisition and is recognized as a component of goodwill and not recorded in the Consolidated Statement of Income.

The following is a summary of the purchase price allocation, in the aggregate, to the fair value, based on Level 3 inputs, of SteriQual's assets and liabilities acquired on July 12, 2023 (in thousands):

Goodwill		$	2,175
Intangible Assets – Customer Base & Contracts			1,062
Intangible Assets – Covenant Not to Compete			392
Intangible Assets – Sales Backlog			95
			3,724
Plus:	Accounts Receivable		666
Less:	Current Liabilities		(211)
	Deferred Tax Liability		(395)
Total Purchase Price		$	3,784

During the first six nine months of fiscal year 2025, SteriQual has contributed revenue of $1.1 $1.7 million and operating loss of $0.2 million, which includes the negative impact of amortization of the acquired intangible assets.

TIC-MS: Effective March 27, 2023, Transcat purchased all of the outstanding capital stock of TIC-MS, Inc. ("TIC-MS"), a Missouri based provider of calibration services. This transaction aligned with a key component of the Company's acquisition strategy of targeting businesses that expand the depth and breadth of the Company's Service capabilities.

The TIC-MS goodwill is primarily attributable to the workforce acquired, as well as operational synergies and other intangibles that do not qualify for separate recognition. All the goodwill and intangible assets relating to the TIC-MS acquisition has been allocated to the Service segment. Intangible assets related to the TIC-MS acquisition are being amortized for financial reporting purposes on an accelerated basis over the estimated useful life of up to fifteen years and are not deductible for tax purposes. Amortization of goodwill related to the TIC-MS acquisition is not deductible for tax purposes.

The total purchase price for TIC-MS was approximately $9.7 million and was paid with $2.9 million in cash, including $0.5 million placed in escrow for contingent consideration, certain post-closing adjustments and indemnification claims, if any, and the issuance of 77,387 shares of our common stock valued at $6.9 million. Pursuant to the asset purchase agreement, the purchase price was subject to reduction by up to $0.5 million if a key customer relationship is not retained through March 27, 2024. This key customer relationship was retained and, in the first quarter of fiscal year 2025 the $0.5 million in escrow was released and paid.

The following is a summary of the purchase price allocation, in the aggregate, to the fair value, based on Level 3 inputs, of TIC-MS's assets and liabilities acquired on March 27, 2023 (in thousands):

Goodwill		$	7,218
Intangible Assets – Customer Base & Contracts			2,303
Intangible Assets – Covenant Not to Compete			132
			9,653
Plus:	Accounts Receivable		502
	Property and Equipment		356
Less:	Current Liabilities		(124)
	Deferred Tax Liability		(712)
Total Purchase Price		$	9,675

During the first six nine months of fiscal year 2025, TIC-MS has contributed revenue of $1.8 $2.7 million and operating income of $0.9 $1.3 million, which includes the negative impact of amortization of the acquired intangible assets.

The results of acquired businesses are included in Transcat's consolidated operating results as of the dates the businesses were acquired. The following unaudited pro forma information presents the Company's results of operations as if the acquisitions of Martin, Becnel, Axiom, SteriQual and TIC-MS had occurred at the beginning of fiscal year 2024. The pro forma results do not purport to represent what the Company's results of operations actually would have been if the transactions had occurred at the beginning of the period presented or what the Company's operating results will be in future periods.

(in thousands except per share information)	(Unaudited) Second Quarter Ended September 28, 2024	(Unaudited) Second Quarter Ended September 23, 2023	(Unaudited) Six Months Ended September 28, 2024	(Unaudited) Six Months Ended September 23, 2023	(Unaudited) Third Quarter Ended December 28, 2024	(Unaudited) Third Quarter Ended December 23, 2023	(Unaudited) Nine Months Ended December 28, 2024	(Unaudited) Nine Months Ended December 23, 2023
Total Revenue	$ 67,826	$ 68,948	$ 134,533	$ 137,828	$ 71,654	$ 75,422	$ 220,462	$ 224,764
Net Income	$ 3,286	$ 435	$ 7,545	$ 2,879	$ 2,481	$ 1,390	$ 10,405	$ 5,625
Basic Earnings Per Share	$ 0.36	$ 0.06	$ 0.83	$ 0.37	$ 0.27	$ 0.16	$ 1.14	$ 0.70
Diluted Earnings Per Share	$ 0.35	$ 0.05	$ 0.82	$ 0.37	$ 0.27	$ 0.16	$ 1.13	$ 0.69

Certain of the Company's acquisition agreements include provisions for contingent consideration and other holdback amounts. The Company accrues for contingent consideration and holdback provisions based on their estimated fair value at the date of acquisition and at subsequent remeasurement periods, as applicable. As of September December 28, 2024, $0.5 $1.3 million of other holdback amounts unpaid are reflected in current liabilities on the Consolidated Balance Sheets and $0.8 million of contingent consideration and $1.6 million of other holdback amounts unpaid are reflected in other liabilities on the Consolidated Balance Sheets. During the first six nine months of fiscal year 2025, $0.5 million was paid to settle the earn-out obligation due to Cal OpEx Limited (d/b/a NEXA Enterprise Asset Management)("NEXA") for calendar 2023. This amount was paid in 4,320 shares of Transcat common stock. During the first six nine months of fiscal year 2025, $2.3 million was paid to settle a holdback due to Axiom. This amount was paid in 26,379 shares of Transcat common stock. During the first six nine months of fiscal year 2025, $0.4 million was paid to settle a holdback to SteriQual. This amount was paid in 4,763 shares of Transcat common stock. During the first six nine months of fiscal year 2024, no contingent consideration and $0.3 million $0.8 million of other holdback amounts were paid.

During the first six nine months of fiscal year 2025 and fiscal year 2024, acquisition costs of $0.4 $1.2 million and $0.2 $0.7 million, respectively, were recorded as incurred as general and administrative expenses in the Consolidated Statements of Income.

NOTE 6 – SUBSEQUENT EVENT SALE OF ASSETS

On October 30, 2024, the Company entered into an asset purchase agreement with Wiscale, LLC, a Wisconsin limited liability company and subsidiary of Nesnah Ventures, LLC (the "Purchaser"), pursuant to which the Company sold the assets, and certain liabilities, of the Company's United Scale & Engineering division which is engaged in the business of selling, renting and servicing weighing systems, scales and balances, including truck scales, and related parts to the Purchaser. The aggregate consideration received by the Company for the sale was $1.1 million, subject to customary closing adjustments. A gain of $0.8 million was recorded in the third quarter of fiscal year 2025 as a component of Other Income in the Consolidated Statement of Income.

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

Forward-Looking Statements. This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, estimates, beliefs, assumptions and predictions of future events and are identified by words such as "anticipate," "believes," "estimates," "expects," "potential," "outlook," "seek," "strategy," "target," "could," "can," "may," "will," "would," and other similar words. Forward-looking statements are not statements of historical fact and thus are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or those expressed in such forward-looking statements. You should evaluate forward-looking statements in light of important risk factors and uncertainties that may affect our operating and financial results and our ability to achieve our financial objectives. These factors include, but are not limited to, general economic conditions applicable to our business, inflationary impacts and changes in interest rates, the highly competitive nature of the industries in which we compete and in the nature of our two business segments, the concentration of Service segment customers in the life science and other FDA-regulated and industrial manufacturing industries, the significant competition we face in our Distribution segment, any impairment of our goodwill or intangible assets, tariffs and trade relations, our ability to successfully complete and integrate business acquisitions, cybersecurity risks, the risk of significant disruptions in our information technology systems, our ability to recruit, train and retain quality employees, skilled technicians and senior management, fluctuations in our operating results, our ability to achieve or maintain adequate utilization and pricing rates for our technical service providers, the prices we are able to charge for our services in our Service segment, competition in the rental market, our ability to adapt our technology, reliance on our enterprise resource planning system, technology updates, supply chain delays or disruptions, the risks related to current and future indebtedness, foreign currency rate fluctuations, risks related to our intellectual property, geopolitical events, adverse weather events or other catastrophes, natural disasters or widespread public health crises, the volatility of our stock price, the relatively low trading volume of our common stock, changes in tax rates, changes in accounting standards, legal requirements and listing standards, and legal and regulatory risks related to our international operations. These risk factors and uncertainties are more fully described by us under the heading “Risk Factors” in our reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 30, 2024. You should not place undue reliance on our forward-looking statements, which speak only as of the date they are made. Except as required by law, we undertake no obligation to update, correct or publicly announce any revisions to any of the forward-looking statements contained in this report, whether as a result of new information, future events or otherwise.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to our critical accounting policies and estimates from the information provided in our Annual Report on Form 10-K for the fiscal year ended March 30, 2024.

RESULTS OF OPERATIONS

Executive Summary

During our second third quarter of fiscal year 2025, we had consolidated revenue of $67.8 $66.8 million. This represented an increase of $5.0 $1.6 million or 8.0% 2.4% versus the second third quarter of fiscal year 2024. This increase was primarily due to acquisitions, demand in our Service segment’s highly-regulated end markets and increased rental sales, acquisitions. Acquired revenue, which includes incremental represents revenue from acquisitions. acquisitions completed after the end of the prior period, was $3.7 million. Organic revenue decreased by 3.9% versus the third quarter of fiscal year 2024. See Note 5 – “Business Acquisitions” to our unaudited consolidated financial statements in this report for more information about the impact of our acquisitions.

Our second third quarter of fiscal year 2025 gross profit was $21.2 $19.7 million. This was an increase a decrease of $1.1 $1.3 million or 5.4% 6.0% versus the second third quarter of fiscal year 2024. In addition, consolidated gross margin was 31.3% 29.5%, a decrease of 70 260 basis points versus the second third quarter of fiscal year 2024. This decrease was due to organic revenue decreases and lower margins from NEXA and Becnel. NEXA.

Total operating expenses were $17.5 $17.6 million in the second third quarter of fiscal year 2025, a decrease an increase of $1.0 $0.9 million or 5.5% 5.6% when compared to the prior fiscal year second third quarter. Included in operating expenses during the second third quarter of fiscal year 2025 were incremental operating expenses from the acquisitions of Becnel, Axiom Martin and SteriQual, Becnel, investments in technology and higher incentive-based employee costs due to higher sales. Included in operating expenses during the second quarter of fiscal year 2024 was a $2.8 million non-cash charge related to the amended NEXA earn-out agreement. As a percentage of total revenue, operating expenses were 25.8% 26.3% in the second third quarter of fiscal year 2025, down 360 up 80 basis points from 29.4% 25.5% in the second third quarter of fiscal year 2024. Operating income was $3.7 million, an increase of $2.1 million, a decrease of $2.2 million, or 127.3% 51.1% and operating margin increased decreased from 2.6% 6.6% to 5.5% 3.1% in the second third quarter of fiscal year 2025.

Net income was $3.3 $2.4 million in the second third quarter of fiscal year 2025 versus $0.5 $3.3 million in the second third quarter of fiscal year 2024. The increase was primarily due to higher lower operating income and lower interest expense. offset by increases in other income.

The following table presents, for the second third quarter and for the first six nine months of fiscal year 2025 and fiscal year 2024, the components of our Consolidated Statements of Income:

	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
	Second Quarter Ended		Six Months Ended		Third Quarter Ended		Nine Months Ended	
	September 28, 2024	September 23, 2023	September 28, 2024	September 23, 2023	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
As a Percentage of Total Revenue:								

Service Revenue	65.0%	66.0%	65.3%	65.9%	62.3%	63.7%	64.3%	65.1%
Distribution Revenue	35.0%	34.0%	34.7%	34.1%	37.7%	36.3%	35.7%	34.9%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross Profit Percentage:								
Service Gross Profit	33.1%	34.0%	33.5%	33.3%	29.7%	32.5%	32.3%	33.0%
Distribution Gross Profit	27.9%	28.3%	30.8%	28.0%	29.1%	31.5%	30.2%	29.2%
Total Gross Profit	31.3%	32.0%	32.6%	31.5%	29.5%	32.1%	31.6%	31.7%
Selling, Marketing and Warehouse Expenses	12.1%	10.9%	11.9%	10.8%	12.2%	11.5%	12.0%	11.1%
General and Administrative Expenses	13.7%	18.5%	14.2%	15.6%	14.2%	14.0%	14.2%	15.0%
Total Operating Expenses	25.8%	29.4%	26.0%	26.4%	26.3%	25.5%	26.1%	26.1%
Operating Income	5.5%	2.6%	6.6%	5.1%	3.1%	6.6%	5.4%	5.6%
Interest and Other (Income)/Expense, net	0.0%	1.3%	(0.1)%	1.4%	(1.5)%	0.0%	(0.6)%	0.9%
Income Before Provision for Income Taxes	5.5%	1.3%	6.6%	3.7%	4.7%	6.6%	6.0%	4.7%
Provision for Income Taxes	0.6%	0.6%	0.9%	0.9%	1.2%	1.5%	1.0%	1.1%
Net Income	4.8%	0.7%	5.7%	2.8%	3.5%	5.1%	5.0%	3.6%

***SECOND THIRD QUARTER ENDED SEPTEMBER DECEMBER 28, 2024 COMPARED TO SECOND THIRD QUARTER ENDED SEPTEMBER DECEMBER 23, 2023** (dollars in thousands):*

Revenue:

	Second Quarter Ended		Change		Third Quarter Ended		Change	
	September 28, 2024	September 23, 2023	$	%	December 28, 2024	December 23, 2023	$	%
Revenue:								
Service	$ 44,083	$ 41,431	$ 2,652	6.4%	$ 41,557	$ 41,509	$ 48	0.1%
Distribution	23,743	21,373	2,370	11.1%	25,197	23,657	1,540	6.5%
Total	$ 67,826	$ 62,804	$ 5,022	8.0%	$ 66,754	$ 65,166	$ 1,588	2.4%

Total revenue was $67.8 $66.8 million, an increase of $5.0 $1.6 million, or 8.0% 2.4%, in our fiscal year 2025 second third quarter compared to the prior fiscal year second third quarter.

Service revenue, which accounted for 65.0% 62.3% and 66.0% 63.7% of our total revenue in the second third quarter of fiscal years 2025 and 2024, respectively, increased $2.7 million $0.1 million or 6.4% 0.1% from the second third quarter of fiscal year 2024 to the second third quarter of fiscal year 2025. This year-over-year increase included $0.8 $2.0 million in revenue from the acquisition acquisitions of Becnel, Martin and also included organic Becnel. Organic revenue growth decreased by 3.9% due to fewer business days compared to the third quarter of 4.4% fiscal year 2024, driven by end-market demand the timing of the Christmas holiday in the current quarter and continued market share gains. lower revenue from NEXA.

Our fiscal years 2025 and 2024 Service revenue growth, in relation to prior fiscal year quarter comparisons, was as follows:

	FY 2025		FY 2024			
	Q2	Q1	Q4	Q3	Q2	Q1
Service Revenue Growth	6.4 %	9.8 %	17.5 %	15.4 %	17.5 %	17.6 %

	FY 2025	FY 2024

	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Service Revenue Growth	0.1 %	6.4 %	9.8 %	17.5 %	15.4 %	17.5 %	17.6 %

The lower growth in Service revenue during the second third quarter of fiscal year 2025 was primarily due to fewer business days compared to the third quarter of fiscal year 2024, driven by the timing of the Christmas holiday in the current quarter and to a decline in our NEXA cost control and optimization services business channel as compared to the prior year quarter. We expect to fully integrate NEXA's sales and marketing into our existing process to drive anticipated revenue growth. Within any fiscal year, while we add new customers, we also have customers from the prior fiscal year whose service orders may not repeat for any number of factors. Among those factors are variations in the timing of periodic calibrations and other services, customer capital expenditures and customer outsourcing decisions. Because the timing of Service segment orders can vary on a quarter-to-quarter basis, we believe trailing twelve-month information provides a better indication of the progress of this segment.

The following table presents the trailing twelve-month Service segment revenue for the first and second quarter three quarters of fiscal year 2025 and each quarter in fiscal year 2024 as well as the trailing twelve-month revenue growth as a comparison to that of the prior fiscal year period:

	FY 2025		FY 2024				FY 2025			FY 2024			
	Q2	Q1	Q4	Q3	Q2	Q1	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Trailing Twelve-Month:													
Service Revenue	$ 176,006	$ 173,450	$ 169,525	$ 162,556	$ 157,024	$ 150,860	$ 176,054	$ 176,006	$ 173,450	$ 169,525	$ 162,556	$ 157,024	$ 150,
Service Revenue Growth	12.1 %	15.0 %	17.0 %	16.3 %	17.1 %	17.6 %	8.3 %	12.1 %	15.0 %	17.0 %	16.3 %	17.1 %	1

Our strategy has been to focus our investments in the core electrical, temperature, pressure, physical/dimensional and radio frequency/microwave calibration disciplines. We expect to subcontract approximately 13% to 15% of our Service revenue to third-party vendors for calibration beyond our chosen scope of capabilities. We continually evaluate our outsourcing needs and make capital investments, as deemed necessary, to add more in-house capabilities and reduce the need for third-party vendors. Capability expansion through business acquisitions is another way that we seek to reduce the need for outsourcing. The following table presents the source of our Service revenue, and the percentage of Service revenue derived from each source for the first and second quarter three quarters of fiscal year 2025 and for each quarter during fiscal year 2024:

	FY 2025		FY 2024				FY 2025			FY 2024			
	Q2	Q1	Q4	Q3	Q2	Q1	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Percent of Service Revenue:													
In-House	86.6 %	86.9 %	87.0 %	86.2 %	85.8 %	87.3 %	85.1 %	86.6 %	86.9 %	87.0 %	86.2 %	85.8 %	87.3 %
Outsourced	12.3 %	12.0 %	11.9 %	12.6 %	13.0 %	11.6 %	13.7 %	12.3 %	12.0 %	11.9 %	12.6 %	13.0 %	11.6 %
Freight Billed to Customers	1.1 %	1.1 %	1.1 %	1.2 %	1.2 %	1.1 %	1.2 %	1.1 %	1.1 %	1.1 %	1.2 %	1.2 %	1.1 %
	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Our Distribution revenue accounted for 35.0% 37.7% of our total revenue in the second third quarter of fiscal year 2025 and 34.0% 36.3% of our total revenue in the second third quarter of fiscal year 2024. During the second third quarter of fiscal year 2025, Distribution segment revenue was $23.7 $25.2 million which was an increase of $2.3 million $1.5 million or 11.1% 6.5%. This increase was due to $2.0 $1.7 million of incremental revenue from the acquisitions acquisition of Axiom and Becnel, incremental traditional rental revenue, offset by slower demand for lower revenue from our non-rental products.

The following table presents the quarterly historical trend of Distribution revenue in fiscal years 2025 and 2024 compared to the prior year fiscal quarter:

	FY 2025		FY 2024			
	Q2	Q1	Q4	Q3	Q2	Q1
Distribution Revenue Growth (Decline)	11.1 %	10.5 %	8.4 %	10.4 %	0.9 %	(0.2)%

	FY 2025			FY 2024			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Distribution Revenue Growth (Decline)	6.5 %	11.1 %	10.5 %	8.4 %	10.4 %	0.9 %	(0.2)%

The Distribution segment revenue increase for the second third quarter of fiscal year 2025 versus the second third quarter of fiscal year 2024 was due to revenue from the acquisitions acquisition of Axiom and Becnel and increases in traditional rental products.

Distribution revenue orders include orders for instruments that we routinely stock in our inventory, customized products, and other products ordered less frequently, which we do not stock. Product backorders are the total dollar value of orders received for which revenue has not yet been recognized. Pending product shipments are primarily backorders, but also include products that are requested to be calibrated in our service centers prior to shipment, orders required by the customer to be shipped complete or at a future date, and other orders awaiting final credit or management review prior to shipment. Management uses pending product shipments and backorders as measures of our future business performance and financial performance within the distribution segment.

The following table presents our total pending product shipments and the percentage of total pending product shipments that were backorders at the end of the first and second third quarter of fiscal year 2025 and each quarter of fiscal year 2024:

	FY 2025		FY 2024				FY 2025			FY 2024			
	Q2	Q1	Q4	Q3	Q2	Q1	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Pending Product Shipments	$ 4,102	$ 4,713	$ 5,079	$ 4,652	$ 6,332	$ 7,109	$ 3,992	$ 4,102	$ 4,713	$ 5,079	$ 4,652	$ 6,332	$ 7,109
% of Pending Product Shipments that were Backorders	84.7 %	78.4 %	88.8 %	82.0 %	87.4 %	85.0 %	84.0 %	84.7 %	78.4 %	88.8 %	82.0 %	87.4 %	85.0 %

Our total pending product shipments at the end of the second third quarter of fiscal year 2025 were $4.1 $4.0 million, a decrease of $2.2 $0.7 million versus the end of the second third quarter of fiscal year 2024 and a decrease of $1.0 million $1.1 million since March 30, 2024. The decrease in pending product shipments and backorders was a result of improved fulfillment of existing orders.

Gross Profit:

	Second Quarter Ended		Change		Third Quarter Ended		Change	
	September 28, 2024	September 23, 2023	$	%	December 28, 2024	December 23, 2023	$	%
Gross Profit:								
Service	$ 14,591	$ 14,084	$ 507	3.6 %	$ 12,357	$ 13,494	$ (1,137)	(8.4)%
Distribution	6,615	6,041	574	9.5 %	7,322	7,442	(120)	(1.6)%
Total	$ 21,206	$ 20,125	$ 1,081	5.4 %	$ 19,679	$ 20,936	$ (1,257)	(6.0)%

Total gross profit for the second third quarter of fiscal year 2025 was $21.2 $19.7 million, an increase a decrease of $1.1 $1.3 million or 5.4% 6.0% versus the second third quarter of fiscal year 2024. Total gross margin was 31.3% 29.5% in the second third quarter of fiscal year 2025, down from 32.0% 32.1% in the second third quarter of fiscal year 2024, a 70 260 basis point decrease.

Service gross profit in the second third quarter of fiscal year 2025 increased $0.5 decreased $1.1 million, or 3.6% 8.4%, from the second third quarter of fiscal year 2024. Service gross margin was 33.1% 29.7% in the second third quarter of fiscal year 2025, a 90 280 basis point decrease versus the 34.0% 32.5% in the second third quarter of fiscal year 2024. This decrease in Service gross margin was the result of lower than expected organic revenue decreases and lower margins from NEXA.

The following table presents the quarterly historical trend of our Service gross margin as a percent of Service revenue:

	FY 2025	FY 2024

	Q2	Q1	Q4	Q3	Q2	Q1
Service Gross Margin	33.1 %	34.0 %	35.7 %	32.5 %	34.0 %	32.5 %

	FY 2025			FY 2024			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Service Gross Margin	29.7 %	33.1 %	34.0 %	35.7 %	32.5 %	34.0 %	32.5 %

Our Distribution gross margin includes net sales less the direct cost of inventory sold and the direct costs of equipment rental revenues, primarily depreciation expense for the fixed assets in our rental equipment pool, as well as the impact of rebates and cooperative advertising income we receive from vendors, freight billed to customers, freight expenses and direct shipping costs. In general, our Distribution gross margin can vary based upon the mix of products sold, price discounting, and the timing of periodic vendor rebates offered and cooperative advertising programs from suppliers.

The following table reflects the quarterly historical trend of our Distribution gross margin as a percent of Distribution revenue:

	FY 2025		FY 2024			
	Q2	Q1	Q4	Q3	Q2	Q1
Distribution Gross Margin	27.9 %	33.9 %	30.3 %	31.5 %	28.3 %	27.7 %

	FY 2025			FY 2024			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Distribution Gross Margin	29.1 %	27.9 %	33.9 %	30.3 %	31.5 %	28.3 %	27.7 %

Distribution segment gross margin was 27.9% 29.1% in the second third quarter of fiscal year 2025 versus 28.3% 31.5% in the second third quarter of fiscal year 2024, a 40 240 basis point decrease. The decrease in Distribution gross margin was due to lower revenue and margins from Becnel which were impacted by hurricanes in the Gulf mix of Mexico. non-rental products sold.

Operating Expenses:

	Second Quarter Ended		Change		Third Quarter Ended		Change	
	September 28, 2024	September 23, 2023	$	%	December 28, 2024	December 23, 2023	$	%
Operating Expenses:								
Selling, Marketing and Warehouse	$ 8,181	$ 6,856	$ 1,325	19.3 %	$ 8,119	$ 7,519	$ 600	8.0 %
General and Administrative	9,290	11,626	(2,336)	(20.1)%	9,460	9,123	337	3.7 %
Total	$ 17,471	$ 18,482	$ (1,011)	(5.5)%	$ 17,579	$ 16,642	$ 937	5.6 %

Total operating expenses were $17.5 $17.6 million in the second third quarter of fiscal year 2025 versus $18.5 $16.6 million during the second third quarter of fiscal year 2024. The year-over-year increase in selling, marketing and warehouse expenses is due to increased expenses related to recent acquisitions and higher incentive-based employee costs due to higher sales. acquisitions. The decrease increase in general and administrative expenses is due to the reduction in the non-cash charge related to the NEXA earn-out in the second quarter of fiscal year 2024 offset by incremental expenses related to acquired companies, increased payroll costs for new employees and continued investments in technology.

As a percentage of total revenue, operating expenses were 25.8% 26.3% in the second third quarter of fiscal year 2025 and 29.4% 25.5% in the second third quarter of fiscal year 2024, a decrease an increase of 360 80 basis points.

Income Taxes:

	Second Quarter Ended		Change	
	September 28, 2024	September 23, 2023	$	%

Provision for Income Taxes	$ 427	$ 342	$ 85	24.9 %

	Third Quarter Ended		Change	
	December 28, 2024	December 23, 2023	$	%
Provision for Income Taxes	$ 772	$ 923	$ (151)	(16.4)%

Our effective tax rate for the second third quarter of fiscal years 2025 and 2024 was 11.5% 24.7% and 42.6% 21.6%, respectively. The tax provision is impacted by higher lower operating income and lower interest expense. pretax net income. The decrease increase in effective tax rate is due to the increase in timing of our discrete items. items in relation to the timing of our pre-tax net income. Our quarterly provision for income taxes is affected by discrete items that may occur in any given period but are not consistent from year to year. The discrete benefits related to share-based compensation activity in the second third quarter of fiscal years 2025 and 2024 was $0.6 $0.1 million and less than $0.1 million, respectively.

Net Income:

	Second Quarter Ended		Change	
	September 28, 2024	September 23, 2023	$	%
Net Income	$ 3,286	$ 460	$ 2,826	614.3 %

	Third Quarter Ended		Change	
	December 28, 2024	December 23, 2023	$	%
Net Income	$ 2,357	$ 3,348	$ (991)	(29.6)%

Net income for the second third quarter of fiscal year 2025 increased decreased from the second third quarter of fiscal year 2024 primarily due to higher lower operating income and lower interest expense. slightly offset by higher other income as a result of the sale of assets related to our United Scale division.

Adjusted EBITDA:

Total Adjusted EBITDA, a non-GAAP measure, for the second third quarter of fiscal year 2025 was $8.9 $7.9 million, a decrease of $0.5 $1.2 million or 5.0% 13.2% versus the second third quarter of fiscal year 2024. See “Non-GAAP Financial Measures” below for a description of the non-GAAP measures we use and a reconciliation to the most directly comparable GAAP measures. As a percentage of revenue, Adjusted EBITDA decreased to 13.1% 11.9% for the second third quarter of fiscal year 2025 from 14.9% 14.0% for the second third quarter of fiscal year 2024. The decrease in Adjusted EBITDA during the second third quarter of fiscal year 2025 was primarily driven by increases decreases in operating income and depreciation and amortization expense, non-cash stock compensation, offset by the decrease in the NEXA earn-out adjustment. increased acquisition related transaction expenses.

SIX NINE MONTHS ENDED SEPTEMBER 28, 2024 DECEMBER 28, 2024 COMPARED TO SIX NINE MONTHS ENDED SEPTEMBER 23, 2023 DECEMBER 23, 2023 *(dollars in thousands):*

Revenue:

(dollars in thousands)	Six Months Ended		Change		Nine Months Ended		Change	
	September 28, 2024	September 23, 2023	$	%	December 28, 2024	December 23, 2023	$	%
Revenue:								
Service	$ 87,861	$ 81,284	$ 6,577	8.1 %	$ 129,418	$ 122,793	$ 6,625	5.4 %
Distribution	46,672	42,118	4,554	10.8 %	71,869	65,775	6,094	9.3 %

Total	$ 134,533	$ 123,402	$ 11,131	9.0 %	$ 201,287	$ 188,568	$ 12,719	6.7 %

Service revenue, which accounted for 65.3% 64.3% and 65.9% 65.1% of our total revenue in the first six nine months of fiscal years 2025 and 2024, respectively, increased $11.1 million $6.6 million or 9.0% 5.4% from the first six nine months of fiscal year 2024 to the first six nine months of fiscal year 2025. This year-over-year increase included $2.2 $4.2 million in revenue from the acquisitions of SteriQual, Becnel and Becnel, Martin, and also included organic revenue growth of 5.4% 2.3% driven by end-market demand and continued market share gains.

Distribution revenue, which accounted for 34.7% 35.7% and 34.1% 34.9% of our total revenue in the first six nine months of fiscal years 2025 and 2024, respectively, increased $4.6 $6.1 million, or 10.8% 9.3%, from the first six nine months of fiscal year 2024 to the first six nine months of fiscal year 2025. This year-over-year increase is primarily due to $3.8 $8.2 million of incremental revenue from the acquisitions of Axiom and Becnel, and increases in traditional rental revenue offset by slower demand for lower revenue from our non-rental products.

Gross Profit:

(dollars in thousands)	Six Months Ended September 28, 2024	Six Months Ended September 23, 2023	Change $	Change %	Nine Months Ended December 28, 2024	Nine Months Ended December 23, 2023	Change $	Change %
Gross Profit:								
Service	$ 29,474	$ 27,055	$ 2,419	8.9 %	$ 41,831	$ 40,549	$ 1,282	3.2 %
Distribution	14,387	11,780	2,607	22.1 %	21,709	19,222	2,487	12.9 %
Total	$ 43,861	$ 38,835	$ 5,026	12.9 %	$ 63,540	$ 59,771	$ 3,769	6.3 %

Total gross profit for the first six nine months of fiscal year 2025 was $43.9 $63.5 million, an increase of $5.0 $3.8 million or 12.9% 6.3% versus the first six nine months of fiscal year 2024. Total gross margin was 32.6% 31.6% in the first six nine months of fiscal year 2025, up down from 31.5% 31.7% in the first six nine months of fiscal year 2024, a 110 10 basis point increase. decrease. This increase decrease in gross margin was primarily due to increased revenue in our Service segment, which allows us to leverage our fixed costs, continued technician productivity improvements, traditional calibration Services offset by lower revenue and gross margins for NEXA and a favorable sales mix driven by increases in rental revenue in the Distribution segment.

Operating Expenses:

(dollars in thousands)	Six Months Ended September 28, 2024	Six Months Ended September 23, 2023	Change $	Change %	Nine Months Ended December 28, 2024	Nine Months Ended December 23, 2023	Change $	Change %
Operating Expenses:								
Selling, Marketing and Warehouse	$ 15,982	$ 13,325	$ 2,657	19.9 %	$ 24,101	$ 20,844	$ 3,257	15.6 %
General and Administrative	19,045	19,227	(182)	(0.9)%	28,505	28,350	155	0.5 %
Total	$ 35,027	$ 32,552	$ 2,475	7.6 %	$ 52,606	$ 49,194	$ 3,412	6.9 %

Total operating expenses were $35.0 $52.6 million in the first six nine months of fiscal year 2025 versus $32.6 $49.2 million during the first six nine months of fiscal year 2024, an increase of $2.5 $3.4 million or 7.6% 6.9%. The year-over-year increase in selling, marketing and warehouse expenses is due to increased expenses related to recent acquisitions and higher incentive-based employee costs due to higher sales. The decrease increase in general and administrative expenses is due to the decrease in the non-cash charge related to the NEXA earn-out, offset by incremental expenses related to acquired companies, increased payroll costs for new employees and continued investments in technology. technology, offset by the NEXA earn-out adjustment in the second quarter of fiscal year 2024.

As a percentage of total revenue, operating expenses were 26.0% 26.1% in the first six nine months of both fiscal year 2025 and 26.4% in the first six months of fiscal year 2024, a decrease of 40 basis points. 2024.

Income Taxes:

Six Months Ended	Change	Nine Months Ended	Change

(dollars in thousands)	September 28, 2024	September 23, 2023	$	%	December 28, 2024	December 23, 2023	$	%
Provision for Income Taxes	$ 1,247	$ 1,155	$ 92	8.0 %	$ 2,019	$ 2,078	$ (59)	(2.8)%

Our effective tax rate for the first six nine months of fiscal years 2025 and 2024 was 13.9% 16.7% and 25.3% 23.5%, respectively. The tax provision is impacted by higher operating income and lower interest expense. The decrease in effective tax rate is due to the increase in our discrete items. Our quarterly provision for income taxes is affected by discrete items that may occur in any given period but are not consistent from year to year. The discrete benefits related to share-based compensation activity in the first six nine months of fiscal years 2025 and 2024 was $1.1 $1.3 million and $0.6 $0.7 million, respectively.

Net Income:

	Six Months Ended		Change	
	September 28, 2024	September 23, 2023	$	%
Net Income	$ 7,694	$ 3,409	$ 4,285	125.7 %

	Nine Months Ended		Change	
	December 28, 2024	December 23, 2023	$	%
Net Income	$ 10,051	$ 6,757	$ 3,294	48.7 %

Net income for the first six nine months of fiscal year 2025 was $7.7 $10.1 million, an increase of $4.3 $3.3 million versus the first six nine months of fiscal year 2024. The year-over-year increase in net income was primarily due to higher operating income, and lower interest expense, net. net and higher other income related to the sale of assets related to our United Scale division.

Adjusted EBITDA:

Total Adjusted EBITDA, a non-GAAP measure, for the first six nine months of fiscal year 2025 was $19.1 $27.0 million, an increase of $1.3 $0.1 million or 7.1% 0.2% versus the first six nine months of fiscal year 2024. See “Non-GAAP Financial Measures” below for a description of the non-GAAP measures we use and a reconciliation to the most directly comparable GAAP measures. The increase in Adjusted EBITDA during the first six nine months of fiscal year 2025 was primarily driven by increases in operating income and depreciation and amortization expense and acquisition related transaction expenses offset by the reduction in the NEXA earn-out adjustment. adjustment and non-cash stock compensation. As a percentage of revenue, Adjusted EBITDA decreased to 14.2% 13.4% for the first six nine months of fiscal year 2025 from 14.4% 14.3% for the first six nine months of fiscal year 2024, driven by the reduction in the NEXA earn-out adjustment.

Non-GAAP Financial Measures

Adjusted EBITDA

In addition to reporting net income, a GAAP measure, we present Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, non-cash stock compensation expense, acquisition related transaction expenses, and certain other expense) expenses), which is a non-GAAP measure. Our management believes Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and others to evaluate and compare the performance of our core operations from period to period by removing the impact of the capital structure (interest), tangible and intangible asset base (depreciation and amortization), taxes, stock-based compensation expense and other items, which is not always commensurate with the reporting period in which it is included. As such, our management uses Adjusted EBITDA as a measure of performance when evaluating our business segments and as a basis for planning and forecasting. Adjusted EBITDA is also commonly used by rating agencies, lenders and other parties to evaluate our credit worthiness.

Adjusted EBITDA is not a measure of financial performance under GAAP and is not calculated through the application of GAAP. As such, it should not be considered as a substitute or alternative for the GAAP measure of net income and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. Adjusted EBITDA, as presented, may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.

(dollars in thousands)	Second Quarter Ended		Six Months Ended		Third Quarter Ended		Nine Months Ended	
	September 28, 2024	September 23, 2023	September 28, 2024	September 23, 2023	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Net Income	$ 3,286	$ 460	$ 7,694	$ 3,409	$ 2,357	$ 3,348	$ 10,051	$ 6,757
+ Interest (Income) Expense	(210)	890	(470)	1,704	(20)	(266)	(490)	1,438
+ Other Expense (Income)	232	(49)	363	15	(1,009)	289	(646)	304
+ Tax Provision	427	342	1,247	1,155	772	923	2,019	2,078
Operating Income	3,735	1,643	8,834	6,283	2,100	4,294	10,934	10,577
+ Depreciation & Amortization	4,399	3,269	8,512	6,059	4,430	3,783	12,942	9,842
+ Transaction Expense	33	328	467	513	778	78	1,244	591
+ Acquisition Earn-Out Adjustment	-	2,800	-	2,800	-	87	-	2,887
+ Other (Expense) Income	(232)	49	(363)	(15)	154	(289)	(208)	(304)
+ Non-cash Stock Compensation	926	1,241	1,623	2,171	452	1,167	2,075	3,338
Adjusted EBITDA	$ 8,861	$ 9,330	$ 19,073	$ 17,811	$ 7,914	$ 9,120	$ 26,987	$ 26,931

Adjusted Diluted Earnings Per Share

In addition to reporting Diluted Earnings Per Share, a GAAP measure, we present Adjusted Diluted Earnings Per Share (net income plus acquisition related amortization expense, acquisition related transaction expenses, acquisition related stock-based compensation and acquisition amortization of backlog; divided by the average diluted shares outstanding during the period), which is a non-GAAP measure. Our management believes Adjusted Diluted Earnings Per Share is an important measure of our operating performance because it provides a basis for comparison of our business operations between current, past and future periods by excluding items that we do not believe are indicative of our core operating performance.

Adjusted Diluted Earnings Per Share is not a measure of financial performance under GAAP and is not calculated through the application of GAAP. As such, it should not be considered as a substitute or alternative for the GAAP measure of Diluted Earnings Per Share and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. Adjusted Diluted Earnings Per Share, as presented, may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.

	Second Quarter Ended		Six Months Ended		Third Quarter Ended		Nine Months Ended	
	September 28, 2024	September 23, 2023	September 28, 2024	September 23, 2023	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Net Income	$ 3,286	$ 460	$ 7,694	$ 3,409	$ 2,357	$ 3,348	$ 10,051	$ 6,757
+ Amortization of Intangible Assets	1,888	1,416	3,637	2,509	1,879	1,674	5,516	4,183
+ Acquisition Amortization of Backlog	4	19	28	19	-	24	28	43
+ Acquisition Deal Costs	33	328	467	513	778	78	1,245	591
+ Acquisition Stock Expense	130	274	364	456	(261)	265	103	721
+ Income Tax Effect @ 25%	(514)	(509)	(1,124)	(874)	(599)	(532)	(1,723)	(1,406)
+ Acquisition Earn-Out Adjustment		2,800		2,800	-	87	-	2,887
Adjusted Net Income	4,827	4,788	11,066	8,832	4,154	4,944	15,220	13,776
Average Diluted Shares Outstanding	9,282	7,948	9,222	7,840	9,326	8,752	9,243	8,187
Diluted Earnings Per Share – GAAP	$ 0.35	$ 0.06	$ 0.83	$ 0.43	$ 0.25	$ 0.38	$ 1.09	$ 0.83
Adjusted Diluted Earnings Per Share	$ 0.52	$ 0.60	$ 1.20	$ 1.13	$ 0.45	$ 0.56	$ 1.65	$ 1.68

LIQUIDITY AND CAPITAL RESOURCES

We expect that foreseeable liquidity and capital resource requirements will be met through cash and cash equivalents, anticipated cash flows from operations and borrowings from our revolving credit facility. We believe that these sources of financing will be adequate to meet our future requirements.

Under our Second Amended and Restated Credit Facility Agreement (the "Credit Agreement") with Manufacturers and Traders Trust Company ("M&T"), we have access to a revolving credit commitment (the "Revolving Credit Commitment") of $80.0 million through June 2026, with a letter of credit subfacility of $10.0 million. Our 2018 term loan, with an original principal amount of $15.0 million (the "2018 Term Loan"), is also provided for under the Credit Agreement.

The Credit Agreement allows us to use up to $50.0 million under the Revolving Credit Commitment for acquisitions in any single fiscal year. The Credit Agreement restricts our ability to complete acquisitions of businesses with a principal place of business located in the United Kingdom or the European Union to an aggregate purchase price of $40.0 million during the term of the Credit Agreement, if the acquisition is financed directly or indirectly with the Revolving Credit Commitment. Under the Credit Agreement, we may make restricted payments up to $25.0 million in the aggregate over the term of the Credit Agreement and $10.0 million in any single fiscal year to repurchase shares and pay dividends.

Effective July 1, 2023, interest on outstanding borrowings under the revolving credit facility accrue, at our election, at either the variable Daily Simple SOFR or a fixed rate for a designated period at the SOFR corresponding to such period (subject to a 0.25% floor), in each case, plus a margin. Unused fees accrue based on the average daily amount of unused credit available on the revolving credit facility. Interest rate margins and unused fees are determined on a quarterly basis based upon our calculated leverage ratio. Our interest rate for the revolving credit facility for the first six nine months of fiscal year 2025 was 7.1% 5.6%. Interest on outstanding borrowings under the 2018 Term Loan accrue at a fixed rate of 3.90% over the term of the loan.

The Credit Agreement has certain covenants with which we must comply, including a fixed charge ratio covenant, which prohibits our fixed charge coverage ratio from being less than 1.15 to 1.00, and a leverage ratio covenant, which prohibits our leverage ratio from exceeding 3.00 to 1.00. We were in compliance with all loan covenants and requirements during the first six nine months of fiscal year 2025. Our leverage ratio, as defined in the Credit Agreement, was 0.08 0.97 at September 28, 2024 December 28, 2024, compared with 0.10 at March 30, 2024.

As of September 28, 2024 December 28, 2024, $80.0 million was available for borrowing under the revolving credit facility. As facility, of September 28, 2024, there were no amounts outstanding under the revolving credit facility. which, $39.5 million was outstanding. During the first six nine months of fiscal year 2025, , we used $15.9 $86.1million, drawn from cash and cash equivalents on hand and our revolving credit facility, for a business acquisition. acquisitions. During the first six nine months of fiscal year 2024, we used $12.9 million, drawn from the revolving credit facility for business acquisitions.

As of September 28, 2024 December 28, 2024, $3.0 $2.4 million was outstanding on the 2018 Term Loan, all of which $2.4 million was included in current liabilities on the Consolidated Balance Sheets with the remainder included in long-term debt. Sheets. The 2018 Term Loan requires total repayments (principal plus interest) of $0.2 million per month through December 2025.

Cash Flows: The following table is a summary of our Consolidated Statements of Cash Flows (dollars in thousands):

	Six Months Ended				Nine Months Ended			
	September 28, 2024		September 23, 2023		December 28, 2024		December 23, 2023	
Cash Provided by (Used in):								
Operating Activities	$	15,759	$	15,972	$	28,357	$	26,889
Investing Activities	$	(7,958)	$	(18,326)	$	(79,964)	$	(22,031)
Financing Activities	$	(3,346)	$	2,313	$	36,308	$	29,076

Operating Activities: Net cash provided by operating activities was $15.8 $28.4 million during the first six nine months of fiscal year 2025 compared to $16.0 $26.9 million of net cash provided by operating activities during the first six nine months of fiscal year 2024. The year-over-year decrease increase in cash provided by operating activities was primarily the result of changes in net working capital (defined as current assets less current liabilities). The significant working capital fluctuations were as follows:

- Receivables: Accounts receivable increased $1.2 $3.8 million during the first six nine months of fiscal year 2025 inclusive of $3.1 $7.0 million of accounts receivable acquired during the period. During the first six nine months of fiscal year 2024, accounts receivable decreased $0.3 $1.4 million inclusive of $2.1 $2.6 million of accounts receivable acquired during the period. The year-over-year variation reflects changes in the timing of collections. The following table illustrates our "days sales outstanding" as of September 28, 2024 December 28, 2024 and September 23, 2023 December 23, 2023 (dollars in thousands):

	September 28, 2024	September 23, 2023	December 28, 2024	December 23, 2023

Net Sales, for the last two fiscal months	$ 49,548	$ 45,032	$ 46,080	$ 45,501
Accounts Receivable, net	$ 48,933	$ 44,382	$ 51,621	$ 43,307
Days Sales Outstanding	59	59	67	57

- Inventory: Our inventory strategy includes making appropriate large quantity, high dollar purchases with key manufacturers for various reasons, including maximizing on-hand availability of key products, expanding the number of SKUs stocked in anticipation of customer demand, reducing backorders for products with long lead times and optimizing vendor purchase and sales volume discounts. As a result, inventory levels may vary from quarter-to-quarter based on the timing of these large orders in relation to our quarter end. Our inventory balance decreased $1.9 $3.6 million during the first six nine months of fiscal year 2025. Our inventory balance decreased by $1.2 $0.8 million during the first six nine months of fiscal year 2024 inclusive of $1.7 million $1.8 million of inventory acquired during the period.

- Accounts Payable: Changes in accounts payable may or may not correlate with changes in inventory balances at any given quarter end due to the timing of vendor payments for inventory, as well as the timing of payments for outsourced Service vendors and capital expenditures. vendors. Accounts payable increased $1.5 $4.7 million during the first six nine months of fiscal year 2025. 2025 inclusive of $0.5 million of accounts payable acquired during the period. Accounts payable decreased $3.3 $4.5 million during the first six nine months of fiscal year 2024. The variances are largely due to the timing of inventory and capital expenditures and other payments in the respective periods.

- Accrued Compensation and Other Current Liabilities: Accrued compensation and other current liabilities include, among other things, amounts paid to employees for non-equity performance-based compensation. At the end of any particular period, the amounts accrued for such compensation may vary due to many factors including changes in expected performance levels, the performance measurement period, and timing of payments to employees. During the first six nine months of fiscal year 2025, accrued compensation and other current liabilities decreased by $8.6 $6.6 million, inclusive of $0.2 $1.0 million from assumed liabilities contingent consideration and purchase price holdbacks from acquisition transactions. During the first six nine months of fiscal year 2024, accrued compensation and other current liabilities increased by $3.1 million, $5.5 million, inclusive of $3.5 million $4.0 million from assumed liabilities contingent consideration and purchase price holdbacks from acquisition transactions. The change from the first six nine months of fiscal year 2024 was largely due to the inclusion of the acquisition related transactions, partially offset by the timing of income taxes paid.

Investing Activities: During the first six nine months of fiscal years 2025 and 2024, we invested $7.6 $10.5 million and $5.4 $9.1 million, respectively, in capital expenditures that was used primarily for customer-driven expansion of Service segment capabilities and our rental business.

During the first six nine months of fiscal years 2025 and 2024, we used $15.9 $86.1 million and $12.9 million, respectively, for business acquisitions.

During the first six nine months of fiscal year 2024, we paid $0.3 million $0.8 million of other holdbacks related to business acquisitions.

Financing Activities: During the first six nine months of fiscal year 2025, $0.8 $39.5 million was borrowed from our revolving line of credit and $1.8 million in cash was generated from the issuance of common stock. In addition, we used $1.2 $1.7 million for scheduled repayments of our term loan and $3.0 $3.2 million for the "net" awarding of certain share awards to cover employee tax-withholding obligations for share award and stock option activity in fiscal year 2025, which are shown as a repurchase of shares of our common stock.

During the first six nine months of fiscal year 2024, $5.3 million was borrowed from our revolving line of credit and $0.4 $75.7 million in cash was generated from the issuance of common stock. stock, net of direct costs of the Offering. In addition, we used $1.1 million $42.7 million to repay our revolving line of credit, $1.7 million for scheduled repayments of our term loan and $2.2 million for the "net" awarding of certain share awards to cover employee tax-withholding obligations for share award and stock option activity in fiscal year 2024, which are shown as a repurchase of shares of our common stock.

OUTLOOK

We are very proud of the consistent results the The Transcat team has consistently delivered year in and year out excellent results over an extended period of time. That said, it goes without saying we period. We are disappointed with the NEXA-impacted aggregated results Service organic revenue decline in the third quarter of fiscal year 2025 second quarter. We experienced isolated as the timing of the holiday impacted the quarter's results. Looking ahead, we believe our growth investments, track record of strong execution, and diversified portfolio will drive sustainable organic revenue challenges in the NEXA services channel in the quarter but believe the swift actions our team is already taking will rectify the situation as we continue to execute on our highly successful core growth strategy.
growth. We expect fiscal year 2025 Service organic Service revenue growth to be in the mid-single mid-to-low single digits and gross margin expansion, when normalized for the extra week in fiscal 2024 and gross margin expansion. We year 2024. Due to our strong Service sales pipeline, we anticipate a return to high single digit more historic organic

growth by the second quarter of levels in fiscal year 2026.

Automation We have demonstrated the ability to leverage automation of our calibration processes and focus on productivity to improve our operational efficiency. These tools remain key enablers of gross margin expansion. We have demonstrated are very excited about the ability acquisition of Martin Calibration due to leverage these tools Martin's commitment to improve our operational efficiency, which has become visible in our financial performance over time.

quality, extensive customer base, geographic coverage, and strong culture. We continue to work our robust acquisition pipeline and are pleased believe that Transcat, together with the potential flow of opportunities. Martin, is a perfect match.

We expect our income tax rate to range between 21% and 23% for full fiscal year 2025. This estimate includes federal, various state, Canadian and Irish income taxes and reflects the discrete tax accounting associated with share-based payment awards.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATES

Our exposure to changes in interest rates results from our borrowing activities. During the first six months of fiscal year 2025, we had no borrowings under our revolving credit facility. In the event interest rates were to move by 1%, our yearly interest expense would increase or decrease by approximately $0.4 million $0.5 million assuming borrowings of approximately $40 million our borrowing levels at December 28, 2024 remained constant under our the revolving credit facility.

As of September 28, 2024 December 28, 2024, $80.0 million was available for borrowing under the revolving credit facility. As of September 28, 2024 December 28, 2024, there were no amounts was $39.5 million outstanding under the revolving credit facility. As described above under "Liquidity and Capital Resources," we also have a $15.0 million (original principal) term loan. The 2018 Term Loan is considered a fixed interest rate loan. As of September 28, 2024 December 28, 2024, $3.0 $2.4 million was outstanding under the 2018 Term Loan and was included in long-term debt and the current portion of long-term debt on the Consolidated Balance Sheets. The 2018 Term Loan requires total (principal and interest) repayments of $0.2 million per month through December 2025.

Effective July 1, 2023, at our option, we may borrow from our revolving credit facility at the variable one-month Daily Simple SOFR or at a fixed rate for a designated period at the SOFR corresponding to such period (subject to a 0.25% floor), in each case, plus a margin. Our interest rate margin is determined on a quarterly basis based upon our calculated leverage ratio. Our interest rate during the first six nine months of fiscal year 2025 for our revolving credit facility was 7.1% 5.6%. Interest on outstanding borrowings of the 2018 Term Loan accrued at a fixed rate of 3.90% over the term of the loan. On September 28, 2024 December 28, 2024, we had no hedging arrangements in place for our revolving credit facility to limit our exposure to movements in interest rates.

FOREIGN CURRENCY

Approximately 90% of our total revenues for each of the first six nine months of fiscal year 2025 and 2024 were denominated in U.S. dollars, with the remainder denominated in Canadian dollars and Euros. A 10% change in the value of the Canadian dollar to the U.S. dollar and the Euro to the U.S. dollar would impact our revenue by approximately 1%. We monitor the relationship between the U.S. dollar and the Canadian dollar and the U.S. dollar and the Euro on a monthly basis and adjust sales prices for products and services sold in Canadian dollars or Euros as we believe to be appropriate.

We continually utilize short-term foreign exchange forward contracts to reduce the risk that future earnings denominated in Canadian dollars would be adversely affected by changes in currency exchange rates. We do not apply hedge accounting and therefore the net change in the fair value of the contracts, which totaled a loss gain of $0.1 million $0.2 million in both the first six nine months of fiscal years 2025 and 2024, respectively, was recognized as a component of Interest and Other Expense, net in the Consolidated Statements of Income. The change in the fair value of the contracts is offset by the change in fair value on the underlying accounts receivables denominated in Canadian dollars being hedged. On September 28, 2024 December 28, 2024, we had a foreign exchange contract, which matured in October 2024, January 2025, outstanding in the notional amount of $2.5 $2.9 million. The foreign exchange contract was renewed in October 2024 January 2025 and continues to be in place. We do not use hedging arrangements for speculative purposes.

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures. Our principal executive officer and our principal financial officer evaluated our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this quarterly report. Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our principal executive officer and principal financial officer to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of such date.

Changes in Internal Control over Financial Reporting. There has been no change in our internal control over financial reporting that occurred during the last fiscal quarter covered by this quarterly report (our second third quarter of fiscal year 2025) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 2.UNREGISTERED SALES OF EQUITY SECURITIES ANDUSE OF PROCEEDS.

On August 8, 2024, we issued 26,379 shares of common stock to former shareholders of Axiom to settle a $2.3 million holdback and, on August 11, 2024, we issued 4,763 shares of common stock to the former shareholder of SteriQual to settle a $0.4 million holdback. The shares were issued pursuant to an exemption from registration in reliance upon Section 4(a)(2) of the Securities Act of 1933, as amended.

ITEM 6. EXHIBITS

INDEX TO EXHIBITS

Exhibit No.	Description	
(3.1) (2)	Articles Plan of Incorporation and Bylaws acquisition, reorganization, arrangement, liquidation or succession	
	3.1 2.1^	Code of Regulations, as amended through September 11, 2024 Membership Unit Purchase Agreement, dated December 10, 2024, are by and among Transcat, Inc., Martin Holding Inc., and Richard L. Brion is incorporated herein by reference from Exhibit 3.1 10.1 to the Company's Company's Registration Statement on Form S-3 (Registration No. 333-42435) filed on January 22, 2025.
(10)	Material Contracts	
	10.1^	Registration Rights Agreement, dated December 10, 2024 by and among Transcat, Inc., Martin Holding Inc., and Richard L. Brion is incorporated herein by reference from Exhibit 10.2 to the Company's Registration Statement on Form S-3 (Registration No. 333-42435) filed on January 22, 2025.
	10.2#	Form of Agreement for Severance Upon Change in Control is incorporated herein by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 13, 2024 December 23, 2024.
(31)	Rule 13a-14(a)/15d-14(a) Certifications	
	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)	Section 1350 Certifications	
	32.1**	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(101)	Interactive Data File	
101.INS*		Inline XBRL Instance 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 (formatted as Inline XBRL and contained in Exhibit 101)

* Exhibit filed with this report.

** Exhibit furnished with this report.

^ Schedules and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish a copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

Management contract or compensatory plan or arrangement.

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.

TRANSCAT, INC.

Date: November 6, 2024 February 5, 2025

/s/ Lee D. Rudow
Lee D. Rudow
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2024 February 5, 2025

/s/ Thomas L. Barbato
Thomas L. Barbato
Senior Vice President of Finance and Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lee D. Rudow, President and Chief Executive Officer of Transcat, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Transcat, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: November 6, 2024 February 5, 2025

/s/ Lee D. Rudow

Lee D. Rudow
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas L. Barbato, Senior Vice President of Finance and Chief Financial Officer of Transcat, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Transcat, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: November 6, 2024 February 5, 2025

/s/ Thomas L. Barbato

Thomas L. Barbato

Senior Vice President of Finance and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this quarterly report on Form 10-Q of Transcat, Inc., Lee D. Rudow, the Chief Executive Officer of Transcat, Inc. and Thomas L. Barbato, the Chief Financial Officer of Transcat, Inc. certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of their knowledge, that:

1. This quarterly report on Form 10-Q for the second third quarter ended September December 28, 2024 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 this quarterly report on Form 10-Q for the second third quarter ended September December 28, 2024 fairly presents, in all material respects, the financial condition and results of operations of Transcat, Inc.

Date: November 6, 2024 February 5, 2025

/s/ Lee D. Rudow

Lee D. Rudow

President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2024 February 5, 2025

/s/ Thomas L. Barbato

Thomas L. Barbato
Senior Vice President of Finance and Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Transcat, Inc. and will be retained by Transcat, Inc. and furnished to the SEC or its staff upon request.

DISCLAIMER