

REFINITIV

DELTA REPORT

10-Q

INTT - INTEST CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1488
CHANGES	214
DELETIONS	550
ADDITIONS	724

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 30, 2023 March 31, 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 1-36117

inTEST Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

22-2370659

(I.R.S. Employer Identification Number)

804 East Gate Drive, Suite 200

Mt. Laurel, New Jersey 08054

(Address of principal executive offices, including zip code)

(856) 505-8800

(Registrant's Telephone Number, including Area Code)

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

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.01 per share	INTT	NYSE American

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 ☒

Number of shares of Common Stock, \$0.01 par value, outstanding as of the close of business on **October 31, 2023** **May 1, 2024**: **12,161,312** **12,489,642**

inTEST CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

inTEST CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	September 30, 2023 (Unaudited)	December 31, 2022	March 31, 2024 (Unaudited)	December 31, 2023
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 41,685	\$ 13,434	\$ 27,331	\$ 45,260
Restricted cash	-	1,142		
Trade accounts receivable, net of allowance for credit losses of \$499 and \$496, respectively	20,710	21,215		
Trade accounts receivable, net of allowance for credit losses of \$426 and \$474, respectively			22,859	18,175
Inventories	22,156	22,565	31,331	20,089
Prepaid expenses and other current assets	1,672	1,695	3,868	2,254
Total current assets	86,223	60,051	85,389	85,778
Property and equipment:				
Machinery and equipment	6,829	6,625	8,639	7,118
Leasehold improvements	3,581	3,242	3,932	3,601
Gross property and equipment	10,410	9,867	12,571	10,719
Less: accumulated depreciation	(7,267)	(6,735)	(7,800)	(7,529)
Net property and equipment	3,143	3,132	4,771	3,190
Right-of-use assets, net	4,755	5,770	6,270	4,987
Goodwill	21,578	21,605	33,278	21,728
Intangible assets, net	16,959	18,559	28,819	16,596
Deferred tax assets	1,381	280	-	1,437
Restricted certificates of deposit	100	100	100	100
Other assets	444	569	900	1,013
Total assets	\$ 134,583	\$ 110,066	\$ 159,527	\$ 134,829
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Current portion of Term Note	\$ 4,100	\$ 4,100		
Current portion of Term Note and other long-term debt			\$ 9,629	\$ 4,100
Current portion of operating lease liabilities	1,730	1,645	2,017	1,923
Accounts payable	7,296	7,394	11,395	5,521
Accrued wages and benefits	4,030	3,907	6,482	4,156
Accrued professional fees	1,188	884	883	1,228
Customer deposits and deferred revenue	3,709	4,498	5,596	3,797
Accrued sales commissions	1,248	1,468	1,116	1,055
Domestic and foreign income taxes payable	1,245	1,409	509	1,038
Other current liabilities	1,557	1,564	2,026	1,481

Total current liabilities	26,103	26,869	39,653	24,299
Operating lease liabilities, net of current portion	3,501	4,705	4,644	3,499
Term Note, net of current portion	8,967	12,042		
Term Note and other long-term debt, net of current portion			10,808	7,942
Contingent consideration	1,002	1,039	822	1,093
Deferred revenue, net of current portion			1,210	1,331
Deferred tax liabilities			1,126	-
Other liabilities	397	455	1,947	384
Total liabilities	39,970	45,110	60,210	38,548
Commitments and Contingencies				
Stockholders' equity:				
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; no shares issued or outstanding	-	-	-	-
Common stock, \$0.01 par value; 20,000,000 shares authorized; 12,237,070 and 11,063,271 shares issued, respectively	122	111		
Common stock, \$0.01 par value; 20,000,000 shares authorized; 12,566,024 and 12,241,925 shares issued, respectively			125	122
Additional paid-in capital	53,960	31,987	56,954	54,450
Retained earnings	41,430	32,854	42,858	42,196
Accumulated other comprehensive earnings	2	218	311	414
Treasury stock, at cost; 75,758 and 34,308 shares, respectively	(901)	(214)		
Treasury stock, at cost; 78,515 and 75,758 shares, respectively			(931)	(901)
Total stockholders' equity	94,613	64,956	99,317	96,281
Total liabilities and stockholders' equity	\$ 134,583	\$ 110,066	\$ 159,527	\$ 134,829

See accompanying Notes to Consolidated Financial Statements.

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inTEST CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Revenue	\$ 32,663	\$ 30,771	\$ 97,140	\$ 84,423	\$ 29,824	\$ 31,919
Cost of revenue	17,329	16,873	51,724	45,964	16,748	16,867
Gross profit	15,334	13,898	45,416	38,459	13,076	15,052
Operating expenses:						
Selling expense	4,367	4,009	13,483	11,498	4,590	4,455
Engineering and product development expense	1,802	1,866	5,689	5,649	1,982	1,904
General and administrative expense	5,882	4,864	16,099	14,623	6,012	5,175
Total operating expenses	12,051	10,739	35,271	31,770	12,584	11,534
Operating income	3,283	3,159	10,145	6,689	492	3,518
Interest expense	(168)	(179)	(526)	(457)	(140)	(182)
Other income	423	59	678	32	435	58
Earnings before income tax expense	3,538	3,039	10,297	6,264	787	3,394

Income tax expense	572	515	1,721	1,047	125	577
Net earnings	\$ 2,966	\$ 2,524	\$ 8,576	\$ 5,217	\$ 662	\$ 2,817
Earnings per common share - basic	\$ 0.25	\$ 0.24	\$ 0.76	\$ 0.49		
Earnings per common share – basic					\$ 0.06	\$ 0.26
Weighted average common shares outstanding - basic	11,886,005	10,695,867	11,294,306	10,655,469		
Weighted average common shares outstanding – basic					12,026,361	10,755,729
Earnings per common share - diluted	\$ 0.24	\$ 0.23	\$ 0.74	\$ 0.48		
Earnings per common share – diluted					\$ 0.05	\$ 0.25
Weighted average common shares and common share equivalents outstanding - diluted	12,212,317	10,864,540	11,665,850	10,840,644		
Weighted average common shares and common share equivalents outstanding – diluted					12,158,297	11,088,664

See accompanying Notes to Consolidated Financial Statements.

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inTEST CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(In thousands)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Net earnings	\$ 2,966	\$ 2,524	\$ 8,576	\$ 5,217	\$ 662	\$ 2,817
Unrealized gain (loss) on interest rate swap agreement	(44)	169	(115)	578		
Unrealized loss on interest rate swap agreement					(14)	(99)
Foreign currency translation adjustments	(424)	(935)	(101)	(1,774)	(89)	170
Comprehensive earnings	\$ 2,498	\$ 1,758	\$ 8,360	\$ 4,021	\$ 559	\$ 2,888

See accompanying Notes to Consolidated Financial Statements

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inTEST CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except share data)

(Unaudited)

Nine Months Ended September 30, 2023						Three Months Ended March 31,	
Accumulated							
Common Stock	Additional Paid-in	Retained	Other Comprehensive	Treasury	Total Stockholders'	Additional	Accumulated Other

		Shares	Amount	Capital	Earnings	Earnings	Stock	Equity	Common Stock	Paid-in	Retained	Compreh
Balance,												
January 1, 2023	1,	11,063,271	\$ 111	\$ 31,987	\$ 32,854	\$ 218	\$ (214)	\$ 64,956				
									Shares	Amount	Capital	Earnings (Los
Net earnings		-	-	-	2,817	-	-	2,817				
Other comprehensive earnings		-	-	-	-	71	-	71				
Amortization of deferred compensation related to stock-based awards		-	-	474	-	-	-	474				
Issuance of unvested shares of restricted stock		90,588	1	(1)	-	-	-	-				
Forfeitures of unvested shares of restricted stock		(13,271)	-	-	-	-	-	-				
Stock options exercised		25,200	-	165	-	-	-	165				
Shares issued under Employee Stock Purchase Plan		2,292	-	48	-	-	-	48				
Shares surrendered by employees to satisfy tax liability at vesting of stock-based awards		-	-	-	-	-	(33)	(33)				
Balance, March 31, 2023		11,168,080	112	32,673	35,671	289	(247)	68,498				
Net earnings		-	-	-	2,793	-	-	2,793				
Other comprehensive earnings		-	-	-	-	181	-	181				

Amortization of deferred compensation related to stock-based awards	-	-	605	-	-	-	605												
Issuance of unvested shares of restricted stock	6,873	-	-	-	-	-	-												
Stock options exercised	86,600	1	734	-	-	-	735												
Shares issued under Employee Stock Purchase Plan	1,870	-	49	-	-	-	49												
Shares surrendered by employees to satisfy tax liability at vesting of stock-based awards	-	-	-	-	-	(41)	(41)												
Shares issued pursuant to At-the-Market Offering	921,797	9	19,235	-	-	-	19,244												
Balance, June 30, 2023	12,185,220	122	53,296	38,464	470	(288)	92,064												
Balance, January 1, 2024								12,241,925	\$	122	\$	54,450	\$	42,196	\$				
Net earnings	-	-	-	2,966	-	-	2,966	-	-	-	-	662							
Other comprehensive loss	-	-	-	-	(468)	-	(468)	-	-	-	-	-							
Amortization of deferred compensation related to stock-based awards	-	-	544	-	-	-	544	-	-	349	-								

Issuance of additional shares of restricted stock related to performance-based awards which vested in the period	40,557	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares in connection with acquisition of Alfamation									187,432	2	2,084	-	-	-
Issuance of unvested shares of restricted stock									138,838	1	(1)	-	-	-
Forfeiture of unvested shares of restricted stock	(4,220)	-	-	-	-	-	-	-	(11,200)	-	-	-	-	-
Stock options exercised	12,750	-	78	-	-	-	-	78	4,925	-	18	-	-	-
Shares issued under Employee Stock Purchase Plan	2,763	-	42	-	-	-	-	42	4,104	-	54	-	-	-
Shares surrendered by employees to satisfy tax liability at vesting of stock-based awards	-	-	-	-	-	-	(613)	(613)	-	-	-	-	-	-
Shares surrendered to satisfy tax liability at vesting of stock-based awards									-	-	-	-	-	-
Balance, September 30, 2023	12,237,070	\$ 122	\$ 53,960	\$ 41,430	\$ 2	\$ (901)	\$ 94,613							
Balance, March 31, 2024									12,566,024	\$ 125	\$ 56,954	\$ 42,858	\$	

inTEST CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(In thousands, except share data)
(Unaudited)

		Nine Months Ended September 30, 2022							Three Months Ended March 31, 2023				
		Common Stock		Additional	Accumulated		Treasury	Total	Common Stock		Additional	Accumulated	
		Shares	Amount	Paid-in	Retained	Other	Stock	Stockholders'	Shares	Amount	Paid-in	Retained	Other
				Capital	Earnings	Earnings (loss)		Equity					Compreh
Balance, January 1, 2022	1,	10,910,460	\$ 109	\$ 29,931	\$ 24,393	\$ 594	\$ (204)	\$ 54,823					
Balance, January 1, 2023	1,	11,063,271	\$ 111	\$ 31,987	\$ 32,854								
Net earnings		-	-	-	577	-	-	577	-	-	-	2,817	
Other comprehensive earnings		-	-	-	-	173	-	173	-	-	-	-	
Amortization of deferred compensation related to stock-based awards		-	-	372	-	-	-	372	-	-	474	-	
Issuance of unvested shares of restricted stock		79,489	1	(1)	-	-	-	-	90,588	1	(1)	-	
Shares issued under Employee Stock Purchase Plan		5,245	-	56	-	-	-	56					
Balance, March 31, 2022		10,995,194	110	30,358	24,970	767	(204)	56,001					
Net earnings		-	-	-	2,116	-	-	2,116					
Other comprehensive loss		-	-	-	-	(603)	-	(603)					

Amortization of deferred compensation related to stock-based awards	-	-	551	-	-	-	551						
Issuance of unvested shares of restricted stock	44,044	-	-	-	-	-	-						
Shares surrendered by employees to satisfy tax liability at vesting of stock-based awards	-	-	-	-	-	(10)	(10)						
Shares issued under Employee Stock Purchase Plan	9,470	-	65	-	-	-	65						
Balance, June 30, 2022	11,048,708	110	30,974	27,086	164	(214)	58,120						
Net earnings	-	-	-	2,524	-	-	2,524						
Other comprehensive loss	-	-	-	-	(766)	-	(766)						
Amortization of deferred compensation related to stock-based awards	-	-	450	-	-	-	450						
Forfeiture of unvested shares of restricted stock	(5,944)	-	-	-	-	-	-	(13,271)	-	-	-		
Stock options exercised	8,060	-	38	-	-		38	25,200	-	165	-		
Shares issued under Employee Stock Purchase Plan	7,034	1	54	-	-	-	55	2,292	-	48	-		

Accrued sales commissions	(220)	310	66	(221)
Domestic and foreign income taxes payable	(166)	(672)	(406)	864
Other current liabilities	320	35	70	43
Deferred revenue, net of current portion			(121)	-
Other liabilities	(17)	61	(15)	(16)
Net cash provided by (used in) operating activities	11,521	(3,658)		
Net cash provided by operating activities			2,075	2,484
CASH FLOWS FROM INVESTING ACTIVITIES				
Refund of final working capital adjustment related to Acculogic	-	371		
Acquisition of business, net of cash acquired			(18,904)	-
Purchase of property and equipment	(983)	(1,043)	(340)	(334)
Purchase of short-term investments	-	(3,494)		
Net cash used in investing activities	(983)	(4,166)	(19,244)	(334)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from public offering of common stock	19,244	-		
Repayments of Term Note	(3,075)	(2,933)		
Proceeds from short-term borrowings			273	-
Repayments of long-term borrowings			(1,181)	(1,025)
Proceeds from shares sold under Employee Stock Purchase Plan	118	148	46	40
Proceeds from stock options exercised	978	38	18	165
Settlement of employee tax liabilities in connection with treasury stock transaction	(687)	(10)	(30)	(33)
Net cash provided by (used in) financing activities	16,578	(2,757)		
Net cash used in financing activities			(874)	(853)
Effects of exchange rates on cash	(7)	(576)	114	71
Net cash provided by (used in) all activities	27,109	(11,157)	(17,929)	1,368
Cash and cash equivalents at beginning of period	14,576	21,195		
Cash and cash equivalents at end of period	\$ 41,685	\$ 10,038		
Cash, cash equivalents and restricted cash at beginning of period			45,260	14,576
Cash, cash equivalents and restricted cash at end of period			\$ 27,331	\$ 15,944
Cash payments for:				
Domestic and foreign income taxes	\$ 2,988	\$ 2,926	\$ 101	\$ 118
Details of acquisition:				
Fair value of assets acquired, net of cash			\$ 33,750	
Liabilities assumed			(24,004)	
Stock issued			(2,086)	
Cash holdback pending final working capital adjustment			(552)	
Goodwill resulting from acquisition			11,796	
Net cash paid for acquisition			\$ 18,904	

See accompanying Notes to Consolidated Financial Statements.

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inTEST CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share data)

(1) NATURE OF OPERATIONS

We are a global supplier of innovative test and process technology solutions for use in manufacturing and testing across a wide range of markets including automotive, defense/aerospace, industrial, life sciences, security and semiconductor. We have three operating segments which are also our reportable segments and reporting units: Electronic Test, Environmental Technologies and Process Technologies.

On March 12, 2024 we completed the acquisition of Alfamation S.p.A., an Italian joint-stock company ("Alfamation"), for an aggregate base purchase price of approximately EUR 20,000 comprised of: (i) EUR 18,000, or \$19,674, in cash; and (ii) 187,432 shares of our common stock, valued at \$2,086 based on the closing price of our stock on the date of acquisition. The cash portion of the purchase price is subject to customary working capital adjustments. We currently expect this to result in an additional payment of EUR 542, or \$593 for assets delivered at closing in excess of agreed upon thresholds. The liabilities assumed in connection with the acquisition included debt of approximately EUR 8,616, or \$9,418. The acquisition is discussed further in Note 3. The debt assumed is discussed further in Note 10.

The consolidated entity is comprised of inTEST Corporation and our wholly-owned subsidiaries. We manufacture our products in the U.S., Italy, Canada and the Netherlands. Marketing and support activities are conducted worldwide from our facilities in the U.S., Italy, Canada, Germany, Singapore, the Netherlands, China and the U.K. We operate our business worldwide and sell our products both domestically and internationally.

All of our operating segments have multiple products that we design, manufacture and market to our customers. Due to a number of factors, our products have varying levels of gross margin. The mix of products we sell in any period is ultimately determined by our customers' needs. Therefore, the mix of products sold in any given period can change significantly from the prior period. In addition, we sell our products to a variety of different types of customers with varying levels of discounts and commission expense. As a result of changes in both the mix of products sold as well as customer mix in any given period, our consolidated gross margin can vary significantly from period to period.

The semiconductor market ("semi" or the "semi market") which includes both the broader semiconductor market, as well as the more specialized automated test equipment ("ATE") and wafer production sectors within the broader semiconductor market, has historically been the largest single market in which we operate. The semi market is characterized by rapid technological change, competitive pricing pressures and cyclical as well as seasonal market patterns. The semi market is also subject to periods of significant expansion or contraction in demand. In addition to the semi market, we sell into a variety of other markets. Our intention is to continue diversifying our markets, our product offerings within the markets we serve and our customer base across all of our markets with the goal of reducing our dependence on any one market, product or customer. In particular, we are seeking to reduce the impact of volatility in the semi market on our results of operations.

Our Electronic Test segment sells many of its products to semiconductor manufacturers and third-party test and assembly houses (end user sales) and to ATE manufacturers (original equipment manufacturer ("OEM") sales), who ultimately resell our equipment with theirs to both semiconductor manufacturers and third-party test and assembly houses. These sales all fall within the ATE sector of the semi market. With the acquisition of Acculogic Inc. and its affiliates ("Acculogic") in December 2021, and Alfamation in March 2024, our Electronic Test segment also sells its products to customers in markets outside the semi market including the automotive, defense/aerospace, industrial and life sciences and specialty consumer electronics markets. Our Environmental Technologies segment sells its products to end users and OEMs within the ATE sector of the semi market. It also sells its products to customers in a variety of other markets other than the semi market, including the automotive, defense/aerospace, industrial and life sciences markets. Our Process Technologies segment sells its products to customers in the wafer production sector within the semi market. It also sells its products to customers in a variety of other markets other than the semi market, including the automotive, defense/aerospace, industrial, life sciences and security markets.

Our financial results are affected by a wide variety of factors, including, but not limited to, general economic conditions worldwide and in the markets in which we operate, economic conditions specific to the semi market and the other markets we serve, downward pricing pressures from customers, our reliance on a relatively few number of customers for a significant portion of our sales and our ability to safeguard patented technology and intellectual property in a rapidly evolving market. In addition, we are exposed to the risk of obsolescence of our inventory depending on the mix of future business and technological changes within the markets that we serve. Part of our strategy for growth includes potential acquisitions that may cause us to incur substantial expense in reviewing and evaluating potential transactions. We may or may not be successful in locating suitable businesses to acquire and in closing acquisitions of businesses we pursue. In addition, we may not be able to successfully integrate any business we do acquire with our existing business and we may not be able to operate the acquired business profitably. As a result of these or other factors, we may experience significant period-to-period fluctuations in future operating results.

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On May 11, 2023, we entered into an At-the-Market Issuance Sales Agreement (the "Sales Agreement") pursuant to which we issued and sold 921,797 shares of our common stock having an aggregate offering price of \$20,000 between May 11, 2023 and May 31, 2023. We received net proceeds from the sale of these shares of \$19,244

after payment of commissions of 3.0% of the gross proceeds and other fees related to the sale of these shares.

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(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements include our accounts and those of our wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated upon consolidation. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Certain of our accounts, including contingent consideration, inventories, long-lived assets, goodwill, identifiable intangibles and deferred tax assets and liabilities, including related valuation allowances, are particularly impacted by estimates.

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position, results of operations, and changes in cash flows for the interim periods presented. Certain footnote information has been condensed or omitted from these consolidated financial statements. Therefore, these consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K") filed on March 22, 2023 with the Securities and Exchange Commission.

Reclassification

Certain prior period amounts have been reclassified to be comparable with the current period's presentation.

Subsequent Events

We have made an assessment of our operations and determined that there were no material subsequent events requiring adjustment to, or disclosure in, our consolidated financial statements for the nine months ended September 30, 2023, March 31, 2024 other than the matter discussed in Note 15.

Business Combinations

Acquired businesses are accounted for using the purchase method of accounting, which requires that the purchase price be allocated to the net assets acquired at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Fair values of intangible assets are estimated by valuation models prepared by our management and third-party advisors. The assets purchased and liabilities assumed have been reflected in our consolidated balance sheets, and the operating results are included in the consolidated statements of operations and consolidated statements of cash flows from the date of acquisition. Any change in the fair value of acquisition-related contingent consideration subsequent to the acquisition date, including changes from events after the acquisition date, will be recognized in the consolidated statement of operations in the period of the estimated fair value change. Acquisition-related transaction costs, including legal and accounting fees and other external costs directly related to the acquisition, are recognized separately from the acquisition and expensed as incurred in general and administrative expense in the consolidated statements of operations.

Cash, Cash Equivalents and Restricted Cash

Short-term investments that have maturities of three months or less when purchased are considered to be cash equivalents and are carried at cost, which approximates fair value. Our cash balances, which are deposited with highly reputable financial institutions, at times may exceed the federally insured limits. We have not experienced any losses related to these cash balances and believe the credit risk to be minimal.

Restricted Periodically we have restricted cash at December 31, 2022 represented which represents amounts deposited at our bank in the Netherlands banks to support a bank guarantee guarantees which one of the customers certain of our Process Technologies segment required customers require as a condition of paying a deposit large deposits on a large order orders they placed place with us in 2022. The related order was Euro denominated. The us. Typically, the amount of the deposit and related guarantee declined declines as shipments were are made against the order. At September 30, 2023 March 31, 2024 this deposit had been fully utilized and the bank guarantee had therefore lapsed. At December 31, 2022, 2023, the amount of the deposit, and, accordingly, the guarantee, was EUR 1,067, or \$1,142. we had no amounts classified as restricted cash.

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The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets and the consolidated statements of cash flows:

	September 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 41,685	\$ 13,434
Restricted cash	-	1,147
Total cash, cash equivalents and restricted cash	\$ 41,685	\$ 14,581

Trade Accounts Receivable and Allowance for Credit Losses

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. We grant credit to customers and generally require no collateral. To minimize our risk, we perform ongoing credit evaluations of our customers' financial condition. As discussed below under "Effect of Recently Adopted Amendments to Authoritative Accounting Guidance", effective January 1, 2023, we follow the guidance in Accounting Standards Codification ("ASC") Topic 326 (Financial Instruments – Credit Losses) in developing our estimate of the allowance for credit losses related to our accounts receivable. The allowance for credit losses is our best estimate of the amount of expected credit losses in our existing accounts receivable. In establishing the amount of allowance for credit losses, we consider all information available as of the reporting date including information related to past events, such as historical loss rates and actual incurred losses, as well as current conditions that may indicate future risk of loss and any other factors of which we are aware, that we believe could impact the ultimate collectability of the related receivables in future periods.

Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. We do not have any significant off-balance sheet credit exposure related to our customers. Cash flows from accounts receivable are recorded in operating cash flows.

For the nine three months ended September 30, 2023, March 31, 2024, there we utilized \$48 of the allowance for credit losses to offset the write-off of a receivable in our Electronic Test segment. There were no other significant changes in the amount of the allowance for credit losses. During losses during this time period. There was no bad debt expense recorded for the nine three months ended September 30, 2023, March 31, 2024 we recorded a bad debt recovery of \$79. This amount had been fully written off prior to our acquisition of Acculogic and was or no longer in our accounts receivable balance. There was no bad debt expense or recovery recorded during the nine months ended September 30, 2022, 2023.

Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, restricted cash, short-term investments, accounts receivable, accounts payable, accrued expenses, our credit facility, interest rate swaps and our liabilities for contingent consideration. Our cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at cost which approximates fair value, due to the short maturities of the accounts. Our short-term investments are classified as held-to-maturity and carried at amortized cost. Our credit facility and our interest rate swap are discussed further below and in Note 9, 10. Our liabilities for contingent consideration are accounted for in accordance with the guidance in ASC Topic 820 (Fair Value Measurement). ASC Topic 820 establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and our own assumptions (unobservable inputs). Our contingent consideration liabilities are measured at fair value on a recurring basis using Level 3 inputs which are inputs that are unobservable and significant to the overall fair value measurement. These unobservable inputs reflect our assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. See Note 3, 4 for further disclosures related to the fair value of our liabilities for contingent consideration.

Goodwill, Intangible and Long-Lived Assets

We have three reportable segments which are also our reporting units: Electronic Test, Environmental Technologies and Process Technologies.

We account for goodwill and intangible assets in accordance with ASC Topic 350 (Intangibles - Goodwill and Other). Finite-lived intangible assets are amortized over their estimated useful economic life and are carried at cost less accumulated amortization. Goodwill is assessed for impairment annually at the beginning of the fourth quarter on a reporting unit basis, or more frequently when events and circumstances occur indicating that the recorded goodwill may be impaired. Goodwill is considered to be impaired if the fair value of a reporting unit is less than its carrying amount. As a part of the goodwill impairment assessment, we have the option to perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If, as a result of our qualitative assessment, we determine that it is more-likely-than-not that the fair value of the reporting unit is greater than its carrying amount, a quantitative goodwill impairment test is not required. However, if, as a result of our qualitative assessment, we determine it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, or, if we choose not to perform a qualitative assessment, we are required to perform a quantitative goodwill impairment test to identify potential goodwill impairment and measure the amount of goodwill impairment loss to be recognized.

The quantitative goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The goodwill impairment assessment is based upon the income approach, which estimates the fair value of our reporting units based upon a discounted cash flow approach. This fair value is then reconciled to our market capitalization at year end with an appropriate control premium. The determination of the fair value of our reporting units requires management to make significant estimates and assumptions including the selection of control premiums, discount rates, terminal growth rates, forecasts of revenue and expense growth rates, income tax rates, changes in working capital, depreciation, amortization and capital expenditures. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on either the fair value of the reporting unit or the amount of the goodwill impairment charge.

Indefinite-lived intangible assets are assessed for impairment annually at the beginning of the fourth quarter, or more frequently if events or changes in circumstances indicate that the asset might be impaired. As a part of the impairment assessment, we have the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If, as a result of our qualitative assessment, we determine that it is more-likely-than-not that the fair value of the indefinite-lived intangible asset is less than its carrying amount, the quantitative impairment test is required; otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of the intangible asset with its carrying amount. If the carrying amount of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Long-lived assets, which consist of finite-lived intangible assets, property and equipment and right-of-use ("ROU") assets, are assessed for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test is based on a comparison of the estimated undiscounted cash flows to the recorded value of the asset group. If impairment is indicated, the asset group is written down to its estimated fair value. The cash flow estimates used to determine the impairment, if any, contain management's best estimates using appropriate assumptions and projections at that time.

Revenue Recognition

We recognize revenue in accordance with the guidance in ASC Topic 606 (Revenue from Contracts with Customers). We recognize revenue for the sale of products or services when our performance obligations under the terms of a contract with a customer are satisfied and control of the product or service has been transferred to the customer. Generally, this occurs when we ship a product or perform a service. In certain cases, recognition of revenue is deferred until the product is received by the customer or at some other point in the future when we have determined that we have satisfied our performance obligations under the contract. Our contracts with customers may include a combination of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. In addition to the sale of products and services, we also lease certain of our equipment to customers under short-term lease agreements. We recognize revenue from equipment leases on a straight-line basis over the lease term.

Revenue is recorded in an amount that reflects the consideration we expect to receive in exchange for those products or services. We do not have any material variable consideration arrangements, or any material payment terms with our customers other than standard payment terms which generally range from net 30 to net 90 days. We generally do not provide a right of return to our customers. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

Nature of Products and Services

We are a global supplier of innovative test and process technology solutions for use in manufacturing and testing in targeted markets including automotive, defense/aerospace, industrial, life sciences, security and semiconductor. We sell Our Environmental Technologies segment sells thermal management products including ThermoStreams, ThermoChambers, process chillers, refrigerators and freezers, which we sell under our Temptronic, Sigma, Thermonics and North Sciences product lines, and Ambrell Corporation's ("Ambrell") lines. Our Process Technologies segment sells precision induction heating systems through our subsidiary, Ambrell Corporation ("Ambrell"), including EKOHEAT® and EASYHEAT™ EASYHEAT™ products. As a result of the acquisition of Videology, we sell This segment also sells industrial-grade circuit board mounted video digital cameras and related devices, systems and software. We sell software through our Videology Imaging Corporation ("Videology"), subsidiary. Our Electronic Test segment sells semiconductor ATE interface solutions which include through our inTEST EMS ("EMS") subsidiary, including manipulators, docking hardware and electrical interface products. As This segment also sells robotics-based electronic production test equipment under the Acculogic tradename and, as a result of the acquisition of Acculogic, we sell robotics-based electronic production Alfamation on March 12, 2024, which is discussed further in Note 3, this segment now sells test equipment and measurement solutions for the automotive, life sciences and specialty consumer electronics markets. We provide post-warranty service and support for the equipment we sell. We sell semiconductor ATE interface solutions and certain thermal management products to the semi market. We also sell many of our products to various other markets including the automotive, defense/aerospace, industrial, life sciences, security and security semiconductor markets.

We lease certain of our equipment under short-term leasing agreements with original lease terms of six months or less. Our lease agreements do not contain purchase options.

Occasionally we procure and sell materials/components on behalf of and to our customers.

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Types of Contracts with Customers

Our contracts with customers are generally structured as individual purchase orders which specify the exact products or services being sold or equipment being leased along with the selling price, service fee or monthly lease amount for each individual item on the purchase order. Payment terms and any other customer-specific acceptance criteria are also specified on the purchase order. We generally do not have any customer-specific acceptance criteria, other than that the product performs within the agreed upon specifications. We test substantially all products manufactured as part of our quality assurance process to determine that they comply with specifications prior to shipment to a customer.

Contract Balances

We record accounts receivable at the time of invoicing. Accounts receivable, net of the allowance for credit losses, is included in current assets on our consolidated balance sheet. In certain instances, we also receive customer deposits in advance of invoicing and recording of accounts receivable. Customer deposits are included in current liabilities on our consolidated balance sheets. To the extent that we do not recognize revenue at the same time as we invoice, we record a liability for deferred revenue. In certain instances, we also receive customer deposits in advance of invoicing and recording of accounts receivable. Deferred revenue and customer deposits are estimated to be recognized within the next twelve months is included in current liabilities. Deferred revenue that we estimate will be recognized beyond twelve months is recorded in Other Liabilities on our consolidated balance sheets. Any non-inventoriable costs associated with deferred revenue are also deferred and recorded in Prepaid Expenses and Other Current Assets or Other Assets on our consolidated balance sheets, depending on when the related deferred revenue is expected to be recognized.

As discussed above, we follow the guidance in ASC Topic 326 in developing our estimate of the allowance for credit losses related to our accounts receivable. The allowance for credit losses is our best estimate of the amount of expected credit losses in our existing accounts receivable. We monitor the collectability of accounts receivable on an ongoing basis and record charges for bad debt expense in the period when we determine that a loss is expected to occur based on our assessment.

Costs to Obtain a Contract with a Customer

The only costs we incur associated with obtaining contracts with customers are sales commissions that we pay to our internal sales personnel or third-party sales representatives. These costs are calculated based on set percentages of the selling price of each product or service sold. Commissions are considered earned by our internal sales personnel at the time we recognize revenue for a particular transaction. Commissions are considered earned by third-party sales representatives at the time that revenue is recognized for a particular transaction. We record commission expense in our consolidated statements of operations at the time the commission is earned. Commissions earned but not yet paid are included in current liabilities on our balance sheets.

Product Warranties

In connection with the sale of our products, we generally provide standard one- or two-year product warranties which are detailed in our terms and conditions and communicated to our customers. Our standard warranties are not offered for sale separately from our products; therefore, there is not a separate performance obligation related to our standard warranties. We record estimated warranty expense for our standard warranties at the time of sale based upon historical claims experience. We offer customers an option to separately purchase an extended warranty on certain products. In the case of extended warranties, we recognize revenue in the amount of the sale price for the extended warranty on a straight-line basis over the extended warranty period. We record costs incurred to provide service under an extended warranty at the time the service is provided. Warranty expense is included in selling expense in our consolidated statements of operations.

See Notes 5 6 and 13 14 for further information about our revenue from contracts with customers.

Inventories

Inventories are valued at cost on a first-in, first-out basis, not in excess of net realizable market value. Cash flows from the sale of inventories are recorded in operating cash flows. On a quarterly basis, we review our inventories and record excess and obsolete inventory charges based upon our established objective excess and obsolete inventory criteria. Our criteria identify excess material as the quantity of material on hand that is greater than the average annual usage of that material over the prior three years. Our criteria identify obsolete material as material that has not been used in a work order during the prior twenty-four months. In certain cases, additional excess and obsolete inventory charges are recorded based upon current market conditions, anticipated product life cycles, new product introductions and expected future use of the

inventory. The excess and obsolete inventory charges we record establish a new cost basis for the related inventories. We incurred excess and obsolete inventory charges of \$176 and \$135 for the three months ended March 31, 2024 and 2023, respectively.

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Leases

We account for leases in accordance with ASC Topic 842 (Leases). We determine if an arrangement is a lease at inception. A lease contract is within scope if the contract has an identified asset (property, plant or equipment) and grants the lessee the right to control the use of the asset during the lease term. The identified asset may be either explicitly or implicitly specified in the contract. In addition, the supplier must not have any practical ability to substitute a different asset and would not economically benefit from doing so for the lease contract to be in scope. The lessee's right to control the use of the asset during the term of the lease must include the ability to obtain substantially all of the economic benefits from the use of the asset as well as decision-making authority over how the asset will be used. Leases are classified as either operating leases or finance leases based on the guidance in ASC Topic 842. Operating leases are included in operating lease ROU assets and operating lease liabilities in our consolidated balance sheets. Finance leases are included in property and equipment and financing lease liabilities. We do not currently have any financing leases.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. None of our leases provide an implicit rate; therefore, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease. We include these options in the determination of the amount of the ROU asset and lease liability when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Certain of our operating leases contain predetermined fixed escalations of minimum rentals and rent holidays during the original lease terms. Rent holidays are periods during which we have control of the leased facility but are not obligated to pay rent. For these leases, our ROU asset and lease liability are calculated including any rent holiday in the determination of the life of the lease.

We have lease agreements which contain both lease and non-lease components, which are generally accounted for separately. In addition to the monthly rental payments due, most of our leases for our offices and warehouse facilities include non-lease components representing our portion of the common area maintenance, property taxes and insurance charges incurred by the landlord for the facilities which we occupy. These amounts are not included in the calculation of the ROU assets and lease liabilities as they are based on actual charges incurred in the periods to which they apply.

Operating lease payments are included in cash outflows from operating activities on our consolidated statements of cash flows. Amortization of ROU assets is presented separately from the change in operating lease liabilities and is included in Depreciation and Amortization on our consolidated statements of cash flows.

We have made an accounting policy election not to apply the recognition requirements of ASC Topic 842 to short-term leases (leases with a term of one year or less at the commencement date of the lease). Lease expense for short-term lease payments is recognized on a straight-line basis over the lease term.

See Note 89 for further disclosures regarding our leases.

Interest Rate Swap Agreement

We are exposed to interest rate risk on our floating-rate debt. We have entered into an interest rate swap agreement to effectively convert our floating-rate debt to a fixed-rate basis for a portion of our floating rate debt, as discussed further in Notes 84 and 9.10. The principal objective of this agreement is to eliminate the variability of the cash flows for interest payments associated with our floating-rate debt, thus reducing the impact of interest rate changes on future interest payment cash flows. We have elected to apply the hedge accounting rules in accordance with ASC Topic 815 (Derivatives and Hedging). Further, we have determined that this agreement qualifies for the shortcut method of hedge accounting. Changes in the fair value of interest rate swap agreements designated as cash flow hedges are recorded as a component of accumulated other comprehensive earnings (loss) within stockholders' equity and are amortized to interest expense over the term of the related debt.

Contingent Liability for Repayment of State and Local Grant Funds Received

In connection with leasing a facility in Rochester, New York, which our subsidiary, Ambrell, occupied in May 2018, we entered into agreements with the city of Rochester and the state of New York under which we received grants totaling \$550 to help offset a portion of the cost of the leasehold improvements we made to this facility. The final payment of \$87 was received during the three months ended March 31, 2022. In exchange for the funds we received under these agreements, we are required to create and maintain specified levels of employment in this location through various dates ending in 2024. If we fail to meet these employment targets, we may be required to repay a proportionate share of the proceeds. At September 30, 2023, March 31, 2024, \$193.123 of the total proceeds received could still be required to be repaid if we do not meet the targets. We have recorded this amount as a contingent liability which is included in other liabilities on our consolidated balance sheet. Those portions of the proceeds

which are no longer subject to repayment are reclassified to deferred grant proceeds and amortized to income on a straight-line basis over the remaining lease term for the Rochester facility. Deferred grant proceeds are included in other current liabilities and other liabilities on our balance sheet and totaled **\$259 \$298** at **September 30, 2023, March 31, 2024**. At **September 30, 2023, March 31, 2024**, we were in compliance with the employment targets as specified in the grant agreement with the city of Rochester.

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Stock-Based Compensation

We account for stock-based compensation in accordance with ASC Topic 718 (Compensation - Stock Compensation) which requires that employee share-based equity awards be accounted for under the fair value method and requires the use of an option pricing model for estimating fair value of stock options, which is then amortized to expense over the service periods. See further disclosures related to our stock-based compensation plans in Note **10, 11**.

Income Taxes

The asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for operating loss and tax credit carryforwards and for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

Earnings (Loss) Per Common Share

Earnings (loss) per common share - basic is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding during each period. Earnings (loss) per common share - diluted is computed by dividing earnings (loss) by the weighted average number of common shares and common share equivalents outstanding during each period. Common share equivalents represent unvested shares of restricted stock and stock options and are calculated using the treasury stock method. Common share equivalents are excluded from the calculation if their effect is anti-dilutive.

The table below sets forth, for the periods indicated, a reconciliation of weighted average common shares outstanding - basic to weighted average common shares and common share equivalents outstanding - diluted and the average number of potentially dilutive securities that were excluded from the calculation of diluted earnings (loss) per share because their effect was anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Weighted average common shares outstanding - basic	11,886,005	10,695,867	11,294,306	10,655,469		
Weighted average common shares outstanding—basic					12,026,361	10,755,729
Potentially dilutive securities:						
Unvested shares of restricted stock and employee stock options	326,312	168,673	371,544	185,175	131,936	332,935
Weighted average common shares and common share equivalents outstanding - diluted	12,212,317	10,864,540	11,665,850	10,840,644		
Weighted average common shares and common share equivalents outstanding—diluted					12,158,297	11,088,664
Average number of potentially dilutive securities excluded from calculation because their effect was anti-dilutive during the period	107,666	518,145	119,585	491,014	434,584	154,429

Effect of Recently Adopted Issued Amendments to Authoritative Accounting Guidance

In **June 2016, November 2023**, the **Financial Accounting Standards Board ("FASB") FASB** issued amendments to the guidance for **accounting for credit losses**. In **November 2019**, the **FASB** deferred the effective date disclosures about reportable segments which require disclosures of these significant expenses by segment and interim disclosure of items that were previously required on an annual basis. The amendments for certain companies, including smaller reporting companies. As are to be applied on a result of

the deferral, the amendments were retrospective basis and are effective for us for reporting periods fiscal years beginning after December 15, 2022. 2023 The and interim periods within fiscal years beginning after December 15, 2024. We are evaluating the impact of the amendments replaced on disclosures in our consolidated financial statements.

In December 2023, the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses FASB issued amendments to the guidance for disclosures about income tax which provide for additional disclosures primarily related to the income tax rate reconciliations and requires the use of a forward-looking expected credit loss model for accounts receivables, loans, and other financial instruments, income taxes paid. The amendments require a modified retrospective approach through a cumulative-effect adjustment entities to retained earnings as annually disclose the income tax rate reconciliation using both amounts and percentages, considering several categories of reconciling items, including state and local income taxes, foreign tax effects, tax credits and nontaxable or nondeductible items, among others. Disclosure of the reconciling items is subject to a quantitative threshold and disaggregation by nature and jurisdiction. The amendments also require entities to disclose net income taxes paid or received to federal, state and foreign jurisdictions, as well as by individual jurisdiction, subject to a five percent quantitative threshold. The amendments may be adopted on a prospective or retrospective basis and are effective for fiscal years beginning after December 15, 2024 with early adoption permitted. We are evaluating the impact of the first reporting period amendments on disclosures in which the guidance is effective. We adopted the amendments when they became effective for us on January 1, 2023. The adoption of these amendments did not have any impact on our consolidated financial statements.

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(3) ACQUISITION

On March 12, 2024 we completed the acquisition of Alfamation S.p.A., an Italian joint-stock company ("Alfamation"). Alfamation is a leading global provider of state-of-the-art test and measurement solutions for the automotive, life sciences and specialty consumer electronics markets. Alfamation is included in our Electronic Test operating segment. The acquisition of Alfamation deepens our presence in the automotive/EV and life science markets, expands our exposure in consumer electronics, extends our geographic reach with a sizable footprint in Europe, and widens our portfolio of products and solutions. Additionally, we believe Alfamation brings engineering talent and a management team that culturally aligns with our mission to provide innovative, engineered solutions that address the high-value challenges of our customers. The aggregate purchase price was approximately EUR 20,000 comprised of: (i) EUR 18,000, or \$19,674, in cash; and (ii) 187,432 shares of our common stock, valued at \$2,086 based on the closing price of our stock on the date of acquisition. The cash portion of the purchase price is subject to customary working capital adjustments. We currently expect this to result in an additional payment of EUR 542, or \$593 for assets delivered at closing in excess of agreed upon thresholds. The liabilities assumed in connection with the acquisition included debt of approximately EUR 8,616, or \$9,418. The debt assumed is discussed further in Note 10. Total acquisition costs incurred to complete this transaction were \$1,013. Acquisition costs were expensed as incurred and included in general and administrative expense.

In connection with the acquisition, we have entered into a lease agreement (the "Lease Agreement") with the former owner of Alfamation who will continue to serve as the managing director of Alfamation under our ownership. The Lease Agreement commenced on March 12, 2024 and will last for six years. It will be automatically renewed for the same period of time unless terminated by either party. Under the terms of the Lease Agreement, Alfamation will lease warehouse and office space totaling about 51,817 square feet. Alfamation will pay a yearly lease payment of EUR 260 broken up into two equal payments. At the date of the signing of the Lease Agreement, the yearly lease payment equated to approximately \$284.

The acquisition of Alfamation has been accounted for as a business combination using purchase accounting, and, accordingly, the results of Alfamation have been included in our consolidated results of operations from the date of acquisition. The allocation of the purchase price for Alfamation is not yet complete. The preliminary allocation of the Alfamation purchase price was based on estimated fair values as of March 12, 2024. We are currently working with third-party valuation specialists to assist us with our purchase accounting. The information that needs to be gathered from multiple sources, including the records and personnel at Alfamation, is not yet fully assembled. As a result, the values reflected below are preliminary and we expect that they may change. In particular, we expect that the total value assigned to our technology and customer relationships and the related deferred tax liabilities, the fair value of acquired accounts receivable, inventory and certain accrued expenses may all change as we finalize our assessments. In addition, the final working capital adjustment has also not yet been completed. Adjustments to these preliminary amounts will be included in the final allocation of the purchase price for Alfamation, which we expect to finalize in the second or third quarter of 2024. These adjustments could be material.

The excess of the purchase price over the identifiable intangible and net tangible assets was allocated to goodwill and is not deductible for tax purposes. Goodwill is attributed to synergies that are expected to result from the operations of the combined businesses.

The total purchase price of \$22,353 has been allocated as follows:

Goodwill	\$	11,796
Identifiable intangible assets		13,087
Tangible assets acquired and liabilities assumed:		
Cash		811
Trade accounts receivable		4,004
Inventories		11,243
Other current assets		2,169
Property and equipment		1,597
Other assets		1,650

Accounts payable	(4,644)
Accrued expenses	(4,311)
Other current liabilities	(278)
Deferred tax liability	(2,391)
Debt (current and long-term)	(9,418)
Other non-current liabilities	(2,962)
Total purchase price	\$ 22,353

We estimated the fair value of identifiable intangible assets acquired using the income approach. Identifiable intangible assets acquired include customer relationships, customer backlog, technology and a tradename. We are amortizing the finite-lived intangible assets acquired over their estimated useful lives based on the pattern in which the economic benefits of the intangible asset are expected to be consumed.

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The following table summarizes the estimated fair value of Alfamation's identifiable intangible assets and their estimated useful lives as of the acquisition date:

	Fair Value	Weighted Average Estimated Useful Life (in years)
Finite-lived intangible assets:		
Customer relationships	\$ 5,949	15.0
Technology	340	10.0
Customer backlog	3,399	1.0
Total finite-lived intangible assets	9,688	9.5
Indefinite-lived intangible assets:		
Trade name	3,399	
Total intangible assets	\$ 13,087	

For the period from March 13, 2024 to March 31, 2024, Alfamation contributed \$1,379 of revenue and had a net loss of \$101.

The following unaudited pro forma information gives effect to the acquisition of Alfamation as if the acquisition occurred on January 1, 2023. These proforma summaries do not reflect any operating efficiencies or costs savings that may be achieved by the combined businesses. These proforma summaries are presented for informational purposes only and are not necessarily indicative of what the actual results of operations would have been had the acquisition taken place as of that date, nor are they indicative of future consolidated results of operations:

	Three Months Ended March 31,	
	2024	2023
Revenue	\$ 34,752	\$
Net earnings	\$ 480	\$
Diluted earnings per share	\$ 0.04	\$

The pro forma results shown above do not reflect the impact on general and administrative expense of investment advisory costs, legal costs and other costs of \$1,013 incurred by us as a direct result of the transaction.

(34) FAIR VALUE MEASUREMENTS

ASC Topic 820 (Fair Value Measurement) establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and our own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

ASC 820 identifies fair value as the exchange price, or exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a three-tier fair value hierarchy that distinguishes among the following:

Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access.

Level 2 Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and models for which all significant inputs are observable, either directly or indirectly.

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by us in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The interest rate swap agreement we entered into in connection with our Term Note, as discussed further in Notes 2 and 9 10, is measured at fair value on a recurring basis using Level 2 inputs. The contingent consideration liability on our balance sheets sheet is measured at fair value on a recurring basis using Level 3 inputs. Our contingent consideration liability is a result of our acquisition of Acculogic on December 21, 2021, and represents the estimated fair value of the additional cash consideration payable that is contingent upon sales to Electric Vehicle ("EV") or battery customers. Our acquisition of Acculogic and this liability are both discussed further in Note 3 to our consolidated financial statements in our 2022 Form 10-K. As The current portion of September 30, 2023, this our contingent consideration liability was classified as long-term. As of \$247 and \$0 at March 31, 2024 and December 31, 2022, 2023, \$324 of this liability was classified as current respectively, and was included in Other Current Liabilities on our consolidated balance sheet. During the quarter ended September 30, 2023, the total amount of this liability was adjusted down by \$358 as a result of a reduction in our forecast for sales to EV and battery customers in the five-year period following the acquisition. The decrease in the amount of the liability during the third quarter of 2023 was included in General and Administrative Expenses on our statement of operations. sheets.

The following fair value hierarchy table presents information about assets and (liabilities) measured at fair value on a recurring basis:

	Amounts at	Fair Value Measurement Using			Amounts at	Fair Value Measurement Using			
		Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
As of September 30, 2023									
As of March 31, 2024									
Contingent consideration liability – Acculogic	\$ (1,002)	\$ -	\$ -	\$ (1,002)	\$ (1,069)	\$ -	\$ -	\$ (1,069)	
Interest rate swap	\$ 413	\$ -	\$ 413	\$ -	\$ 271	\$ -	\$ 271	\$ -	

	Amounts at Fair Value	Fair Value Measurement Using			Amounts at Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
As of December 31, 2022								
As of December 31, 2023								
Contingent consideration liability – Acculogic	\$ (1,363)	\$ -	\$ -	\$ (1,363)	\$ (1,093)	\$ -	\$ -	\$(1,093)
Interest rate swap	\$ 528	\$ -	\$ 528	\$ -	\$ 285	\$ -	\$ 285	\$ -

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Changes in the fair value of our Level 3 contingent consideration liabilities for the nine three months ended September 30, 2023 March 31, 2024 were as follows:

	Nine Months Ended September 30, 2023
Balance at beginning of period	\$ 1,363
Impact of foreign currency translation adjustments	(3)

Adjustment to contingent consideration liability as a result of reduction in expected payout	(358)
Balance at end of period	\$ 1,002

	Three Months Ended March 31, 2024
Balance at beginning of period	\$ 1
Impact of foreign currency translation adjustments	
Balance at end of period	\$ 1

(45) GOODWILL AND INTANGIBLE ASSETS

We have three operating segments which are also our reporting units: Electronic Test, Environmental Technologies and Process Technologies. Goodwill and intangible assets on our balance sheets are the result of our acquisitions.

Goodwill

Changes in the amount of the carrying value of goodwill for the **nine three** months ended **September 30, 2023** **March 31, 2024** are as follows:

Balance - January 1, 2023	\$ 21,605
Impact of foreign currency translation adjustments	(27)
Balance - September 30, 2023	\$ 21,578

Balance - January 1, 2024	\$ 21,728
Acquisition of Alfamation	11,796
Impact of foreign currency translation adjustments	(246)
Balance - March 31, 2024	\$ 33,278

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Goodwill was comprised of the following at **September 30, 2023** **March 31, 2024** and December 31, **2022**; **2023**:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Electronic Test	\$ 3,364	\$ 3,369	\$ 15,026	\$ 3,436
Environmental Technologies	1,817	1,817	1,817	1,817
Process Technologies	16,397	16,419	16,435	16,475
Total goodwill	\$ 21,578	\$ 21,605	\$ 33,278	\$ 21,728

Intangible Assets

Changes in the amount of the carrying value of indefinite-lived intangible assets for the **nine three** months ended **September 30, 2023** **March 31, 2024** are as follows:

Balance - January 1, 2023	\$ 8,369
Impact of foreign currency translation adjustments	(5)
Balance – September 30, 2023	\$ 8,364

Balance - January 1, 2024	\$	8,398
Acquisition of Alfamation		3,399
Impact of foreign currency translation adjustments		(66)
Balance - March 31, 2024	\$	11,731

Changes in the amount of the carrying value of finite-lived intangible assets for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** are as follows:

Balance - January 1, 2023	\$	10,190	
Balance - January 1, 2024			\$ 8,198
Acquisition of Alfamation			9,688
Impact of foreign currency translation adjustments		(13)	(203)
Amortization		(1,582)	(595)
Balance - September 30, 2023	\$	8,595	
Balance - March 31, 2024			\$ 17,088

Intangible assets were allocated to our reporting segments at **September 30, 2023** **March 31, 2024** and December 31, **2022** **2023** as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Electronic Test	\$ 3,761	\$ 4,139	16,357	3,728
Environmental Technologies	804	832	796	794
Process Technologies	12,394	13,588	11,666	12,074
Total intangible assets	\$ 16,959	\$ 18,559	\$ 28,819	\$ 16,596

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The following tables provide further detail about our intangible assets as of **September 30, 2023** **March 31, 2024** and December 31, **2022** **2023**:

	September 30, 2023			March 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:						
Customer relationships	\$ 16,296	\$ 9,251	\$ 7,045	\$ 22,202	\$ 10,082	\$ 12,120
Technology	2,848	1,298	1,550	3,195	1,504	1,691
Patents	590	590	-	590	590	-
Backlog	490	490	-	3,851	574	3,277
Software	270	270	-	270	270	-
Trade name	140	140	-	140	140	-
Total finite-lived intangible assets	20,634	12,039	8,595	30,248	13,160	17,088
Indefinite-lived intangible assets:						
Trademarks	8,364	-	8,364	11,731	-	11,731
Total intangible assets	\$ 28,998	\$ 12,039	\$ 16,959	\$ 41,979	\$ 13,160	\$ 28,819

	December 31, 2022			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:						
Customer relationships	\$ 16,313	\$ 7,990	\$ 8,323	\$ 16,407	\$ 9,687	\$ 6,720

Technology	2,855	988	1,867	2,895	1,417	1,478
Patents	590	590	-	590	590	-
Backlog	492	492	-	499	499	-
Software	270	270	-	270	270	-
Trade name	140	140	-	140	140	-
Total finite-lived intangible assets	20,660	10,470	10,190	20,801	12,603	8,198
Indefinite-lived intangible assets:						
Trademarks	8,369	-	8,369	8,398	-	8,398
Total intangible assets	\$ 29,029	\$ 10,470	\$ 18,559	\$ 29,199	\$ 12,603	\$ 16,596

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We generally amortize our finite-lived intangible assets over their estimated useful lives based on the pattern in which the economic benefits of the intangible assets are expected to be consumed, or on a straight-line basis, if an alternate amortization method cannot be reliably determined. Any such alternate amortization method would be based on the pattern in which the economic benefits of the intangible asset are expected to be consumed. None of our intangible assets have any residual value.

The following table sets forth the estimated annual amortization expense for each of the next five years:

2023 (remainder)	\$	511
2024	\$	1,965
2025	\$	1,757
2026	\$	1,148
2027	\$	654

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2024 (remainder)	\$	4,38
2025	\$	2,86
2026	\$	1,57
2027	\$	1,08
2028	\$	95

56 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables provide additional information about our revenue from contracts with customers, including revenue by customer and product type and revenue by market. The information about revenue by customer and product type for the three and nine months ended September 30, 2022 has been reclassified to be consistent with how the information for the current period is presented. See also Note 13 14 for information about revenue by operating segment and geographic region.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue by customer type:				
End user	\$ 21,139	\$ 21,548	\$ 64,720	\$ 60,
OEM/Integrator	11,524	9,223	32,420	23,
	<u>\$ 32,663</u>	<u>\$ 30,771</u>	<u>\$ 97,140</u>	<u>\$ 84,</u>
Revenue by product type:				
Thermal test	\$ 4,742	\$ 5,836	\$ 16,734	\$ 16,
Thermal process	12,809	11,026	34,503	27,
Semiconductor test	8,573	7,770	25,432	20,
Video imaging	2,376	2,447	7,458	6,
Flying probe and in-circuit testers	2,012	1,605	4,588	5,

Service/other	2,151	2,087	8,425	7,
	<u>\$ 32,663</u>	<u>\$ 30,771</u>	<u>\$ 97,140</u>	<u>\$ 84,</u>
Revenue by market:				
Semiconductor	\$ 19,767	\$ 19,170	\$ 56,283	\$ 48,
Industrial	2,456	2,130	8,399	7,
Automotive (including Electric Vehicles)	1,789	1,621	5,928	7,
Life Sciences	1,540	1,715	4,188	3,
Defense/aerospace	3,392	1,914	10,121	4,
Security	1,102	871	3,004	2,
Other	2,617	3,350	9,217	8,
	<u>\$ 32,663</u>	<u>\$ 30,771</u>	<u>\$ 97,140</u>	<u>\$ 84,</u>

	Three Months Ended	
	March 31,	
	2024	2023
Revenue by customer type:		
End user	\$ 21,430	\$ 21,704
OEM/Integrator	8,394	10,215
	<u>\$ 29,824</u>	<u>\$ 31,919</u>
Revenue by product type:		
Thermal test	\$ 3,699	\$ 5,820
Thermal process	10,955	9,822
Semiconductor test	6,282	8,105
Video imaging	2,119	2,648
Flying probe and in-circuit testers	2,744	1,160
Alfamation products	1,379	-
Service/other	2,646	4,364
	<u>\$ 29,824</u>	<u>\$ 31,919</u>
Revenue by market:		
Semiconductor	\$ 14,967	\$ 17,683
Industrial	4,187	3,137
Automotive (including Electric Vehicles)	3,958	2,597
Life Sciences	653	1,513
Defense/aerospace	3,239	2,839
Security	541	966
Other	2,279	3,184
	<u>\$ 29,824</u>	<u>\$ 31,919</u>

67) MAJOR CUSTOMERS

During the **nine** **three** months ended **September 30, 2023, March 31, 2024**, one customer accounted for 15% of our consolidated revenue. This revenue was primarily generated by our Electronic Test segment. No other customers accounted for 10% or more of our consolidated revenue during the **nine** **three** months ended **September 30, 2023, March 31, 2024**. During the **nine** **three** months ended **September 30, 2022, March 31, 2023**, one customer accounted for 13% of our consolidated revenue. This revenue was primarily generated by our Electronic Test segment. **no** **No** **customer** other customers accounted for 10% or more of our consolidated **revenue.** revenue during the three months ended March 31, 2023.

(78) INVENTORIES

Inventories held at September 30, 2023 March 31, 2024 and December 31, 2022 2023 were comprised of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Raw materials	\$ 16,987	\$ 16,888	\$ 17,104	\$ 15,948
Work in process	1,985	2,432	9,419	1,563
Inventory consigned to others	70	59	114	98
Finished goods	3,114	3,186	4,694	2,480
Total inventories	\$ 22,156	\$ 22,565	\$ 31,331	\$ 20,089

Total charges incurred for excess and obsolete inventory for the three months and nine months ended September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Excess and obsolete inventory charges	\$ 119	\$ 77	\$ 385	\$

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(89) LEASES

As previously discussed in Note 2, we account for our leases in accordance with the guidance in ASC Topic 842. We lease our offices, warehouse facilities and certain equipment under non-cancellable operating leases that expire at various dates through 2031. Total operating lease and short-term lease costs for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Operating lease cost	\$ 396	\$ 330	\$ 1,199	\$ 973	\$ 451	\$ 400
Short-term lease cost	\$ 3	\$ 7	\$ 10	\$ 51	\$ 3	\$ 3

The following is additional information about our leases as of September 30, 2023; March 31, 2024:

Range of remaining lease terms (in years)	0.5 to 7.6	.5 to 7.1
Weighted average remaining lease term (in years)	4.5	4.5
Weighted average discount rate	4.4%	5.3%

Maturities of lease liabilities as of September 30, 2023 March 31, 2024 were as follows:

2023 (remainder)	\$ 484	
2024	1,898	\$ 1,896
2025	1,003	1,644
2026	704	1,313
2027	701	1,093
2028		675
Thereafter	944	869
Total lease payments	\$ 5,734	\$ 7,490

Less imputed interest

Total

	(503)	(829)
\$	5,231	\$ 6,661

Cash Flow Information

Total amortization of ROU assets was \$390 and \$1,172 for the three months ended March 31, 2024 and nine 2023 months ended September 30, 2023, respectively, was \$403 and \$334 and \$972 for the three months and nine months ended September 30, 2022, \$391, respectively.

During the nine three months ended September 30, March 31, 2024 we acquired several auto leases in connection with our acquisition of Alfamation. The acquisition is discussed further in Note 3. We also entered into the Lease Agreement, described in Note 3, for the facility where Alfamation has its principal operations. This facility is owned by the seller. The leased premises include warehouse and office space totaling approximately 51,817 square feet. The yearly lease payment is EUR 260. The impact of the acquisition of these leases was a non-cash increase in our ROU assets and operating lease liabilities of approximately \$1,758 at the date of the acquisition.

During the three months ended March 31, 2024 we also extended the lease for the facility for our Environmental Technologies segment's operation in Singapore. At the effective date of this lease, we recorded a non-cash increase in our ROU assets and operating lease liabilities of approximately \$82.

During the three months ended March 31, 2023, we entered into a 25-month lease for a facility for our Environmental Technologies segment's operation in Germany. At the effective date of this lease, we recorded a non-cash increase in our ROU assets and operating lease liabilities of approximately \$90. During this same period, we entered into two auto leases, a 36-month lease for a car for one with a 36-month term and one with a 48-month term, for of the employees of our Process Technologies segment both of whom are who is based in Europe. At the effective date of these leases, this lease, we recorded a non-cash increases increase in our ROU assets and operating lease liabilities totaling of approximately \$71. \$30.

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(9 10) DEBT

Letters of Credit

We have issued letters of credit as the security deposits for certain of our domestic leases. These letters of credit are secured by pledged certificates of deposit which are classified as Restricted Certificates of Deposit on our consolidated balance sheets. The terms of our leases require us to renew these letters of credit at least 30 days prior to their expiration dates for successive terms of not less than one year until lease expiration. Our outstanding letters of credit at September March 31, 2024 30,2023 and December 31, 2023 31,2022 consisted of the following:

L/C Lease		Letters of Credit	
		L/C	
Facility		Original L/C Issue Date	Expiration Date
Mt. Laurel, NJ		3/29/2010	4/30/2024 202
Mansfield, MA		10/27/2010	12/31/202

Credit Facility

On October 15, 2021 (the "Closing Date"), we entered into an Amended and Restated Loan and Security Agreement with M&T Bank Amended and Restated Loan and Security Agreement and which, on December 30, 2021, was further amended by the Joinder and amended, the "Loan Agreement").

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The Loan Agreement included a \$25,000 non-revolving delayed draw term note (the "Term Note") and a \$10,000 revolving credit facility. The Credit Facility had a five-year contract period that began on the Closing Date and expired on October 15, 2026, and draws under

On September 20, 2022, we further amended the Loan Agreement by entering into a Third Amendment to Amended and Restated Loan Agreement, the “Amended “Third Amended Loan Agreement”) and the Third Amended and Restated Delayed Draw Term Note. Under the Term Note increased from \$25,000 to \$50,500, which raises the available funding at September 30, 2023 March Amended Loan Agreement by entering into a Fourth Amendment to the Amended and Restated Loan and Security Agreement (the “Amended Loan Agreement”) which we request advances under the Term Note is extended until May 2, 2026, and the Term Note and Revolving Facility were May 2, 2031 (the “Contract Period”). At September 30, 2023, March 31, 2024, we had not borrowed any amounts under the \$10 million occurred prior to entering into the Amended Loan Agreement.

The principal balance of the Revolving Facility and the principal balance of any amount drawn under the Term Note accrues interest (“SOFR”) or a bank-defined base rate plus an applicable margin, depending on leverage. Each draw under the Term Note will have interest due at maturity, or (ii) up to a five-year year term with up to seven years amortization with a balloon due at maturity. Any amortization Amended Loan Agreement also allows us to enter into hedging contracts with M&T, including interest rate swap agreements, interest rate that are designed to protect us against fluctuations in interest rates or currency exchange rates.

Interest expense for the three months ended March 31, 2024 and 2023 was \$140 and \$182, respectively.

The Amended Loan Agreement contains customary default provisions, including but not limited to the failure by us to repay the Amended Loan Agreement, bankruptcy by us, suspension of our business or any of our subsidiaries and certain material judgments. Interest will accrue on the principal balance at a rate of 2% in excess of the then applicable non-default nondefault interest rate. The covenants, including a maximum ratio of consolidated funded debt to consolidated EBITDA of not more than 3.0 to 1.0 and a fixed Amended Loan Agreement are secured by liens on substantially all of our tangible and intangible assets that are owned as of the date of all of the covenants included in the Credit Facility including the debt covenants of the Amended Loan Agreement.

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On October 28, 2021, we drew \$12,000 under the Term Note to finance the acquisition of Videology as discussed above. We also entered into a Term Note to protect us against fluctuations in interest rates during the five-year year repayment and amortization period. As a result, the interest rate was approximately 3.2% based on current leverage.

On December 29, 2021, we drew \$8,500 under the Term Note to finance the acquisition of Acculogic as discussed above. We did not enter into a Term Note to protect us against fluctuations in interest rates during the five-year year repayment and amortization period. The interest rate we expect to pay for this draw under the Term Note is variable. At September 30, 2023, March 31, 2024, it was approximately 3.2% based on current leverage. had not changed.

The following table sets forth the maturities of long-term the Term Note for each of the next five years:

2024 (remainder)
2025
2026

Alfamation Debt

At March 31, 2024, the total debt assumed in connection with the acquisition of Alfamation was valued at \$9,420. The acquisition of Alfamation was financed by bank issued term loans as well as \$2,130 of short-term variable rate financing backed by Alfamation's accounts receivable. This debt is repaid on a monthly basis with quarterly repayment schedules. The average interest rate being paid at March 31, 2024 was 1.9% for fixed rate debt and 5.0% for variable rate debt. The following table sets forth the maturities of this debt for each of the next five years:

2023 (remainder)
2024
2025
2026

2024 (remainder)
2025
2026
2027
2028

(10)11 STOCK-BASED COMPENSATION PLAN

As of September 30, 2023, March 31, 2024, we had unvested restricted stock awards and stock options granted under stock-based financial statements in our 2022 2023 Form 10-K. In addition, on June 21, 2023, our stockholders approved the inTEST Corporation Restated 2014 Stock Plan (the “2014 Plan”). No further awards can be granted under the 2014 Plan. The maximum number of shares plus (b) the number of shares of common stock available for issuance under the 2014 Plan on the date the 2023 Plan was approved granted under the 2014 Plan that expire, are forfeited or canceled or terminate for any other reason on or after the date the 2023 shares available to be issued under the 2023 Plan as of the date of its approval was 1,117,942.

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Our unvested restricted stock awards and stock options are accounted for based on their grant date fair value. As of September 30, 2023, the expense is \$3,450. The weighted average period over which this expense is expected to be recognized is 2.2 years.

The following table summarizes the compensation expense we recorded during the three and nine months ended September 30, 2023, and March 31, 2024, for stock options:

	\$
Cost of revenues	\$
Cost of revenue	
Selling expense	
Engineering and product development expense	
General and administrative expense	\$

There was no compensation expense capitalized in the three and nine months ended September 30, 2023, March 31, 2024, or 2022, 2023.

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Stock Options

We record compensation expense for stock options based on the fair market value of the options as of the grant date. No option is exercised. Generally, stock options will be granted with an exercise price equal to the fair market value of our stock on the date of grant and will be exercisable for a period of ten years.

The fair value for stock options granted during the nine months ended September 30, 2023, March 31, 2024, and 2022, 2023 was determined using the following weighted average assumptions:

- Risk-free interest rate
- Dividend yield
- Expected common stock market price volatility factor
- Weighted average expected life of stock options (years)

The per share weighted average fair value of stock options issued during the nine months ended September 30, 2023, March 31, 2024, and 2022, 2023 was \$1.00.

The following table summarizes the activity related to stock options for the nine months ended September 30, 2023, March 31, 2024, and 2022, 2023:

Number of	Weighted Average
-----------	------------------

Shares

Options outstanding, January 1, 2023 January 1, 2024 (167,886 171,735 exercisable)

Granted

Exercised

Canceled

Options outstanding, September 30, 2023 March 31, 2024 (173,032 228,364 exercisable)

Restricted Stock Awards

We record compensation expense for restricted stock awards based on the quoted market price of our stock at the time of grant. These awards generally vest over four years for employees and over one year for our independent directors (25% at each year).

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Since August 2020, we have increasingly granted performance-based restricted stock awards where the vesting of the award is based on the achievement of specified performance metrics. Vesting for these awards is generally based on the achievement of certain performance metrics. Compensation expense for these awards is recorded on a straight-line basis over the vesting period and is adjusted with a catch-up adjustment, as needed. Our initial assumption at the grant date was that the awards would vest at 100% of the original amount. On March 10, 2021, we issued restricted stock awards totaling 18,000 shares to members of senior management. These awards were forfeited when the individual to whom they had been granted resigned from his position with us. We reduced the estimate of the final vesting percentage to 75% for 6,000 of the shares and 100% for the remaining 6,000 shares. The final vesting percentage will be based on the achievement of certain performance metrics for the results of the business units for which these members of management are responsible.

On October 1, 2021, we issued restricted stock awards granted prior totaling 5,000 shares to a member of senior management. These awards were forfeited when the individual to whom they had been granted resigned from his position with us. In Note 10 to our 2022 Form 10-K, we stated that the awards would vest at a vesting percentage that could range from 0% to 150% of the number of shares awarded on the basis of the achievement of certain performance metrics. In 2023, we reduced the estimate of the final vesting percentage to 50%. At March 31, 2024, this estimate was based on our current assessment of the probable achievement against the relevant performance metrics.

On March 9, 2022, our CEO and CFO received restricted stock awards totaling 20,493 shares valued at \$204.93 per share at the grant date at a vesting percentage that could range from 0% to 150% of the number of shares awarded on the basis of the achievement of certain performance metrics, including revenue compound annual growth rate and diluted earnings per share. These awards were forfeited when the individual to whom they had been granted resigned from his position with us. Compensation Committee of our Board of Directors. At December 31, 2023, we reduced the estimate of the final vesting percentage to 50%. At March 31, 2024, this estimate was based on our current assessment of the probable achievement against the relevant performance metrics.

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On March 8, 2023, our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") CEO, CFO and certain members of senior management received restricted stock awards totaling 18,888 shares valued at \$303 as of the date of grant. These shares will vest at a vesting percentage that could range from 0% to 150% of the number of shares of restricted stock awarded on March 8, 2023. The final vesting percentage will be based on the achievement of certain performance metrics including revenue for specified time periods the year ending December 31, 2025 as determined by the Compensation Committee of our Board of Directors. As of September 30, 2023, we have estimated that these shares will vest at 100% of the original amount. amount based on our assessment of the probable achievement against the relevant performance metrics.

On May 8, 2023 the newly appointed president of our Environmental Technologies segment received performance-based restricted stock awards totaling 10,000 shares valued at \$100.00 per share at the grant date. These shares vest on the third anniversary of the grant date at a vesting percentage that could range from 0% to 150% of the number of shares of restricted stock awarded on May 8, 2023. The final vesting percentage will be based on the achievement of certain performance metrics including revenue for specified time periods the year ending December 31, 2025 as determined by the Compensation Committee of our Board of Directors in consultation with our CEO and CFO. periods. As of September 30, 2023, we have estimated that these shares will vest at 100% of the original amount.

During

On January 16, 2024 the newly appointed president of our Process Technologies segment received performance-based restricted stock awards totaling 10,000 shares valued at \$100.00 per share at the grant date. These shares vest on the third quarter anniversary of 2023, our CEO and CFO vested in the grant date. The final vesting percentage will be based on the achievement of certain performance metrics including revenue for specified time periods the year ending December 31, 2025 as determined by the Compensation Committee of our Board of Directors in consultation with our CEO and CFO. periods. As of March 31, 2024, we have estimated that these shares will vest at 100% of the original amount.

On March 6, 2024, our CEO, CFO and the Division Presidents of our three operating segments received performance-based restricted stock awards totaling 10,000 shares valued at \$100.00 per share at the grant date. These shares vest on the third anniversary of the grant date at a vesting percentage that could range from 0% to 150% of the number of shares of restricted stock awarded on March 6, 2024. The final vesting percentage will be based on the achievement of certain performance metrics including revenue for specified time periods the year ending December 31, 2025 as determined by the Compensation Committee of our Board of Directors in consultation with our CEO and CFO. periods. As of September 30, 2023, we have estimated that these shares will vest at 100% of the original amount.

The following table summarizes the activity related to unvested restricted stock awards for the **nine** **three** r

Number
of
Shares

Unvested shares outstanding, January 1, 2023	January 1, 2024
Granted	
Vested	
Forfeited	
Unvested shares outstanding, September 30, 2023	March 31, 2024

(11 12) EMPLOYEE STOCK PURCHASE PLAN

The iNTEST Corporation Employee Stock Purchase Plan (the “ESPP”) was adopted at our Annual Meeting of Stockholders. The ESPP provides our eligible employees with the right to purchase shares of our common stock at a discount to the market price. The purchase price is 85% of the market price of our common stock on the date of purchase. The ESPP became effective on October 1, 2021.

The ESPP provides that an aggregate of up to 250,000 shares of our common stock under the ESPP will be shares of authorized but unissued or reacquired shares. In

During the On nine months ended September 30, 2023, March 31, 2024, employee market price of our common stock on the dates date of the purchase were \$20.7-\$12.89, respectively, was \$11.26 which represented a 15% discount. The total amount paid for the purchases was \$11.26 per share. The purchases were made for general corporate operations. During the nine months ended September 30, 2022, employees purchased shares of common stock at prices ranging from \$10.73 to \$7.63, respectively. The price paid by employees for the purchases was recorded as compensation expense in our consolidated statement of income.

From the effective date of the ESPP through September 30, 2023, March 31, 2024, and September 30, 2024, we have recorded a total of \$63,460 of compensation expense for the ESPP at a cost of \$358.46 per share. We have recorded a total of \$63,811 of compensation expense for the ESPP at a cost of \$358.46 per share.

(1213) EMPLOYEE BENEFIT PLANS

We have defined contribution 401(k) plans for our employees who work in the U.S. Corporation Savings & Profit Sharing Plan (the "Ambrell Plan"). During the quarter ended March 31, 2017, we had 1,000 employees enrolled in the Ambrell Plan. We also have an inTEST Plan.

As of September 30, 2023, March 31, 2024, all permanent employees of Acculogi least 18 years of age, are eligible to participate in the inTEST Plan. We match an limit of \$5. Employer contributions vest ratably over four years. Matching contrib Prior to the merger with the inTEST Plan, all permanent employees of Aml employer matching contributions after completing six months of service, as up to 100% of compensation, up to the federal government contribution limit the employee's deferral with a maximum limit of \$5.

For the three and nine months ended September 30, March 31, 2024 and 2023, w \$389 and \$372, respectively.

Employees of Alfamation in Italy are entitled to Trattamento di Fine Rapporto ("TF employees. Under Italian law, an entity is obligated to accrue for TFR on an indiv and involuntary dismissal). The expense is recognized in personnel costs in o consolidated balance sheets. At three March 31, 2024, and nine months ended 3 matching contributions to the inTEST Plan, and \$46 and \$232, respectively, for m TFR was \$1,596.

(13 14) SEGMENT INFORMATION

We have three operating segments which are also our reportable segments and circuit testers) testers and the operations of Alfamation which we acquired on Ma process and storage products) and Process Technologies (which includes our i both domestically and internationally. All of our segments sell to semiconductor outside of the semi market, including the automotive, defense/aerospace, industri

Our management team, including our CEO who is also our Chief Operating Decis income from divisional operations which represents earnings before income intangible amortization.

	202
Revenue:	
Electronic Test	\$
Environmental Technologies	
Process Technologies	
Total revenue	\$
Income from divisional operations:	
Electronic Test	\$
Environmental Technologies	
Process Technologies	
Total income from divisional operations	
Corporate expenses	
Acquired intangible amortization	
Interest expense	
Other income (expense)	
Earnings before income tax expense	\$

Identifiable assets:

Electronic Test

Environmental Technologies

Process Technologies

Corporate

The following table provides information about our geographic areas of operation

	202
Revenue:	
U.S.	\$
Foreign	\$

Property and equipment:

U.S.

Foreign

(15) SUBSEQUENT EVENT

On May 2, 2024 we further amended our Loan Agreement with M&T, which is dis Agreement (the "Amended Loan Agreement"). Under the Amended Loan Agreem and the Term Note and revolving credit facility maturity date is extended from Se

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

Risk Factors and Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q for the and analysis ("MD&A"), contains statements that are considered "forward-look These statements do not convey historical information, but relate to predicte performance or goals, projections of revenue, taxable earnings (loss), net earni management's current expectations and estimates. Our forward-looking stateme "could," "will," "should," "plans," "depending," "projects," "forecasts," "seeks such words or similar terminology. Investors and prospective investors are c estimates. These statements involve risks and uncertainties and are based up assumptions. Such risks and uncertainties include, but are not limited to:

- our ability to execute on our 5-Point Strategy;

- our ability to grow our presence in the automotive/electric vehicle ("EV"), li
- the possibility of future acquisitions or dispositions and the successful inte
- the success of our strategy to diversify our business by entering mark
- market"; market;
- indications of a change in the market cycles in the semi semiconductor ("se
- developments and trends in the semi market, including changes in the dem
- our ability to convert backlog to sales and to ship product in a timely mann
- the loss of any one or more of our largest customers, or a reduction in orde
- the availability of materials used to manufacture our products;
- the impact of current global supply chain constraints or other interruptions
- the sufficiency of cash balances, lines of credit and net cash from operation
- stock price fluctuations;
- the ability to borrow funds or raise capital to finance potential acquisitions
- changes in the rate of, and timing of, capital expenditures by our customers;
- effects of exchange rate fluctuations;
- progress of product development programs;
- the anticipated market for our products;
- our failure to effectively remediate the material weakness in our internal c
- effective system of disclosure controls and internal control over financial r
- the availability of and retention of key personnel or our ability to hire perso
- general General economic conditions both domestically and globally, global
- other risk factors included in Part II, Item 1A – "Risk Factors" in this Report
- 2022 December 31, 2023 (the "2022 "2023 Form 10-K").

These risks and uncertainties, among others, could cause our actual future resul

forward-looking statement made by us in this Report is based only on inform

undertake no obligation to update publicly any forward-looking statements for a

expectations, except as required by law.

Overview

This MD&A should be read in conjunction with the accompanying consolidated

Part 1, Item 1 of our 2022 2023 Form 10-K.

We are a global supplier of innovative test and process technology solu

defense/aerospace, industrial, life sciences, security and semiconductor. We l

semiconductor test equipment, flying probe and in-circuit testers) testers and the

below and in Note 3 to our consolidated financial statements in this Report), E

Technologies (which includes our induction heating and video imaging products,

All of our operating segments have multiple products that we design, manufac

margin. These factors include, for example, the amount of engineering time requi

products available from other suppliers. The needs of our customers ultimately

period can change significantly when compared against the prior period. As a re

in a particular period.

Markets

As discussed further in Part 1, Item 1 “Markets” of our 2022 2023 Form 10-K, sciences, security as well as both the front-end and back-end of the semi market market, as well as the more specialized ATE and wafer production sectors withi The semi market is characterized by rapid technological change, competitive contraction in demand. Our intention is to continue diversifying our markets, ou goal of reducing our dependence on any one market, product or customer. In par

The portion of our business that is derived from the semi market is substantiall the testing of integrated circuits (“ICs”) and, for our induction heating products. driven by semiconductor manufacturers that are opening new, or expanding ex current and anticipated market demand for ICs and products incorporating It redesigned products to incorporate new features, or the replacement of aging eq

In the past, the semi market has been highly cyclical with recurring periods of ov into the market. This cyclical nature can cause wide fluctuations in both our orders impact our results of operations. Market cycles are difficult to predict and, bec during each cycle, year over year comparisons of operating results may not a periods of heightened or reduced demand can shift depending on various facto upward cycles in the semi market, in any given quarter, the trend in both our scheduled delivery dates are accelerated or postponed by a significant customer

While a significant portion of our orders and revenue are derived from the semi we may experience anomalies that cause the trend in our revenue from the semi variety of factors within the semi market, including, for example, changing produ patterns. In addition, in recent periods, we have seen instances when demand wi particular operating segment. This inconsistency in demand can be driven by a changes in demand for certain products driven by the needs of their customer sector within the broader semiconductor market due to the limited market penetr support. These shifts in market practices and customer-specific needs have had predict from period to period. Management has taken, and will continue to take, in market practices as they become evident.

As discussed further in Part I, Item 1 “Overview and Strategy” of our 2022 2023 business, we are focused on several other key target markets where we believe growth. These key target markets include the automotive, defense/aerospace, in semi market. While market share statistics exist for some of these markets, due penetration in many of these markets and, therefore, do not anticipate developin

In addition, because of our limited market share, our orders and revenue in any we are continuing to evaluate buying patterns and opportunities for growth in th markets we serve has varied in the past, and we expect will vary significantly i products.

Acquisition

As discussed further in Note 3 to our consolidated financial statements in this capital shares of Alfamation, a leading global provider of state-of-the-art test a Alfamation was founded in 1991 and is headquartered in Milan, Italy. Alfamation Electronic Test operating segment. The aggregate purchase price was approxi common stock valued at \$2.1 million based on the closing price of our stock o adjustments. We currently expect this to result in an additional payment of EUR date, this equated to a total purchase price of approximately \$22.4 million. The li million. The debt assumed is discussed further in Note 10 to our consolidated fin

Revenue

	9/30/2023		9/30/2022	
Revenue				
Semi	\$ 19,767	60.5 %	\$ 19,170	
Industrial	2,456	7.5 %	2,130	
Auto/EV	1,789	5.5 %	1,621	
Life Sciences	1,540	4.7 %	1,715	
Defense/Aero	3,392	10.4 %	1,914	
Security	1,102	3.4 %	871	
Other	2,617	8.0 %	3,350	
	\$ 32,663	100.0 %	\$ 30,771	

Total consolidated revenue for the three months ended September 30, 2023 was \$32.6 million, compared to \$27.9 million for the three months ended June 30, 2023. The increase in revenue from the second quarter of 2023 to the same period in 2022 primarily reflects higher demand from our customers in the auto/EV market in the first quarter of our markets. In particular, revenue from our Acculogic products acquired on March 12, 2024, as previously discussed, contributed to the increase in revenue. Demand for our products is cyclical and demand when period to period comparisons are to different points in a given cycle can vary significantly. Demand for our products was strong in the first quarter of 2023, but demand from semi, although this was partially offset by weakness from our customers in the second quarter of 2023.

[illegible]

The following table sets forth, for the periods indicated, a breakdown of the order

Nine Months Ended		
		Change
9/30/2023	9/30/2022	\$

Total consolidated orders for the three months ended September 30, 2023 March 2022 2023 and \$31.4 million \$27.5 million for the three months ended June 30, 2023. Demand from semi in the third first quarter of 2023 declined \$5.8 million, or 18% second quarter fourth quarters of 2023. Increased demand from the security, aerospace/defense/aerospace and other markets. In particular, we saw declines from both semi and slowing in back-end test as customers continue to deploy units they have historically experienced significant fluctuations continues to be in a period of recession in the industry. In addition, in the Overview. In addition, first quarter of 2024, we expect the receipt of customer orders is unpredictable and typically more variable than in the past. In particular, schedules allocated in certain of our markets including the front-end of the semiconductor customers tend to place large orders with delivery schedules that extend small to quarter to quarter. Our orders from the variability of quarterly order rates that is due to chain constraints were prevalent across most industries, we saw a tendency for orders to include \$1.8 million from Aflamation.

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firm purchase orders, a customer may cancel an order or accelerate or postpone short lead times available from suppliers, including us, in periods of depressed or increasing backlog. As a result, our backlog at a particular date is not necessarily

Israel-Hamas War, War in Ukraine and Global Supply Chain Constraints

In early October 2023, Hamas attacked Israel and Israel formally declared war in response. We are a source supplier of capacitors used in certain of our induction heating products. Due to the war, our source companies, and currently there are no viable alternatives available. We have been in mid-October, we currently estimate that we have enough supply to last through the end of the year. We have indicated that they have large stock available outside of the region and have assured us that the supply chain to their customers is uninterrupted. We continue to monitor the situation and provide assurance that the situation will not worsen which could impact our ability to sustain our operations.

The ongoing war between Russia and Ukraine continues to contribute to global supply chain challenges that emerged after the onset of the war. We are a source supplier in Belarus, which is bordered by Russia to the east and north. We currently estimate that we currently have a six-to-nine-month supply of these parts that we have not yet received prototype sample parts from the alternate supplier which we are now evaluating.

In addition, while the supply chain and logistics challenges that we encounter in the current environment and the possibility of future global health or other crises remain. As a result, we may experience delays from time to time for the foreseeable future. The actions we have taken are to diversify our supply chain, increasing our inventory of raw materials and ordering further in advance to mitigate the risks. The prices that we charge our customers, where appropriate, and continue to work with our customers on the logistics process. However, the environment in which we operate is dynamic and our business may not be successful. As a result, we could see increases in our costs.

Please refer to Part II, Item 1A in this Report and Part I, 1, Item 1A of our 2022 2023 Annual Report associated with foreign operations.

Results of Operations

The results of operations for all of our three operating segments are generally similar. The results for each segment would be repetitive. The discussion and analysis that follow are intended to provide a particular operating segment where significant to an understanding of that segment.

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

Revenue. Revenue was \$32.7 million for the three months ended September 30, 2023, an increase of \$1.9 million, or 6%, from \$30.8 million for the three months ended September 30, 2022, a decrease of \$2.1 million, or 7%. We believe the increase is primarily due to the previously discussed under "Revenue" in the Overview section above.

Gross Margin. Our consolidated gross margin was 47% for the three months ended September 30, 2023, an improvement from 44% for the three months ended September 30, 2022. The improvement in our gross margin was primarily due to the average cost of component materials used in our products. The absolute dollar value of changes in our fixed operating costs increased \$524,000 for the three months ended September 30, 2023, compared to \$524,000 for the three months ended September 30, 2022. The remainder of the change is due to the change in the number of units produced.

Selling Expense. Selling expense was \$4.4 million for the three months ended September 30, 2023, an increase of \$358,000, or 9%, from \$4.0 million for the three months ended September 30, 2022, an increase of \$135,000, or 3%. The increase reflects an increase in selling expense during the first quarter of 2024. For the balance of our business, the increase is due to the change in the number of units produced.

and commission expense reflecting the lower revenue levels in 2024 were partiall

Engineering and Product Development Expense. Engineering and product deve
2024 compared to \$1.9 million for the same period in 2022, a decrease of \$64,000
of 2023, that we are in the process of re-hiring. These positions were filled in the

General and Administrative Expense. General and administrative expense was \$
2022, an increase of \$1.0 million, \$78,000 or 21% 4%. This increase includes the i
related to an acquisition opportunity which we are no longer pursuing. There we
reduction in the expected final payout amount Alfamation had relatively insignifi
In the balance of our acquisition of Acculogic, which is discussed more fully in th
Other Income. For the three months ended September 30, 2023, we recorded c
increase in other income was primarily the result of increased interest earned on
earned.

Income Tax Expense. For the three months ended September 30, 2023, we reco
2022. Our effective tax rate was 16% for the three months ended September 30, ;
benefit based on the expected annualized effective tax rate for the various taxing
Nine Months Ended September 30, 2023 Compared to Nine Months Ended Septer

Revenue. Revenue was \$97.1 million for the nine months ended September 30, 2
the increase in our revenue during the first nine months of 2023 primarily reflect
defense/aerospace markets.

Gross Margin. Our consolidated gross margin was 47% of revenue for the nin
improvement in our gross margin primarily reflects a decrease in our componer
manufacturing costs as a percent of revenue. Even though our fixed manufactu
revenue levels. The increase in our fixed manufacturing costs in absolute dollar
adjustments. To a lesser extent we also had increased depreciation and facility c

Selling Expense. Selling expense was \$13.5 million for the nine months ended
17%. The increase primarily reflects higher commissions on the higher revenue l
and additional headcount investments, and higher levels of travel and advertis
continue to grow our business.

Engineering and Product Development Expense. Engineering and product devel
for the same period in 2022, an increase of \$40,000 or 1%, primarily reflecting an
in our development efforts. These increases were offset somewhat by a decreas
are 2024 as compared to the same period in the process of re-hiring. These positi

General and Administrative Expense. General and administrative expense was \$
\$14.6 million \$5.2 million for the same period in 2022, 2023 an increase of \$1
administrative expense during the first quarter of 2024. The increase in the bal
stock-based compensation expense. The increases reflect, in part, annual merit
costs associated with corporate development activities and compliance with r
increase in audit fees in the first nine months of 2023 as compared to the sam
status for fiscal 2024. These increases were partially offset by a reduction in amc
for contingent consideration related to the acquisition of Acculogic.

Other Income. For the nine months ended September 30, 2023, we recorded o
increase in other income was primarily the result of increased interest earned on
earned. filer.

Income Tax Expense. For the nine three months ended September 30, 2023 Marc
\$1.0 million \$577,000 for the same period in 2022, 2023. Our effective tax rate
periods. 2023. On a quarterly basis, we record income tax expense or benefit bas
businesses.

Liquidity and Capital Resources

As discussed more fully in the Overview, our business and results of operation that specialize in the testing of ICs. The cyclical and volatile nature of demand fo

Our primary historical source of liquidity and capital resources has been cash f fund our acquisitions. We manage our businesses to maximize operating cash f cash to fund growth in our operating assets, for new product research and deve cash requirements related to our strategy would be funded through a combinatio

Proceeds from Sale of Common Stock

On May 11, 2023, we entered into an At-the-Market Issuance Sales Agreement (tl an aggregate offering price of \$20.0 million between May 11, 2023 and May 31, 21 of 3.0% of the gross proceeds and other fees related to the sale of these shares.

Credit Facility

As discussed in the Overview and in Note 9 10 to our consolidated financial st Agreement includes a \$25 million non-revolving delayed draw term note (the “ Note, the “Credit Facility”). The Credit Facility had a five year five-year contract were permissible for two years.

On September 20, 2022, we further amended the Loan Agreement by entering i amended by the Third Amendment, the “Amended “Third Amended Loan Agree Agreement, the maximum loan amount that we may borrow under the Term Note 31, 2024 to \$30 million. On May 2, 2024 we further amended our Third Amended Agreement (the “Amended Loan Agreement”). Under the Amended Loan Agree until May 2, 2026, and the Term Note and Revolving Facility were also revolving Period”) May 2, 2031. At September 30, 2023 March 31, 2024, we had not borrowed below and occurred prior to entering into the Amended Loan Agreement. The p Note accrues interest based on the Secured Overnight Financing Rate or a ba includes customary affirmative, negative and financial covenants, including a m charge coverage ratio of not less than 1.25 to 1.0. Our obligations under the An September 30, 2023 March 31, 2024, we were in compliance with all of the coven the Amended Loan Agreement.

On October 28, 2021, we drew \$12 million under the Term Note to finance the acc is designed to protect us against fluctuations in interest rates during the five-ye under the Term Note is fixed at approximately 3.2% based on current leverage.

On December 29, 2021, we drew \$8.5 million under the Term Note to finance the draw. The annual interest rate we expect to pay for this draw under the Term Note

InterestAlfamation Debt

At March 31, 2024, the total debt assumed in connection with the acquisition of financial statements in this Report and the debt is discussed further in Note 10 rate bank issued term loans as well as \$2.1 million of short-term variable rate institutions with monthly, quarterly or half-yearly repayment schedules. The ave The average rate for total debt at March 31, 2024 was 4.0%.

Total interest expense from all of our debt for the nine three months ended Septe

Liquidity

Our cash and cash equivalents and working capital were as follows (in thousand)

Cash and cash equivalents

Working capital

As of **September 30, 2023** **March 31, 2024**, **\$4.4 million** **\$6.9 million**, or 11%, 25% of cash equivalents, in combination with the borrowing capacity available under our credit facilities, we believe the cash and cash equivalents and working capital available to us for the next twelve months to be sufficient to support our short-term working capital requirements discussed above and in Note **9** **10** to our consolidated financial statements in this Report.

Our material short-term cash requirements include payments due under our various contracts for materials that we use in the products we sell and principal and interest payments on our debt, including hiring of additional staff, **updates to our systems** and other investments. Our short-term working capital requirements currently range between \$8.0 million and \$10.0 million, which is available under our Revolving Facility and the anticipated net cash to be provided by our operations to meet term cash requirements.

Our current strategy for growth includes pursuing acquisition opportunities for 10-K, we acquired substantially all of the assets of Videology in October 2021 and the Term Note to finance these acquisitions. The borrowing availability under the Term Note is discussed in Note 9 to our consolidated financial statements in this Report. Also discussed above, we raised \$19.2 million from the sale of our equity requirements related to our strategy would be funded through a combination of cash and cash equivalents and equity. **The borrowing availability under the Term Note was expanded in September 2023.**

Cash Flows

Operating Activities. For the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, our operating activities provided cash of **\$11.5 million** **\$2.1 million**. During the **nine** **three** months ended **September 30, 2023**, we recorded amortization which included **\$1.2 million** **\$403,000** of amortization related to our intangible assets. During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, we recorded **\$1.1 million** **\$403,000** of deferred tax benefit of \$1.1 million. **awards.** During the first nine months of 2023, we secured inventory to fill the orders in our backlog. However, inventory levels **increased \$982,000, inventories increased \$396,000** and we have seen a slowing decline for the balance of 2023. Similar to the trend in our inventory levels, accounts receivable were the same at September 30, 2023 as they were at December 31, 2022 after having **per** **have** slowed the pace of new purchases from our vendors. Customer **\$939,000** **\$794,000** during the first nine months **\$782,000**. All of 2023 as we have now delivered orders received payments, receipt of cash from customers and normal accruals to secure inventory in advance of the delivery schedule. We have not had as many **operations.**

Investing Activities. During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, we used cash of **\$340,000** **\$340,000** for investing activities, as discussed in more detail in Note 3 to our consolidated financial statements. These improvements to our new facility for our Acculogic operation **\$340,000**, during the first nine months of 2023. These improvements were funded using our working capital. **the normal course** of business, however, depending upon changes in market demand or manufacturing and sales requirements, additional cash requirements would be funded by our cash and cash equivalents and equity.

Financing Activities. During the **nine** **three** months ended **September 30, 2023** **M** \$19.2 million from the sale of 921,797 shares of our common stock, as previous purchase our stock by employees \$273,000 and \$118,000 as a result of purchase Plan. During the nine months ended September 30, 2023, we made principal pay shares withheld \$1.2 million. There were no other significant amounts used by u stock awards. These shares are classified as treasury stock on our consolidated

New or Recently Adopted Accounting Standards

See the Notes to our consolidated financial statements in this Report for informa

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with U.S. G revenue, expenses and related disclosure of contingent assets and liabilities. C goodwill, identifiable intangibles, contingent consideration liabilities and deferred customary assumptions that we believe to be reasonable under the circumstan liabilities that are not readily apparent from other sources. Some of these account financial statements and because of the possibility that future events affecting th **September 30, 2023** **March 31, 2024**, there have been no significant changes to described in our **2022** **2023** Form 10-K.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the **nine** **three** months end on our financial condition, changes in financial condition, revenue or expenses, i

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks

We are exposed to certain market risks as part of our ongoing business operati fluctuations. These risks could adversely affect our consolidated financial positi activities.

Concentration of Credit Risk. Financial instruments which potentially subject i domestic cash equivalents consist primarily of money market funds invested in 25% of our cash that was held by our foreign subsidiaries in accounts at local b of geographically dispersed customers. We grant credit to customers and gener outstanding accounts receivable, repayment is dependent upon the financial s financial condition. There were no customers who accounted for more than 10% *Exchange Rate Risk Management.* We have operations in several foreign countr the majority of their customers in U.S. dollars. For the three months ended Ma respectively of our consolidated revenue. This disclosure exposes us to the risk to manage this risk. The most significant risk we face is not required related to a are recorded in the local currency of the operation. At March 31, 2024, we had ap of the operation. We do maintain bank accounts in most of our foreign locations *Interest Rate Risk Management.* We are exposed to potential losses due to chan the interest rates are variable. At March 31, 2024, we had an aggregate of \$20. million under the Term Note portion of the Credit Facility.

Item 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures, as such term is defined in Rule 13a-15(e) and 15d-15(e), of the Securities Exchange Act of 1934, which are designed to ensure that information required to be disclosed by us in reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations. However, because of the inherent limitations in all control systems, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can only be made on the basis of available information, and that the design and implementation of any control system are based partly on assumptions about the likelihood of future events. Additionally, controls can be circumvented by the individual acts of some persons. Accordingly, the design and the operation of the control system must reflect the fact that there are resource constraints, and the design and implementation of any control system are based partly on assumptions about the likelihood of future events. Our CEO, CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors. However, our disclosure controls and procedures and our internal control over financial reporting are designed to provide reasonable assurance that the objectives of the control system were met.

As required by Rule 13a-15(b) of the Exchange Act, inTEST management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures. **procedures.** Based on this evaluation, our disclosure controls and procedures **were not effective** at the reasonable assurance level. **Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective** because **we** **identified a material weakness in our internal control over financial reporting** described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that **there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected**. **A material weakness contributed to the restatements of our financial statements for the three periods ended December 31, 2019, 2020, and 2021.** Management has determined that the Company had the following material weakness:

- This material weakness contributed to material misstatements in our consolidated financial statements for the year ended December 31, 2023, which were corrected and restated in our Amendment No. 1 to our Quarterly Report on Form 10-Q. This deficiency constitutes a material weakness.

Management is developing a remediation plan to address the material weakness time for us to conclude through testing that the control operates effectively.

There As described above, we are in the process of implementing changes to our these changes, there has been no change in our internal control over financial period covered by this Report that has materially affected, or is reasonably likely

From time to time we may be a party to legal proceedings occurring in the ord

Information regarding the primary risks and uncertainties that could materially affect those expressed or implied in our forward-looking statements, appears in Item 1A on March 22, 2023. There have been no material changes from the risk factors

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In early October 2023, Hamas attacked Israel and Israel formally declared v conflict is likely to cause regional instability and could materially adversely our financial condition and results of operations. Our subsidiary, Ambrell h Israel. This supplier is the sole source supplier of capacitors for numerous situation will not worsen, which could impact our ability to assemble an operations in future periods.

Information regarding the primary risks and uncertainties that could materially expressed or implied in our forward-looking statements, appears in Part I, Item 1 2024. There have been no material changes from the risk factors set forth in our :

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information with respect to shares of common

Period
July 1-31
August 1-31
September 1-30
Total

The following table provides information with respect to shares of common stock

Period
January 1-31
February 1-29
March 1-31
Total

(1) Shares withheld to cover tax withholding obligations under the net settleme

On March 12, 2024 the Company entered into a stock purchase agreement (th ("Buyer"), Mauro Arigossi ("Arigossi"), and Elettra S.S., a company incorpora "Sellers"). In accordance with the Purchase Agreement the Sellers, being the so stock company (the "Alfamation"), agreed to sell and the Buyer agreed to pur Purchase Agreement, the Sellers was issued 187,432 shares of common stock registration under Section 4(a)(2) of the Securities Act of 1933. For further inform

Item 3. Defaults Upon Senior Securities

None.

None.

Item 4. Mine Safety Disclosures
Not applicable.

Not applicable.

Item 5. Other Information
None.

Item 5. Other Information

During the first quarter ended March 31, 2024, none of the Company's directors or officers entered into a " Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each of them defined.

Item 6. Exhibits

- 10.1 [Separation Agreement, dated February 5, 2024, between inTEST Corporation and Dr. Roberto Alfamati](#)
- 10.2* [Stock Purchase Agreement, by and among inTEST Corporation, inTEST Corporation, and Dr. Roberto Alfamati](#)
- 10.3 [Lease Agreement, by and between Alfamation S.p.A. and Elettra R&D S.p.A.](#)
- 31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14\(a\), 17c-2](#)
- 31.2

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- (1) Previously filed by the Company as an exhibit to the Company's Current Report on Form 10-Q, dated May 9, 2023, and is incorporated herein by reference.
- (2) Previously filed by the Company as an exhibit to the Company's Current Report on Form 10-Q, dated May 9, 2023, and is incorporated herein by reference.
- * Indicates Certain schedules of this exhibit have been omitted pursuant to Rule 101(b)(7) of Regulation S-X, as promulgated by the Securities and Exchange Commission or its staff a management contract or compensation arrangement, and the related schedules upon request.

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

Date: November 9, 2023 2024

Date: November 9, 2023 2024

I, Richard N. Grant, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of inTEST Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of material fact or any misleading statement, and it does not contain any omissions of material facts which make the statements made, not misleading with respect to the periods covered by this report.

3. Based on my knowledge, the financial statements, and other financial information in 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f))

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed by or under the supervision of the registrant's principal financial officer, to the registrant, including its consolidated subsidiaries, is made known to us by other persons having knowledge of such controls and procedures;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed by or under the supervision of the registrant's principal financial officer, 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, as of the end of the period covered by this report based on such evaluation;

(d) Disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f)) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the audit committee of the registrant's board of directors (or persons performing the equivalent function), 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

(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 internal control.

Date: November 9, 2023

Date: May 9, 2024

I, Duncan Gilmour, certify that:

1. I have reviewed this quarterly report on Form 10-Q of inTEST Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of fact or misleading statement of circumstances under which such statements were made, not misleading with respect to the registrant's financial condition, results of operations, or business;

3. Based on my knowledge, the financial statements, and other financial information in 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 internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f))
- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed by or under the supervision of the registrant's principal financial officer, and the registrant's other certifying officer, that the registrant's disclosure of information required to be included in its periodic reports, including its consolidated subsidiaries, is made known to us by other persons who have full, direct, and immediate access to information required to be included in the periodic reports;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed by or under the supervision of the registrant's principal financial officer, and the registrant's other certifying officer, to ensure that material information relating to the registrant's financial reporting and the preparation of financial statements is made known to us by other persons who have full, direct, and immediate access to such information regarding the reliability of financial reporting and the preparation of financial statements;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting (or 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.
5. The registrant's other certifying officer and I have disclosed, based on our most recent assessment, to the audit committee of the registrant's board of directors (or persons performing the equivalent function), 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
- (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 9, 2023

Date: May 9, 2024

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SECTION 906 OF T

In connection with the Quarterly Report of inTEST Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2024, filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard N. Grant, Jr., President and Chief Financial Officer of the Company, certify that:

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

Date: May 9, 2024

Date: November 9, 2023

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SECTION 906 OF 1

In connection with the Quarterly Report of inTEST Corporation (the "Company") on For
Commission on the date hereof (the "Report"), I, Duncan Gilmour, Chief Financial Officer
to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Secur
- (2) The information contained in the Report fairly presents, in all material respects, the fi

Date: May 9, 2024

Date: November 9, 2023

/s/ Duncan Gilmour
Duncan Gilmour
Chief Financial Officer, Treasurer and Secretary

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