

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

FORM 10-K

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

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

For the fiscal year ended June 30, 2023

Commission File Number 001-07233

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

Delaware
(State of incorporation)

31-0596149
(I.R.S. Employer Identification No.)

23 Keewaydin Drive, Salem, New Hampshire
(Address of principal executive offices)

03079
(Zip Code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE
SECURITIES EXCHANGE ACT OF 1934:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, Par Value \$1.50 Per Share	SXI	New York Stock Exchange

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company
Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 USC. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. **Yes** **No**

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant at the close of business on December 31, 2022 was approximately \$1,202,032,050. Registrant's closing price as reported on the New York Stock Exchange for December 31, 2022 was \$102.41 per share.

The number of shares of Registrant's Common Stock outstanding on August 3, 2023 was 11,848,938.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2023 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this report.

Forward Looking Statement

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

PART I

Item 1. Business

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

Standex was incorporated in 1975 and is the successor of a corporation organized in 1955. We have paid dividends each quarter since Standex became a public corporation in November 1964. Overall management, strategic development and financial control are led by the executive staff at our corporate headquarters. Our growth strategy is focused on four key areas: (1) Increasing our presence in rapidly growing markets and applications (2) executing new product development in both core and adjacent market applications; (3) expanding geographically where meaningful business opportunities exist; and (4) undertaking strategically aligned acquisitions that strengthen and/or expand these core businesses. We direct our investments towards markets with long term, secular growth prospects such as renewable energy, electric vehicles, smart power grid, military and defense and life sciences.

Unless otherwise noted, references to years are to fiscal years. Currently our fiscal year end is June 30. Our fiscal year 2023 includes the twelve-month period from July 1, 2022 to June 30, 2023.

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

It is our objective to grow larger and more profitable business units through both organic and inorganic initiatives. We have a particular focus on identifying and investing in opportunities that complement our products and will increase the overall scale, global presence and capabilities of our businesses. We recently established an innovation and technology function focused on accelerating new, longer-term growth opportunities for emerging technologies, including our ongoing development project with a global renewable energy company. We continue to execute on acquisitions where strategically aligned with our businesses and where the opportunity meets our investment metrics. We have divested, and likely will continue to divest, businesses that we feel are not strategic or do not meet our growth and return expectations.

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

Please visit our website at www.standex.com to learn more about us or to review our most recent SEC filings. The information on our website is for informational purposes only and is not incorporated into this Annual Report on Form 10-K.

Description of Segments

Electronics

Our Electronics group is a global component and value-added solutions provider of both sensing and switching technologies as well as magnetic power conversion components and assemblies. Electronics competes on the basis of Customer Intimacy by designing, engineering, and manufacturing innovative solutions, components and assemblies to solve our customers' application needs through our Partner/Solve/Deliver® approach. Our approach allows us to expand the business through organic growth with current customers as well as developing new products, driving geographic expansion, and pursuing inorganic growth through strategic acquisitions.

Components are manufactured in plants located in the U.S., Mexico, the U.K., Germany, Japan, China and India.

Markets and Applications

Our highly engineered products and vertically integrated manufacturing capabilities provide solutions to an array of markets and provide safe and efficient power transformation, current monitoring, and isolation, as well as switch, sensor and relay solutions to monitor systems for function and safety. The end-user of our engineered solution is typically an original equipment manufacturer ("OEM") or industrial equipment manufacturer. End-user markets include, but are not limited to, appliances, electrification (electric vehicles, solar, smart-grid, alternative energy), security, military, medical, aerospace, test and measurement, power distribution, transportation, and general industrial applications.

Brands

Business unit names are Standex Electronics, Standex-Meder Electronics, Renco Electronics, Northlake Engineering, Agile Magnetics, Sensor Solutions, Standex Electronics Japan. Other associated brand names include the MEDER, KENT, and KOFU reed switch brands.

Products and Services

Our sensing products employ reed switch, Hall effect, inductive, conductive and other technologies. Sensing based solutions include reed relays, fluid level, proximity, motion, flow, HVAC condensate as well as custom electronic sensors containing our core technologies. The magnetics or power conversion products include custom wound transformers and inductors for low and high frequency applications, current sense technology, advanced planar transformer technology, value added assemblies, and mechanical packaging.

Customers

The business sells globally to a wide variety of mainly OEM customers focused in the end markets noted previously through a direct sales force, regional sales managers, field applications engineers, commissioned agents, representative groups, and distribution channels.

Engraving

Our Engraving group is a global creator and provider of custom textures and surface finishes on tooling that enhance the beauty and function of a wide range of consumer good and automotive products. We focus on continuing to meet the needs of a changing marketplace by offering experienced craftsmanship while investing in new technologies such as laser engraving and soft surface skin texturized tooling. Our growth strategy is to continue to develop and/or acquire technologies to enhance surface textures that also allow our customers to introduce more sustainable manufacturing processes and reduce their own energy consumption. We are one company operating in 19 countries using a consistent approach to guarantee harmony on global programs in service of our customers.

Markets and Applications

Standex Engraving Mold Tech has become the global leader in its industry by offering a full range of services to OEM's, Tier 1 suppliers, mold makers and product designers. From start to finish, these services include the design of bespoke textures, the verification of the texture on a prototype, engraving a mold, enhancing and polishing it, and then offering on-site try-out support with ongoing tool maintenance and texture repair capabilities. In addition to these services, we also produce soft trim tooling such as in mold graining (IMG) and nickel shells.

Brands

In addition to the Mold Tech brand, Engraving companies and brands also include:

- Piazza Rosa and World Client Services (WCS), which both offer laser engraving and tool finishing in Europe and Mexico.
- Tenibac-Graphion, which provides additional texturizing and prototyping capabilities in North America and China.
- GS Engineering, which employs advanced processes and technology to rapidly produce molds for the creation of soft-touch surfaces.
- Innovaent, which is a specialized supplier of tools and machines used to produce diapers and products that contain absorbent materials between layers of non-woven fabric.

Products and Services

Texturing is achieved with either a laser or a chemical etching technique.

- Laser Engraving offers superior features, such as multiple gloss levels, the elimination of paint and optimized scratch performance, and sharp definition for precise geometric patterns.
- Chemical Engraving produces carefully designed textures and finishes without seams or distortion. Our Digital Transfer Technology offers an exclusive service which guarantees consistency, pattern integrity and texture harmony around the world.

Architeture Design Studio uses proprietary technology called Model-Tech® which utilizes proven expertise to create and test custom textures. During the Model-Tech process, an original texture is first designed to offer beauty and function, which ultimately is used to create a large-format skin that can be wrapped on a model for testing.

Tooling Performance services include the enhancement, finishing and repair of a tool to improve its use during manufacturing.

- Tool Enhancement services increase the wear resistance of the mold. Processes include advanced tool finishing services, anti-scratch, laser hardening in localized areas, Tribocoat® and Release Coat.
- Tool Finishing and Repair allows customers to achieve outstanding quality while saving valuable time. These services include laser micro-welding, polishing and lapping, laser cladding to accommodate engineering changes, mold assembly, tool management, maintenance, texture repair and on-site support.

Soft Trim Tooling and nickel shell molds are used to produce soft surfaces that emulate the feel of natural materials. The IMG process we support consumes significantly less energy in our customers' operations than the traditional slush molding process.

Customers

The Engraving business has become the global leader providing these products and services by offering a full range of services to automotive OEM's, product designers, Tier 1 suppliers, and toolmakers all around the world.

Scientific

Our Scientific business is a provider of specialty temperature-controlled equipment for the medical, scientific, pharmaceutical, biotech and industrial markets. The group designs and produces its products in Summerville, SC.

Our product portfolio is used to control the temperatures of critical healthcare products, medications, vaccines and laboratory samples. We focus on solving customer problems for these critical applications and deliver innovative products and solutions meeting both exacting regulatory requirements and the unique needs of our customers.

Markets and Applications

The scientific and healthcare equipment that we design, assemble and manufacture is used in hospitals, pharmacies, clinical laboratories, reference laboratories, physicians' offices, life science laboratories, government and academic facilities, and industrial testing laboratories. Our product offerings include:

- Laboratory and medical grade refrigerators, freezers and accessories,
- Cryogenic storage tanks and accessories, and
- Environmental stability chambers and incubators.

Brands

Our products are sold under various brands including American BioTech Supply (ABS), Lab Research Products (LRP), Corepoint, Cryosafe, CryoGuard, and Scientific.

Products and Services

We manufacture and provide specialty-controlled temperature equipment purpose-built for the medical, scientific, pharmaceutical, biotech and industrial markets. Our comprehensive portfolio includes a range of innovative reach in cold storage solutions for medications, vaccines, blood products and patient samples.

Customers

Scientific products are sold to medical and laboratory distributors, healthcare facilities, research universities, pharmaceutical companies, and pharmacies.

Engineering Technologies

Our Engineering Technologies Group (ETG) is a provider of innovative, metal-formed solutions for OEM and Tier 1 manufacturers for use in their advanced engineering designs.

Our solutions seek to address unique customer design challenges such as reduction of input weight, material cost, part count, and complexity involving all formable materials with particular focus on large dimensions, large thickness or thin-wall construction, complex shapes and contours, and/or single-piece construction requirements. Engineering Technologies devises and manufactures these cost-effective components and assemblies by combining a portfolio of best-in-class forming technologies and technical experience, vertically integrated manufacturing processes, and group wide technical and design expertise.

We intend to grow sales and product offerings by investing in advancements in our current and new technologies and identifying new cutting-edge solutions for these capabilities in existing and adjacent markets via customer and research collaboration.

Our segment is comprised of our Spincraft businesses with locations in Billerica, MA, New Berlin, WI, and Newcastle upon Tyne in the U.K.

Markets and Applications

Spincraft products serve applications within the space, aviation, defense, energy, medical, and general industrial markets.

- The space market we serve is comprised of components and assemblies for space launch vehicles, engines, crewed and uncrewed spacecraft and other space infrastructure.
- The aviation market offerings include a large portfolio of components and assemblies for commercial and private aircraft engines, nacelles and fuel systems.
- The defense market we serve covers a wide spectrum of applications including components for missiles, naval propulsion and structures, large dimension exhaust systems and military aircraft engine solutions.
- Applications within the energy market include components and assemblies for new and MRO gas turbines, as well as solutions for oil & gas exploration operations.

Brands

This group's brand name is Spincraft.

Products and Services

- Space: Fuel tanks and fuel tank domes, rocket engine components, crew vehicle and unmanned spacecraft structures and bulkheads
- Aviation: Nacelle inlet Lipskins & ducts, engine components and fuel tank elements
- Defense: Missile nose cones & structures, naval propulsion components and structures, exhaust assemblies, and military aircraft engine & exhaust components
- Energy: Power generation turbine & other assemblies, oil & gas exploration connection components

Customers

Engineering Technologies components are sold directly to large space, aviation, defense, energy and medical companies, or suppliers to those companies.

Specialty Solutions

Specialty Solutions is comprised of two businesses: Federal Industries and Custom Hoists. These businesses differentiate themselves in their respective markets by collaborating with customers to develop and deliver custom solutions.

Federal Industries provides merchandising solutions to retail and food service customers whose revenue stream is enhanced through food presentation. Federal Industries focuses on the challenges of enabling retail and food service establishments to provide food and beverages that are fresh and appealing while at the same time providing for food safety, and energy efficiency. Our key differentiator is the ability to customize products to match customers' décor within industry lead-time. This differentiator is used to target the convenience store, school cafeterias and quick-service restaurant segments.

Custom Hoists is a supplier of engineered hydraulic cylinders that meet customer specific requirements for demanding applications. Our engineering expertise coupled with broad manufacturing capabilities and responsiveness to customer needs drives our top line growth opportunities. We leverage our full line of products for the construction markets in dump truck and trailer applications and deep expertise in the refuse market to expand into new adjacent markets, targeting the most challenging custom applications. Flexible design capability, a global supply chain and speed to market enable us to be successful in growing our business. Our team is dedicated to superior customer service through our technical engineering support and on-time delivery.

Specialty Solutions products are designed and/or manufactured in Hayesville, OH; Belleville, WI; and Tianjin, China.

Markets and Applications

Federal Industries custom designs and manufactures refrigerated, heated and dry merchandising display cases for bakery, deli, confectionary and packaged food products utilized in restaurants, convenience stores, quick-service restaurants, supermarkets, drug stores and institutions such as hotels, hospitals, and school cafeterias.

Custom Hoist products are utilized by OEMs on vehicles such as dump trucks, dump trailers, bottom dumps, garbage trucks (both recycling and rear loader), container roll off vehicles, hook lift trucks, liquid waste handlers, vacuum trucks, compactors, balers, airport catering vehicles, container handling equipment for airlines, lift trucks, yard tractors, and underground mining vehicles.

Brands

Federal Industries products are sold under the Federal brand.

Custom Hoists products are sold under the Custom Hoist brand.

Products and Services

Federal Industries offers a selection of display cases, including innovative customization, for fresh food merchandising requirements.

Custom Hoists designs and manufactures single and double acting telescopic and piston rod hydraulic cylinders for original and aftermarket use in construction equipment, refuse, airline support, mining, oil and gas, and other material handling applications.

Customers

Specialty Solutions products are sold to OEMs, distributors, service organizations, aftermarket repair outlets, end-users, dealers, buying groups, consultants, government agencies and manufacturers.

The following provides a description of key areas impacting our Company.

Working Capital

Our primary source of working capital is the cash generated from continuing operations. No segments require any special working capital needs outside of the normal course of business.

Competition

Standex manufactures and markets products many of which have achieved a unique or leadership position in their market, however, we encounter competition in varying degrees in all product groups and for each product line. Competitors include domestic and foreign producers of the same and similar products. The principal methods of competition are industry and design expertise, product performance and technology, price, delivery schedule, quality of services, and other terms and conditions. Standex competes on the basis of Customer Intimacy in which our teams work as extensions of our customers organizations to apply our expertise and technology to address needs with customer solutions.

International Operations

International operations are conducted at 37 locations, in Europe, Canada, China, Japan, India, Southeast Asia, Korea, Mexico, and South Africa. See the Notes to Consolidated Financial Statements for international operations financial data. Our net sales from continuing international operations decreased slightly from 42% in fiscal year 2022 to 39% in fiscal year 2023. International operations are subject to certain inherent risks in connection with the conduct of business in foreign countries including, exchange controls, price controls, limitations on participation in local enterprises, nationalizations, expropriation and other governmental action, restrictions of repatriation of earnings, and changes in currency exchange rates.

Research and Development

We develop and design new products to meet customer needs in order to offer enhanced products or to provide customized solutions for customers. Developing new and improved products, broadening the application of established products, and continuing efforts to improve our methods, processes, and equipment continues to drive our success. Research and development costs are quantified in the Notes to Consolidated Financial Statements.

Environmental Matters

Based on our knowledge and current known facts, we believe that we are presently in substantial compliance with all existing applicable environmental laws and regulations and do not anticipate (i) any instances of non-compliance that will have a material effect on our future capital expenditures, earnings or competitive position or (ii) any material capital expenditures for environmental control facilities.

Financial Information about Geographic Areas

Information regarding revenues from external customers attributed to the United States, all foreign countries and any individual foreign country, if material, is contained in the Notes to Consolidated Financial Statements, "Revenue from Contracts with Customers."

Human Capital Resources

Standex International recognizes that its long, successful history and future opportunities are directly linked to dedicated, engaged and diverse employees that serve the Company in all business operations. As of June 30, 2023, we employ approximately 3,800 employees of which approximately 1,200 are in the United States. About 200 of our U.S. employees are represented by unions. Wages and benefits are competitive with those of other manufacturers in the geographic areas in which our facilities are located. We strive to maintain open, two-way communication and build excellent relationships with both our non-union employee population and the various unions and works councils within our business segments. Employees participate in regular training programs appropriate for their responsibility and optional training programs have been developed for those who seek professional and personal growth opportunities. Our global Standex Safety Council, with representatives from all Standex sites, meets regularly, as we work continuously to enhance our safety culture and closely monitor our Total Recordable Incident Rate.

The Company's Chief Human Resources Officer meets regularly with the Chief Executive Officer to align Human Capital strategy, plan and initiatives with business strategy and goals. Our goal is to strive to provide a rewarding employee experience across the company. We continuously review our Human Capital Resources metrics, including safety metrics, turnover, and culture survey responses and associated action plans, to promote an emotionally and physically safe and inclusive working environment. Our LEAP performance management and development process places emphasis on both manager engagement and employee ownership. We regularly conduct employee engagement and satisfaction surveys, including our annual Culture Survey, completed in fiscal year 2023. Results from these surveys and engagement activities drive advances in senior management focus to continuously improve our culture and way of working.

Standex hosts an annual meeting event in the first quarter of the fiscal year with the extended global leadership team, representative of all our business segments and corporate functions, in which participants join together to align on business and culture goals, participate in leadership development training, share best practices and build unity across the company.

The Company established the Inclusion Advisory Council (IAC) as a collaboration of employee voices that helps to inform and align the company's commitment to inclusivity and represents the diverse world in which we live and engage with our employees, communities, customers and shareholders. The IAC provides operational input and guidance to the Executive Leadership Team in three areas. First, the IAC sets global goals and objectives to promote inclusivity and diversity. Second, the IAC collaborates with Corporate Communications and the global Standex community to help develop internal and external communications highlighting the work and progress of the IAC. Finally, the IAC champions the adoption and implementation of IAC initiatives and projects within our respective businesses. We also launched our Women and Leadership Employee Resource Group in fiscal year 2023, which aims to continue increasing representation of women at all levels to contribute to the Company's business success through relationships, and partnerships.

Executive Officers of Standex

The executive officers of the Company as of June 30, 2023 are as follows:

Name	Age	Principal Occupation During the Past Five Years
David Dunbar	61	President and Chief Executive Officer of the Company since January 2014.
Ademir Sarcevic	48	Vice President and Chief Financial Officer of the Company since September 2019. Various positions over the years at Pentair plc from 2012 to September 2019 with increasing responsibility ending as Senior Vice President and Chief Accounting Officer.
Alan J. Glass	59	Vice President, Chief Legal Officer and Secretary of the Company since April 2016.
Sean Valashinas	52	Vice President, Chief Accounting Officer and Assistant Treasurer of the Company since October 2007.
Annemarie Bell	59	Vice President, Chief Human Resources Officer since July 2021, Vice President of Human Resources from June 2019 to July 2021, Interim Vice President of Human Resources from October 2018 through June 2019; Vice President of Human Resources for four of Standex business units from October 2015 through October 2018

The executive officers are elected each year at the first meeting of the Board of Directors subsequent to the annual meeting of stockholders, to serve for one-year terms of office. There are no family relationships among any of the directors or executive officers of the Company.

Long-Lived Assets

Long-lived assets are described and discussed in the Notes to Consolidated Financial Statements under the caption "Long-Lived Assets."

Available Information

Standex's corporate headquarters are at 23 Keewaydin Drive, Salem, New Hampshire 03079, and our telephone number at that location is (603) 893-9701.

The U.S. Securities and Exchange Commission (the "SEC") maintains an internet website at www.sec.gov that contains our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto. Standex's internet website address is www.standex.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto, are available free of charge on our website as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. In addition, our code of business conduct, our code of ethics for senior financial management, our corporate governance guidelines, and the charters of each of the committees of our Board of Directors (which are not deemed filed by this reference), are available on our website and are available in print to any Standex shareholder, without charge, upon request in writing to "Chief Legal Officer, Standex International Corporation, 23 Keewaydin Drive, Salem, New Hampshire, 03079."

Item 1A. Risk Factors

An investment in the Company involves various risks, including those mentioned below and those that are discussed from time to time in our other periodic filings with the Securities and Exchange Commission. Investors should carefully consider these risks, along with the other information filed in this report, before making an investment decision regarding the Company. Any of these risks could have a material adverse effect on our financial condition, results of operations and/or value of an investment in the Company.

A pandemic or other global health crisis could adversely affect our revenues, operating results, cash flow and financial condition.

Our business and operations, and the operations of our suppliers, business partners and customers, were adversely affected by the Coronavirus (or COVID-19) pandemic which is impacted worldwide economic activity including in many countries or localities in which we operate, sell, or purchase goods and services. Any future pandemics or other global health crises could similarly have an adverse effect on our revenues, operating results, cash flow and financial condition. The ultimate extent to which any such circumstance impacts our business will depend on the severity, location and duration of the issue, the actions undertaken in response by local and world governments and health officials, and the success of medical efforts to address and mitigate the threat.

A deterioration in the domestic and international economic environment, whether by way of current inflationary conditions or potential recessionary conditions, could adversely affect our operating results, cash flow and financial condition.

Recent inflationary conditions in the United States, Europe and other parts of the world have increased virtually all of our costs including our cost of materials, labor and transportation. We attempt to maintain our profit margins by anticipating such inflationary pressures and increasing our prices where possible in accordance with contractual requirements and competitive conditions. While we thus far have been largely successful in mitigating the impact of such inflationary conditions, we may be unable to continue to increase our own prices sufficiently to offset cost increases, and, to the extent that we are able to do so, we may not be able to maintain existing operating margins and profitability. Additionally, competitors operating in regions with less inflationary pressure may be able to compete more effectively which could further impact our ability to increases prices and/or result in lost sales.

Recessionary economic conditions, with or without a tightening of credit, could adversely impact major markets served by our businesses, including cyclical markets such as automotive, aviation, energy and power, heavy construction vehicle, general industrial, consumer appliances and food service. An economic recession could adversely affect our business by:

- reducing demand for our products and services, particularly in markets where demand for our products and services is cyclical;
- causing delays or cancellations of orders for our products or services;
- reducing capital spending by our customers;
- increasing price competition in our markets;
- increasing difficulty in collecting accounts receivable;
- increasing the risk of excess or obsolete inventories;
- increasing the risk of impairment to long-lived assets due to reduced use of manufacturing facilities;
- increasing the risk of supply interruptions that would be disruptive to our manufacturing processes; and
- reducing the availability of credit and spending power for our customers.

We rely on our credit facility to provide us with sufficient capital to operate our businesses and to fund acquisitions.

We rely on our revolving credit facility, in part along with operating cash flow, to provide us with sufficient capital to operate our businesses and to fund acquisitions. The availability of borrowings under our revolving credit facility is dependent upon our compliance with the covenants set forth in the facility, including the maintenance of certain financial ratios. Our ability to comply with these covenants is dependent upon our future performance, which is subject to economic conditions in our markets along with factors that are beyond our control. Violation of those covenants could result in our lenders restricting or terminating our borrowing ability under our credit facility, cause us to be liable for covenant waiver fees or other obligations, or trigger an event of default under the terms of our credit facility, which could result in acceleration of the debt under the facility and require prepayment of the debt before its due date. Even if new financing is available, in the event of a default under our current credit facility, the interest rate charged on any new borrowing could be substantially higher than under the current credit facility, thus adversely affecting our overall financial condition. If our lenders reduce or terminate our access to amounts under our credit facility, we may not have sufficient capital to fund our working capital needs and/or acquisitions or we may need to secure additional capital or financing to fund our working capital requirements or to repay outstanding debt under our credit facility or to fund acquisitions.

Our credit facility contains covenants that restrict our activities.

Our revolving credit facility contains covenants that restrict our activities, including our ability to:

- incur additional indebtedness;
- make investments, including acquisitions;
- create liens;
- pay cash dividends to shareholders unless we are compliant with the financial covenants set forth in the credit facility; and
- sell material assets.

Our global operations subject us to international business risks.

We operate in 37 locations outside of the United States in Europe, Canada, China, Japan, India, Singapore, Korea, Mexico, Turkey, Malaysia, and South Africa. If we are unable to successfully manage the risks inherent to the operation and expansion of our global businesses, those risks could have a material adverse effect on our results of operations, cash flow or financial condition. These international business risks include:

- fluctuations in currency exchange rates;
- changes in government regulations;
- restrictions on repatriation of earnings;
- import and export controls;
- political, social and economic instability;
- potential adverse tax consequences;
- difficulties in staffing and managing multi-national operations;
- unexpected changes in zoning or other land-use requirements;
- difficulties in our ability to enforce legal rights and remedies; and
- changes in regulatory requirements.

Failure to achieve expected savings and synergies could adversely impact our operating profits and cash flows.

We focus on improving profitability through LEAN enterprise, low-cost sourcing and manufacturing initiatives, improving working capital management, developing new and enhanced products, consolidating factories where appropriate, automating manufacturing processes, diversification efforts and completing acquisitions which deliver synergies to stimulate sales and growth. If we are unable to successfully execute these programs, such failure could adversely affect our operating profits and cash flows. In addition, actions we may take to consolidate manufacturing operations to achieve cost savings or adjust to market developments may result in restructuring charges that adversely affect our profits.

Violation of anti-bribery or similar laws by our employees, business partners or agents could result in fines, penalties, damage to our reputation or other adverse consequences.

We cannot assure that our internal controls, code of conduct and training of our employees will provide complete protection from reckless or criminal acts of our employees, business partners or agents that might violate United States or international laws relating to anti-bribery or similar topics. A violation of these laws could subject us to civil or criminal investigations that could result in substantial civil or criminal fines and penalties, and which could damage our reputation.

We face significant competition in our markets and, if we are not able to respond to competition in our markets, our net sales, profits and cash flows could decline.

Our businesses operate in highly competitive markets. To compete effectively, we must retain long standing relationships with significant customers, offer attractive pricing, maintain product quality, meet customer delivery requirements, develop enhancements to products that offer performance features that are superior to our competitors and which maintain our brand recognition, continue to automate our manufacturing capabilities, continue to grow our business by establishing relationships with new customers, diversify into emerging markets and penetrate new markets. In addition, many of our businesses experience sales churn as customers seek lower cost suppliers. We attempt to offset this churn through our continual pursuit of new business opportunities. However, if we are unable to compete effectively or succeed in our pursuit of new business opportunities, our net sales, profitability and cash flows could decline. Pricing pressures resulting from competition may adversely affect our net sales and profitability.

If we are unable to successfully introduce new products and product enhancements, our future growth could be impaired.

Our ability to develop new products and innovations to satisfy customer needs or demands in the markets we serve can affect our competitive position and often requires significant investment of resources. Difficulties or delays in research, development or production of new products and services or failure to gain market acceptance of new products and technologies may significantly reduce future net sales and adversely affect our competitive position.

Increased prices or significant shortages of the commodities that we use in our businesses could result in lower net sales, profits and cash flows.

We purchase large quantities of steel, aluminum, refrigeration components, freight services, and other metal commodities for the manufacture of our products. We also purchase significant quantities of relatively rare elements used in the manufacture of certain of our electronics products. Historically, prices for commodities and rare elements have fluctuated, and we are unable to enter into long-term contracts or other arrangements to hedge the risk of price increases in many of these commodities. Significant price increases for these commodities and rare elements could adversely affect our operating profits if we cannot timely mitigate the price increases by successfully sourcing lower cost commodities or rare elements or by passing the increased costs on to customers. Shortages or other disruptions in the supply of these commodities or rare elements could delay sales or increase costs.

Current and threatened tariffs on components and finished goods from China and other countries could result in lower net sales, profits and cash flows and could impair the value of our investments in our Chinese operations.

As part of our low-cost country sourcing strategy, we (i) maintain manufacturing facilities in China and (ii) import certain components and finished goods from our own facilities and third-party suppliers in China. Many of the components and finished goods we import from China are subject to tariffs enacted by the United States government. While we attempt to pass on these additional costs to our customers, competitive factors (including competitors who import from other countries not subject to such tariffs) may limit our ability to sustain price increases and, as a result, may adversely impact our net sales, profits and cash flows. The maintenance of such tariffs over the long-term also could impair the value of our investments in our Chinese operations. In addition, the imposition of tariffs may influence the sourcing habits of certain end users of our products and services which, in turn, could have a direct impact on the requirements of our direct customers for our products and services. Such an impact could adversely affect our net sales, profits and cash flows.

An inability to identify or complete future acquisitions could adversely affect our future growth.

As part of our growth strategy, we intend to pursue acquisitions that provide opportunities for profitable growth for our businesses and enable us to leverage our competitive strengths. While we continue to evaluate potential acquisitions, we may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms, obtain regulatory approval for certain acquisitions or otherwise complete acquisitions in the future. An inability to identify or complete future acquisitions could limit our future growth.

We may experience difficulties in integrating acquisitions.

Integration of acquired companies involves several risks, including:

- inability to operate acquired businesses profitably;
- failure to accomplish strategic objectives for those acquisitions;
- unanticipated costs relating to acquisitions or to the integration of the acquired businesses;
- difficulties in achieving planned cost savings synergies and growth opportunities; and
- possible future impairment charges for goodwill and non-amortizable intangible assets that are recorded as a function of acquisitions.

Additionally, our level of indebtedness may increase in the future if we finance acquisitions with debt, which would cause us to incur additional interest expense and could increase our vulnerability to general adverse economic and industry conditions and limit our ability to service our debt or obtain additional financing. We cannot assure that future acquisitions will not have a material adverse effect on our financial condition, results of operations and cash flows.

Impairment charges could reduce our profitability.

We test goodwill and our other intangible assets with indefinite useful lives for impairment on an annual basis or on an interim basis if a potential impairment factor arises that indicates the fair value of the reporting unit may fall below its carrying value. Various uncertainties, including adverse conditions in the capital markets or changes in general economic conditions, could impact the future operating performance at one or more of our businesses which could significantly affect our valuations and could result in additional future impairments. The recognition of an impairment of a significant portion of goodwill would negatively affect our results of operations.

Materially adverse or unforeseen legal judgments, fines, penalties or settlements could have an adverse impact on our profits and cash flows.

We are and may, from time to time, become a party to legal proceedings incidental to our businesses, including, but not limited to, alleged claims relating to product liability, environmental compliance, patent infringement, commercial disputes and employment and regulatory matters. In accordance with United States generally accepted accounting principles, we establish reserves based on our assessment of contingent liabilities. Subsequent developments in legal proceedings may affect our assessment and estimates of loss contingencies, recorded as reserves, which could require us to record additional reserves or make material payments which could adversely affect our profits and cash flows. Even the successful defense of legal proceedings may cause us to incur substantial legal costs and may divert management's time and resources away from our businesses.

The costs of complying with existing or future environmental regulations, and of correcting any violations of these regulations, could impact adversely our profitability.

We are subject to a variety of environmental laws relating to the storage, discharge, handling, emission, generation, use and disposal of chemicals, hazardous waste and other toxic and hazardous materials used to manufacture, or resulting from the process of manufacturing, our products and providing our services. We cannot predict the nature, scope or effect of regulatory requirements to which our operations might be subject or the manner in which existing or future laws will be administered or interpreted. We are also exposed to potential legacy environmental risks relating to businesses we no longer own or operate. Future regulations could be applied to materials, products or activities that have not been subject to regulation previously. The costs of complying with new or more stringent regulations, or with more vigorous enforcement of these or existing regulations, could be significant.

In addition, properly permitted waste disposal facilities used by us as a legal and legitimate repository for hazardous waste may in the future become mismanaged or abandoned without our knowledge or involvement. In such event, legacy landfill liability could attach to or be imposed upon us in proportion to the waste deposited at any disposal facility.

Environmental laws require us to maintain and comply with a number of permits, authorizations and approvals and to maintain and update training programs and safety data regarding materials used in our processes. Violations of these requirements could result in financial penalties and other enforcement actions. We could be required to halt one or more portions of our operations until a violation is cured. Although we attempt to operate in compliance with these environmental laws, we may not succeed in this effort at all times. The costs of curing violations or resolving enforcement actions that might be initiated by government authorities could be substantial.

The costs of complying with existing or future regulations applicable to our products, and of correcting any violations of such regulations, could adversely impact our profitability.

Certain of our products are subject to regulations promulgated by administrative agencies such as the Department of Energy, Occupational Health and Safety Administration and the Food and Drug Administration. Such regulations, among other matters, specify requirements regarding energy efficiency and product safety. Regulatory violations could result in financial penalties and other enforcement actions. We could be required to halt production of one or more products until a violation is cured. Although we attempt to produce our products in compliance with these requirements, the costs of curing violations or resolving enforcement actions that might be initiated by administrative agencies could be substantial.

Our results could be adversely affected by natural disasters, political crises, labor unrest or other catastrophic events.

Natural disasters, such as hurricanes, tornadoes, floods, earthquakes, and other adverse weather and climate conditions; political crises, such as terrorist attacks, war, labor unrest, and other political instability; or other catastrophic events, such as disasters occurring at our suppliers' manufacturing facilities, whether occurring in the United States or internationally, could disrupt our operations or the operations of one or more of our suppliers. Certain of our key manufacturing facilities are located in geographic areas with a higher than nominal risk of earthquake and flood (such as Japan) and hurricane (such as South Carolina). The effects of global warming have elevated the possibility of natural catastrophes which could impact these and other locations as well as the locations of certain of our customers and suppliers. Certain of our key facilities are in areas of higher than nominal political risk (such as China). The labor workforces in four of our U.S. facilities belong to unions and a strike, slowdown or other concerted effort could adversely impact production at the affected facility. To the extent any of these events occur, our operations and financial results could be adversely affected.

An expansion of the war in Ukraine could adversely affect our results of operations and financial condition.

To date, we have experienced minimal impacts on our businesses related to the ongoing war in Ukraine, beyond the general impact on global energy prices and other economic conditions. However, customer demand for our products and services as well as raw material and components from our suppliers may be impacted in the future if the war was to extend beyond Ukrainian borders, especially into Europe. Any of these impacts could have an adverse effect on our results of operations and financial condition.

We depend on our key personnel and the development of high potential employees; the loss of their services may adversely affect our business.

We believe that our success depends on our ability to hire new talent, develop existing talent and the continued employment of our senior management team and other key personnel. If one or more members of our senior management team or other key personnel were unable or unwilling to continue in their present positions, our business could be seriously harmed. In addition, if any of our key personnel joins a competitor or forms a competing company, some of our customers might choose to use the services of that competitor or those of a new company instead of our own. Other companies seeking to develop capabilities and products or services similar to ours may hire away some of our key personnel. If we are unable to maintain and develop our key personnel and attract new employees, the execution of our business strategy may be hindered and our growth limited.

Strategic divestitures and contingent liabilities from businesses that we sell could adversely affect our results of operations and financial condition.

From time to time, we have sold and may continue to sell business that we consider to be either underperforming or no longer part of our strategic vision. The sale of any such business could result in a financial loss and/or write-down of goodwill which could have a material adverse effect on our results for the financial reporting period during which such sale occurs. In addition, in connection with such divestitures, we have retained, and may in the future retain responsibility for some of the known and unknown contingent liabilities related to certain divestitures such as lawsuits, tax liabilities, product liability claims, and environmental matters.

The trading price of our common stock has been volatile, and investors in our common stock may experience substantial losses.

The trading price of our common stock has been volatile and may become volatile again in the future. The trading price of our common stock could decline or fluctuate in response to a variety of factors, including:

- our failure to meet the performance estimates of securities analysts;
- changes in financial estimates of our net sales and operating results or buy/sell recommendations by securities analysts;
- fluctuations in our quarterly operating results;
- substantial sales of our common stock;
- changes in the amount or frequency of our payment of dividends or repurchases of our common stock;
- general stock market conditions; or
- other economic or external factors.

Decreases in discount rates and actual rates of return could require an increase in future pension contributions to our pension plans which could limit our flexibility in managing our Company.

The discount rate and the expected rate of return on plan assets represent key assumptions inherent in our actuarially calculated pension plan obligations and pension plan expense. If discount rates and actual rates of return on invested plan assets were to decrease significantly, our pension plan obligations could increase materially. Although our pension plans have been frozen, the size of future required pension contributions could require us to dedicate a greater portion of our cash flow from operations to making contributions, which could negatively impact our financial flexibility.

Our business could be negatively impacted by cybersecurity threats, information systems and network interruptions, and other security threats or disruptions.

Our information technology networks and related systems are critical to the operation of our business and essential to our ability to successfully perform day-to-day operations. Cybersecurity threats are persistent, evolve quickly, and include, but are not limited to, computer viruses, ransomware, attempts to access information, denial of service and other electronic security breaches. These events could disrupt our operations or customers and other third-party IT systems in which we are involved and could negatively impact our reputation among our customers and the public which could have a negative impact on our financial conditions, results of operations, or liquidity.

We are subject to increasing regulation associated with data privacy and processing, the violation of which could result in significant penalties and harm our reputation.

Regulatory scrutiny of privacy, data protection, collection, use and sharing of data is increasing on a global basis. Like all global companies, we are subject to a number of laws, rules and directives ("privacy laws") relating to the collection, use, retention, security, processing and transfer ("processing") of personally identifiable information about our employees, customers and suppliers ("personal data") in the countries where we operate. The most notable of these privacy laws is the EU's General Data Protection Regulation ("GDPR"), which came into effect in 2018. GDPR extends the scope of the EU data protection law to all foreign companies processing data of EU residents and imposes a strict data protection compliance regime with severe penalties for non-compliance of up to the greater of 4% of worldwide turnover and €20 million. While we continue to strengthen our data privacy and protection policies and to train our personnel accordingly, a determination that there have been violations of GDPR or other privacy or data protection laws could expose us to significant damage awards, fines and other penalties that could, individually or in the aggregate, materially harm our results of operations and reputation.

Various restrictions in our charter documents, Delaware law and our credit agreement could prevent or delay a change in control that is not supported by our board of directors.

We are subject to several provisions in our charter documents, Delaware law and our credit facility that may discourage, delay or prevent a merger, acquisition or change of control that a stockholder may consider favorable. These anti-takeover provisions include:

- maintaining a classified board and imposing advance notice procedures for nominations of candidates for election as directors and for stockholder proposals to be considered at stockholders' meetings;
- a provision in our certificate of incorporation that requires the approval of the holders of 80% of the outstanding shares of our common stock to adopt any agreement of merger, the sale of substantially all of the assets of the Company to a third party or the issuance or transfer by the Company of voting securities having a fair market value of \$1 million or more to a third party, if in any such case such third party is the beneficial owner of 10% or more of the outstanding shares of our common stock, unless the transaction has been approved prior to its consummation by all of our directors;
- requiring the affirmative vote of the holders of at least 80% of the outstanding shares of our common stock for stockholders to amend our amended and restated by-laws;
- covenants in our credit facility restricting mergers, asset sales and similar transactions; and
- the Delaware anti-takeover statute contained in Section 203 of the Delaware General Corporation Law.

Section 203 of the Delaware General Corporation Law prohibits a merger, consolidation, asset sale or other similar business combination between the Company and any stockholder of 15% or more of our voting stock for a period of three years after the stockholder acquires 15% or more of our voting stock, unless (1) the transaction is approved by our board of directors before the stockholder acquires 15% or more of our voting stock, (2) upon completing the transaction the stockholder owns at least 85% of our voting stock outstanding at the commencement of the transaction, or (3) the transaction is approved by our board of directors and the holders of 66 2/3% of our voting stock, excluding shares of our voting stock owned by the stockholder.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We operate a total of 56 facilities including manufacturing plants, service centers, and warehouses located throughout the United States, Europe, Canada, Southeast Asia, Korea, Japan, China, India, Brazil, South Africa, and Mexico. The Company owns 16 of the facilities and the others are leased. For the year ended June 30, 2023, the approximate building space utilized by each segment is as follows:

Segment	Number of Locations	Area in Square Feet (in thousands)		
		Leased	Owned	Total
Asia Pacific	4	133	31	164
EMEA(1)	3	–	125	125
Other Americas	1	–	56	56
United States	6	148	60	208
Electronics	14	281	272	553
Asia Pacific	11	443	–	443
EMEA(1)	13	181	70	251
Other Americas	3	90	–	90
United States	6	142	79	221
Engraving	33	856	149	1,005
United States	1	164	–	164
Scientific	1	164	–	164
EMEA(1)	1	83	–	83
United States	2	107	171	278
Engineering Technologies	3	190	171	361
Asia Pacific	1	76	–	76
United States	2	33	198	231
Specialty Solutions	3	109	198	307
United States	2	20	–	20
Corporate & Other	2	20	–	20
Total	56	1,620	790	2,410

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

In general, the buildings are in sound operating condition and are considered to be adequate for their intended purposes and current uses.

We own substantially all of the machinery and equipment utilized in our businesses.

Item 3. Legal Proceedings

Discussion of legal matters is incorporated by reference to Part II, Item 8, Note 12, "CONTINGENCIES," in the Notes to the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not Applicable

PART II**Item 5. Market for Standex Common Stock****Related Stockholder Matters and Issuer Purchases of Equity Securities**

The principal market in which the Common Stock of Standex is traded is the New York Stock Exchange under the ticker symbol “SXI”. The approximate number of stockholders of record on July 31, 2023 was 1,170.

Additional information regarding our equity compensation plans is presented in the Notes to Consolidated Financial Statements under the caption “Stock-Based Compensation and Purchase Plans” and Item 12 “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

**Issuer Purchases of Equity Securities (1)
Quarter Ended June 30, 2023**

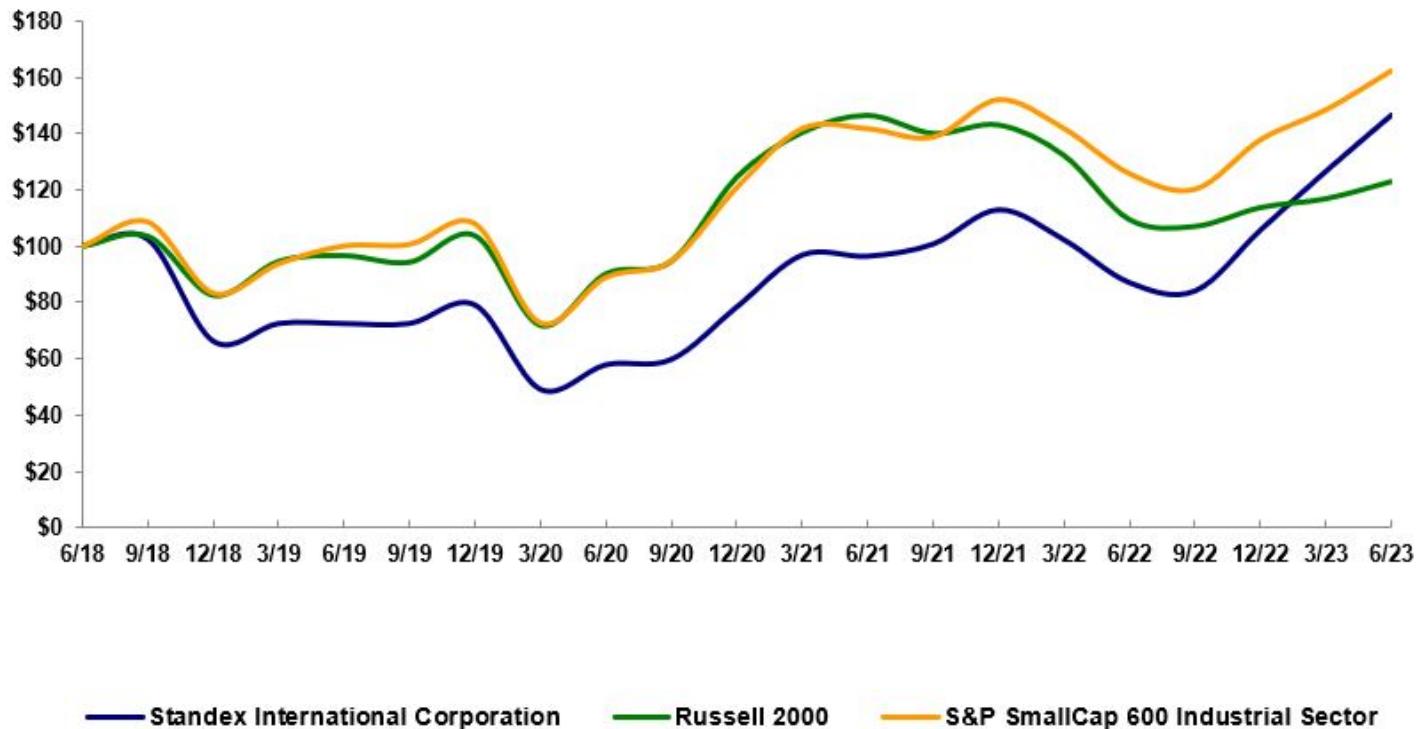
Period	(a) Total Number of Shares (or units) Purchased	(b) Average Price Paid per Share (or unit)	(c) Total Number of Shares (or units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Appropriate Dollar Value) of Shares (or units) that May Yet Be Purchased Under the Plans or Programs
April 1 – April 30, 2023	242	\$ 122.44	242	\$ 72,086
May 1 – May 31, 2023	50,000	137.46	50,000	65,213
June 1 – June 30, 2023	628	141.47	628	65,124
TOTAL	50,870	\$ 137.44	50,870	\$ 65,124

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

The following graph compares the cumulative total stockholder return on the Company's Common Stock as of the end of each of the last five fiscal years, with the cumulative total stockholder return on the Standard & Poor's Small Cap 600 (Industrial Segment) Index and on the Russell 2000 Index, assuming an investment of \$100 in each at their closing prices on June 30, 2018 and the reinvestment of all dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Standex International Corporation, the Russell 2000 Index
and the S&P SmallCap 600 Industrial Sector Index



*\$100 invested on 6/30/18 in stock or index, including reinvestment of dividends.
Fiscal year ending June 30.

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Item 6. Selected Consolidated Financial Data

Not Applicable

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

Overview

We are a diversified industrial manufacturer with leading positions in a variety of products and services that are used in diverse commercial and industrial markets. We have six operating segments that aggregate to five reportable segments. Please refer to Item 1. Business, above, for additional information regarding our segment structure and management strategy.

As part of our ongoing strategy:

- o On July 31, 2023, we acquired Minntronix, a privately held company. Minntronix designs and manufactures customized as well as standard magnetics components and products including transformers, inductors, current sensors, coils, chokes, and filters. The products are used in applications across cable fiber, smart meters, industrial control and lighting, electric vehicles, and home security markets. Its results will be reported in the Electronics segment.
- o In the third quarter of fiscal year 2023, we divested our Procon business for \$75.0 million. This transaction reflects the continued simplification of our portfolio and enables greater focus on managing our larger platforms and pursuing growth opportunities. Proceeds will be deployed towards organic and inorganic initiatives and returning capital to shareholders. Its results are reported within our Specialty Solutions segment. In fiscal year 2023, we received \$67.0 million cash consideration and recorded a pre-tax gain on the sale of \$62.1 million in the Consolidated Financial Statements. Cash consideration received at closing excludes amounts held in escrow and was net of closing cash.
- o In the third quarter of fiscal year 2022, we acquired Sensor Solutions, a designer and manufacturer of customized standard magnetic sensor products including hall effect switch and latching sensors, linear and rotary sensors, and specialty sensors. Sensor Solutions' customer base in automotive, industrial, medical, aerospace, military and consumer electronics end markets are a strategic fit and expand our presence in these markets. Sensor Solution's operates one light manufacturing facility in Colorado. Its results are reported within our Electronics segment.
- o In the third quarter of fiscal year 2021, we divested Enginetech Corporation ("Enginetech") our jet engine components business reported within our Engineering Technologies segment, to Enjet Aero, LLC, a privately held aerospace engine component manufacturing company. This divestiture allows us to focus on the higher growth and margin opportunities of our core spin forming solutions business that serves the space, commercial aviation and defense end markets. We received \$11.7 million cash consideration and recorded a pre-tax loss on the sale of \$14.6 million in the Consolidated Financial Statements including a goodwill impairment charge of \$7.6 million, assigned to the entirety of the Engineering Technologies segment, and a \$5.4 million write-down of intangible assets.
- o During the first quarter of fiscal year 2021, we acquired Renco Electronics, a designer and manufacturer of customized standard magnetics components and products including transformers, inductors, chokes and coils for power and RF applications. Renco's end markets and customer base in areas such as consumer and industrial applications are highly complementary to our existing business with the potential to further expand key account relationships and capitalize on cross selling opportunities between the two companies. Renco operates one manufacturing facility in Florida and is supported by contract manufacturers in Asia. Renco's results are reported within our Electronics segment beginning in fiscal year 2021.

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

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

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

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

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

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

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

Consolidated Results from Continuing Operations (in thousands):

	2023	2022	2021
Net sales	\$ 741,048	\$ 735,339	\$ 656,232
Gross profit margin	38.5%	36.7%	36.8%
Restructuring costs	3,831	4,399	3,478
Acquisition related expenses	557	1,618	931
Other operating (income) expense, net	(611)	5,745	-
(Gain) loss on sale of business	(62,105)	-	14,624
Income from operations	171,089	88,294	59,165
 Backlog (realizable within 1 year)	 \$ 238,050	 \$ 256,248	 \$ 210,491

	2023	2022	2021
Net sales	\$ 741,048	\$ 735,339	\$ 656,232
Components of change in sales:			
Effect of acquisitions	1,919	1,918	25,554
Effect of exchange rates	(23,902)	(9,874)	14,471
Effect of business divestitures	(11,947)	(9,239)	(3,633)
Organic sales change	39,639	96,302	15,305

Net sales increased for fiscal year 2023 by \$5.7 million, or 0.8%, when compared to the prior year period. Organic sales increased by \$39.6 million, or 5.7% excluding the impact of the Procon divestiture, primarily due to pricing actions and strong demand in our Engraving, Specialty and ETG segments. Acquisitions had a \$1.9 million, or 0.3%, positive impact on sales, offset by negative impacts on sales for divestitures of \$11.9 million, or 1.9%, and foreign currency of \$23.9 million, or 3.3%.

Net sales increased for fiscal year 2022 by \$79.1 million or 12.1% when compared to the prior year. Organic sales increased \$96.3 million or 14.7% primarily due to pricing actions and strong demand in our Electronics segment, acquisitions had a \$1.9 million impact on sales, and foreign currency had a \$9.9 million or 1.5% negative impact on sales. Net sales in the prior year included revenue of \$9.2 million related to our divested Enginetics business.

We discuss our results and outlook for each segment below.

Gross Profit

Gross profit in fiscal year 2023 increased to \$285.1 million, or a gross margin of 38.5%, as compared to \$269.9 million, or a gross margin of 36.7%, for the prior year period. This increase was a result of organic sales increases of \$39.6 million and productivity initiatives, which offset approximately \$11.4 million of inflationary impacts in the areas of raw material and labor. Organic sales increases were attributed to \$82.5 million to fast growth markets, targeted pricing initiatives in most of our businesses and volume in each business, with the exception of Scientific. Gross profit was also negatively impacted by the divestiture of the Procon business.

Gross profit in fiscal year 2022 increased to \$269.9 million, or a gross margin of 36.7% as compared to \$241.3 million, or a gross margin of 36.8% in fiscal year 2021. This increase was a result of organic sales increases of \$96.3 million, productivity initiatives and targeted prices increases to offset approximately \$38 million of inflationary impacts in the areas of ocean freight, raw material, and labor. Organic sales increases were partially a result of an approximate \$20 million increase in sales to fast growth markets such as electric vehicles, green energy, and the commercialization of space. Gross profit increases were partially offset by increased costs of sales of \$50.4 million which included a one-time project related charge at Engineering Technologies of \$0.8 million, along with production decreases due to a temporary work stoppage in our Specialty Solutions segment which was resolved during the first quarter.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses, ("SG&A") for the fiscal year 2023 were \$172.3 million, or 23.3% of sales, compared to \$169.9 million, or 23.1% of sales, during the prior year period. SG&A expenses during the period were primarily impacted by increased research and development spending to drive future product initiatives.

Selling, general, and administrative expenses, ("SG&A") for the fiscal year 2022 were \$169.9 million, or 23.1% of sales compared to \$163.1 million, or 24.8% of sales during the prior year. SG&A expenses during this period were primarily impacted by increased distribution expenses associated with the customer mix and higher organic sales volume and increased research and development spending to drive future product initiatives.

Restructuring Costs

During fiscal year 2023, we incurred restructuring expenses of \$3.8 million, primarily related to productivity improvements, facility rationalization activities, and global headcount reductions primarily within our Engraving and Electronics segments and Corporate headquarters.

During fiscal year 2022, we incurred restructuring expenses of \$4.4 million, primarily related to productivity improvements, facility rationalization activities, and global headcount reductions within our Engraving and Electronics segments.

(Gain) Loss on Sale of Business

We recorded a pre-tax gain on sale of the Procon business of \$62.1 million for fiscal year 2023. The goodwill balance of \$0.2 million was written off as a part of the transaction. The sale transaction and financial results of Procon are classified as continuing operations in the Consolidated Financial Statements.

We recorded a pre-tax loss on sale of the Enginetech business of \$14.6 million for fiscal year 2021. The loss included a \$7.6 million impairment of goodwill assigned to the entirety of the Engineering Technologies segment and a \$5.4 million write-down of intangible assets.

Acquisition Related Costs

We incurred acquisition related expenses of \$0.6 million and \$1.6 million in fiscal year 2023 and 2022, respectively. Acquisition related costs typically consist of due diligence, integration, and valuation expenses incurred in connection with recent or pending acquisitions.

Other Operating (Income) Expense, Net

We incurred expense of \$5.7 million in fiscal year 2022 related to a litigation accrual. In the third quarter of fiscal year 2023, we received \$1.0 million from our insurance provider as recoupment related to this litigation matter. Refer to Part II, Item 8, Note 12, "CONTINGENCIES," in the Notes to the Consolidated Financial Statements for details.

Income from Operations

Income from operations for the fiscal year 2023 was \$171.1 million, compared to \$88.3 million during the prior year. The increase of \$82.8 million, or 93.8%, is primarily due to the divestiture of the Procon business for a gain of \$62.1 million as well as income from organic sales increases and pricing actions, along with cost reduction activities and productivity improvement initiatives, partially offset by foreign currency, material inflation, and increased logistics and labor costs.

Income from operations for the fiscal year 2022 was \$88.3 million, compared to \$59.2 million during the prior year. The \$29.1 million increase, or 49.2% is primarily due to the loss on sale of the Enginetech business of \$14.6 million in the prior year, income from organic sales increases and pricing actions, along with cost reduction activities and productivity improvement initiatives implemented in all of our businesses, partially offset by material inflation, logistics and labor costs as well as the impact of the COVID-19 lockdown in China in the fourth fiscal quarter of 2022 and a litigation charge of \$5.7 million.

Discussion of the performance of each of our reportable segments is fully explained in the segment analysis that follows.

Interest Expense

Interest expense for fiscal year 2023 was \$5.4 million a decrease of \$0.5 million as compared to the prior year. Our effective interest rate was 2.97%. Interest expense for fiscal year 2022 was \$5.9 million a decrease of \$0.1 million as compared to the prior year.

Income Taxes

The income tax provision from continuing operations for the fiscal year ended June 30, 2023 was \$24.8 million, or an effective rate of 15.1%, compared to \$19.8 million, or an effective rate of 24.4%, for the year ended June 30, 2022, and \$14.2 million, or an effective rate of 26.9%, for the year ended June 30, 2021. Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, the amount of our income or loss, the mix of income earned in the U.S. versus outside the U.S., the effective tax rate in each of the countries in which we earn income, and any one-time tax issues which occur during the period.

The income tax provision from continuing operations for the fiscal year ended June 30, 2023 was impacted by the following items: (i) a tax benefit of \$4.3 million due to the mix of income in various jurisdictions, (ii) tax benefits of \$14.3 million primarily related to foreign tax credits of \$11.6 million, as well as Federal R&D tax credits of \$2.7 million, (iii) a tax provision of \$11.3 million related to the U.S. tax effects of international operations, and (iv) a tax benefit of \$5.0 million relating to the partial release of the valuation allowance on capital loss carryforwards, which were utilized against the capital gain recognized on the divestiture of the Procon business.

The income tax provision from continuing operations for the fiscal year ended June 30, 2022 was impacted by the following items: (i) a tax provision of \$4.3 million due to the mix of income in various jurisdictions, (ii) a tax benefit of \$2.2 million related to Federal R&D credit and Foreign Tax Credit, (iii) a tax benefit of \$1.3 million related to return-to-accrual adjustments to true-up prior-period provision amounts, and (iv) a tax expense of \$1.0 million related to uncertain tax position.

The income tax provision from continuing operations for the fiscal year ended June 30, 2021 was impacted by the following items: (i) a tax provision of \$5.1 million due to the mix of income in various jurisdictions, (ii) a tax benefit of \$1.0 million from our 2019 and 2020 tax losses that the CARES Act allows to be carried back to 2014 and 2015, when the U.S. federal income tax rate was 35%, (iii) a tax benefit of \$0.8 million related to Federal R&D credit and Foreign Tax Credit, (iv) a tax benefit of \$1.7 million related to return-to-accrual adjustments to true-up prior-period provision amounts, and (v) the tax expense of \$1.2 million attributable to the divestiture of the Enginetics Corporation during the year.

Capital Expenditures

Our capital spending is focused on growth initiatives, cost reduction activities, and upgrades to extend the capabilities of our capital assets. In general, we anticipate our capital expenditures over the long-term will be approximately 3% to 5% of net sales.

During fiscal year 2023, capital expenditures were \$24.3 million or 3.3% of net sales, as compared to \$23.9 million, or 3.2%, of net sales in the prior year. We expect 2024 capital spending to be between \$35 million and \$40 million.

Backlog

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

Backlog orders are as follows (in thousands):

	As of June 30, 2023		As of June 30, 2022	
	Total Backlog	Backlog under 1 year	Total Backlog	Backlog under 1 year
Electronics	\$ 150,061	\$ 129,911	\$ 179,778	\$ 149,247
Engraving	36,817	31,434	19,794	14,250
Scientific	2,506	2,506	4,356	4,356
Engineering Technologies	63,769	52,565	49,990	43,644
Specialty Solutions	21,749	21,634	47,569	44,751
Total	<u>\$ 274,902</u>	<u>\$ 238,050</u>	<u>\$ 301,487</u>	<u>\$ 256,248</u>

Total backlog realizable within one year decreased \$18.2 million, or 7.1% to \$238.1 million at June 30, 2023 from \$256.3 million at June 30, 2022. Changes in backlog under 1 year are as follows (in thousands):

	As of June 30, 2023
Backlog under 1 year, prior year period	\$ 256,248
Components of change in backlog:	
Organic change	(10,817)
Effect of divestitures	(7,381)
Backlog under 1 year, current period	<u>\$ 238,050</u>

Segment Analysis (in thousands)

Overall Outlook

Looking forward to fiscal year 2024, we expect to be well-positioned, with anticipated continued improvement in key financial metrics, supported by productivity initiatives.

In general, for fiscal year 2024, we expect:

- continued growth in transportation markets from electric vehicle program with a ramp up of new business opportunities, including sensors for charger plugs and soft trim growth;
- vaccine storage demand to remain stable after the record COVID-19 related surge in fiscal year 2021 and early fiscal year 2022;
- commercial aviation and defense end markets demand to increase based on current program expectations;
- space markets to remain attractive, with volume to slightly increase from fiscal year 2023 due to new product development for existing customers;
- refuse and dump end markets to remain stable while being supported by investments in the U.S. infrastructure bill;
- stable demand levels in food service equipment markets.

Electronics

(in thousands except percentages)	2023 compared to 2022			2022 compared to 2021		
	2023	2022	% Change	2022	2021	% Change
Net sales	\$305,872	\$304,290	0.5%	\$304,290	\$253,369	20.1%
Income from operations	68,979	70,428	(2.1%)	70,428	46,600	51.1%
Operating income margin	22.6%	23.1%		23.1%	18.4%	

Net sales in fiscal year 2023 increased \$1.6 million, or 0.5%, when compared to the prior year. Organic sales increased by \$13.7 million, or 4.5%, reflecting positive trends in end markets like industrial applications, power management, renewable energy technologies, and electric vehicle related applications. Sensor Solutions was acquired in the third quarter of fiscal year 2022, adding \$1.9 million, or 0.6%, in sales for the period. The foreign currency impact decreased sales by \$14.0 million, or 4.6%.

Income from operations in the fiscal year 2023 decreased \$1.4 million, or 2.1%, when compared to the prior year. The operating income decrease was the result of inflationary impacts, mix and foreign exchange offset partially by organic sales growth and various cost saving initiatives.

In the first quarter of fiscal year 2024, on a sequential basis, we expect slightly higher revenue primarily due to the recently announced acquisition and continued strength in our fast growth end markets, partially offset by continued slow recovery in China and Europe. Sequentially, we expect similar operating margin.

Net sales in fiscal year 2022 increased 50.9 million, or 20.1%, when compared to the prior year. Organic sales increased \$56.1 million, or 22.2%, reflecting a broad-based geographical recovery with continued strong demand for all product groups as well as new business opportunities, including the impact of a COVID-19 lockdown in China in the fourth fiscal quarter. Acquisitions in fiscal year 2022 added \$1.9 million, or 0.8% in sales. The foreign currency impact decreased sales by \$7.1 million, or 2.8%.

Income from operations in the fiscal year 2022 increased \$23.8 million, or 51.1% when compared to the prior year. The operating income increase was the result of organic sales growth, various pricing actions and cost saving initiatives, partially offset by material and freight cost increases.

Engraving

(in thousands except percentages)	2023 compared to 2022			2022 compared to 2021		
	2023	2022	% Change	2022	2021	% Change
Net sales	\$152,067	\$146,255	4.0%	\$146,255	\$147,016	(0.5%)
Income from operations	25,462	21,825	16.7%	21,825	22,510	(3.0%)
Operating income margin	16.7%	14.9%		14.9%	15.3%	

Net sales in fiscal year 2023 increased by \$5.8 million, or 4.0%, compared to the prior year. Organic sales increased by \$14.3 million, or 9.8%, as a result of timing of customer projects. The organic sales increase was partially offset by foreign exchange impacts of \$8.5 million, or 5.8%.

Income from operations in fiscal year 2023 increased by \$3.6 million, or 16.7%, when compared to the prior year. Operating income increased during the period reflecting the organic sales increase and productivity actions, offsetting the foreign exchange impacts.

In the first quarter of fiscal year 2024, we expect slightly lower revenue reflecting timing of customer projects and slightly higher operating margin.

Net sales in fiscal year 2022 decreased by \$0.8 million or 0.5% compared to the prior year. Organic sales increased by \$0.9 million, or 0.6%, as a result of timing of projects. The sales increase was offset by foreign exchange impacts of \$1.6 million, or 1.1%.

Income from operations in fiscal year 2022 decreased by \$0.7 million, or 3.0%, when compared to the prior year. The decrease reflected geographic mix, partially offset by productivity initiatives.

Scientific

(in thousands except percentages)	2023 compared to 2022			2022 compared to 2021		
	2023	2022	% Change	2022	2021	% Change
Net sales	\$74,924	\$83,850	(10.6%)	\$83,850	\$79,421	5.6%
Income from operations	17,109	17,861	(4.2%)	17,861	18,240	(2.1%)
Operating income margin	22.8%	21.3%		21.3%	23.0%	

Net sales in fiscal year 2023 decreased by \$8.9 million, or 10.6% when compared to the prior year. Net sales decreased as expected due to lower demand for cold storage surrounding COVID-19 vaccine distribution partially offset by pricing actions.

Income from operations in fiscal year 2023 decreased by \$0.8 million, or 4.2%, when compared to the prior year. Operating income decrease reflects lower sales volume, partially offset by pricing and productivity actions and lower oceanic freight costs.

In the first quarter of fiscal year 2024, on a sequential basis, we expect similar revenue and operating margin.

Net sales in fiscal year 2022 increased by \$4.4 million, or 5.6% when compared to the prior year. The net sales increase reflected overall growth in end markets, such as pharmaceutical channels, clinical settings, and academic laboratories, including continued strong demand for cold storage surrounding COVID-19 vaccine distribution and the general market recovery as well as pricing actions.

Income from operations in fiscal year 2022 decreased \$0.4 million or 2.1%, reflected higher freight costs and investments in new product development, offset by revenue growth and pricing actions.

Engineering Technologies

(in thousands except percentages)	2023 compared to 2022			2022 compared to 2021		
	2023	2022	% Change	2022	2021	% Change
Net sales	\$81,079	\$78,117	3.8%	\$78,117	\$75,562	3.4%
Income from operations	11,050	8,776	25.9%	8,776	6,164	42.4%
Operating income margin	13.6%	11.2%		11.2%	8.2%	

Net sales in fiscal year 2023 increased \$3.0 million, or 3.8%, when compared to the prior year. Organic sales increased by \$4.1 million, or 5.3%, offset by foreign currency impacts of \$1.1 million, or 1.5%, as compared to the prior year period. Organic sales change was primarily due to increases in new product development of new solutions provided to customers in the aerospace and defense markets.

Income from operations in fiscal year 2023 increased \$2.3 million, or 25.9%, when compared to the prior year. The increase was primarily due to productivity initiatives, volume increases and the impact of a one-time project related charge in first quarter of fiscal year 2022 that did not repeat.

In the first quarter of fiscal year 2024, on a sequential basis, we expect a significant decrease in revenue reflecting timing of projects and a slight to moderate decrease in operating margin, with productivity initiatives mostly offsetting the impact of volume decline and higher mix of development projects. The long-term demand remains robust with the current backlog and new platform development funnel expected to provide solid foundation for growth in the second half of fiscal year 2024 and beyond.

Net sales in fiscal year 2022 decreased \$2.6 million, or 3.4%, when compared to the prior year. Sales distribution by market in 2022 was as follows: 40% space, 23% aviation, 19% defense, 7% energy, and 11% other markets. Sales in the prior year period included revenue of \$9.2 million related to our divested Enginetech business. Excluding the impact of the divestiture, sales increased \$11.8 million primarily due to customer demand in the commercial aviation market, along with an increase in sales into the space end market, particularly related to commercialization of space and a medical market customer demand surge.

Income from operations in fiscal year 2022 increased \$2.6 million, or 42.4%, when compared to the prior year. The increase was primarily due to cost saving measures implemented during the pandemic and maintained as economic activity resumed along with the absences of losses associated with the Enginetech business, offset by a \$1.1 million one-time project-related charge.

Specialty Solutions

(in thousands except percentages)	2023 compared to 2022			2022 compared to 2021		
	2023	2022	% Change	2022	2021	% Change
Net sales	\$127,106	\$122,827	3.5%	\$122,827	\$100,864	21.8%
Income from operations	25,368	15,579	62.8%	15,579	14,358	8.5%
Operating income margin	20.0%	12.7%		12.7%	14.2%	

Net sales for fiscal year 2023 increased \$4.3 million, or 3.5% when compared to the prior year. Organic sales increased \$16.7 million, or 13.6% excluding Procon, as compared to the prior year period. The increased sales volume is primarily due to pricing realization, strong market demand and the absence of the labor work stoppage in two plants during the prior year. The impact of the Procon divestiture partially offset the organic sales increase.

Income from operations for fiscal year 2023 increased \$9.8 million, or 62.8%, when compared to the prior year. Operating income increased due to sales increases in Display Merchandising, pricing actions and the impact of the labor work stoppage in two plants during the prior year.

In the first quarter of fiscal year 2024, on a sequential basis, we expect a slight decrease in revenue and operating margin.

Net sales for fiscal year 2022 increased \$22.0 million, or 21.8%, when compared to the prior year. Organic sales increased \$22.9 million, or 22.7%. Increased sales volume was primarily due to a continued recovery in the Pumps and Merchandising businesses and pricing actions, partially offset by the impact of a temporary work stoppage which was resolved during the first quarter.

Income from operations for fiscal year 2022 increased \$1.2 million, or 8.5%, when compared to the prior year primarily as a result of increased sales volume in the Pumps and Merchandising businesses, partially offset by higher costs of labor, including the temporary work stoppage in the first quarter and higher raw material and ocean freight costs.

Corporate, Restructuring and Other

(in thousands except percentages)	2023 compared to 2022			2022 compared to 2021		
	2023	2022	% Change	2022	2021	% Change
Corporate	\$ (35,207)	\$ (34,413)	2.3%	\$ (34,413)	\$ (29,674)	16.0%
Gain (loss) on sale of business	62,105	—	100.0%	—	(14,624)	100.0%
Restructuring costs	(3,831)	(4,399)	(12.9%)	(4,399)	(3,478)	26.5%
Acquisition related costs	(557)	(1,618)	(65.6%)	(1,618)	(931)	73.8%
Other operating income (expense), net	611	(5,745)	100.0%	(5,745)	—	—

Corporate expenses in fiscal year 2023 increased \$0.8 million, or 2.3%, when compared to the prior year, primarily due to employee related compensation accruals and research and development costs.

Corporate expenses in fiscal year 2022 increased \$4.7 million, or 16%, when compared to the prior year, primarily due to employee related compensation accruals and research and development costs.

The gain on sale of business, restructuring costs, acquisition related costs and other operating income (expense), net have been discussed above in the Company Overview.

Discontinued Operations

In pursing our business strategy, the Company may divest certain businesses. Future divestitures may be classified as discontinued operations based on their strategic significance to the Company. Activity related to discontinued operations is as follows (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Profit (loss) before taxes	\$ (204)	\$ (113)	\$ (2,620)
Benefit (provision) for taxes	43	24	550
Net income (loss) from discontinued operations	<u>\$ (161)</u>	<u>\$ (89)</u>	<u>\$ (2,070)</u>

Liquidity and Capital Resources

At June 30, 2023, our total cash balance was \$195.7 million, of which \$98.6 million was held outside of the United States. During fiscal years 2023, 2022 and 2021, we repatriated \$29.1 million, \$30.8 million, and \$37.6 million of our cash previously held outside of the United States, respectively. The amount and timing of cash repatriation is dependent upon foreign exchange rates and each business unit's operational needs including requirements to fund working capital, capital expenditure, and jurisdictional tax payments. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to capital controls; however, those balances are generally available without legal restrictions to fund ordinary business operations.

Cash Flow

Net cash provided by continuing operating activities for the year ended June 30, 2023 was \$90.8 million compared to net cash provided by continuing operating activities of \$78.1 million in the prior year. We generated \$116.6 million from income statement activities and used \$18.2 million of cash to fund working capital and other balance sheet account increases. Cash flow provided by investing activities for the year ended June 30, 2023 totaled \$41.6 million. We generated \$67.0 million in proceeds from the divestiture of the Procon business and \$24.3 million was used for capital expenditures. Cash used by financing activities for the year ended June 30, 2023 was \$40.0 million and included stock repurchases of \$25.5 million, cash paid for dividends of \$13.0 million, contingent consideration payments to the sellers of the Renco business of \$1.2 million and debt modification costs of \$1.7 million.

Net cash provided by continuing operating activities for the year ended June 30, 2022 was \$78.1 million compared to net cash provided by continuing operating activities of \$81.9 million in the prior year. We generated \$101.7 million from income statement activities and used \$23.1 million of cash to fund working capital increases. Cash flow used in investing activities for the year ended June 30, 2022 totaled \$31.0 million. Uses of investing cash consisted primarily of capital expenditures of \$23.9 million, \$13.0 million for the acquisitions, \$1.0 million used in other investing activities, offset by \$5.0 million generated by proceeds from a life insurance policy related to the death of a retired Company executive and \$1.8 million generated by sales of property, plant, and equipment. Cash used by financing activities for the year ended June 30, 2022 were \$69.4 million and included stock repurchases of \$31.4 million, repayments of debt of \$25.0 million, cash paid for dividends of \$12.2 million, and contingent consideration payments due to the seller of the Renco business of \$2.2 million.

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

The fair value of the Company's U.S. defined benefit pension plan assets was \$142.1 million at June 30, 2023, as compared to \$157.9 million as of June 30, 2022. We participate in two multi-employer pension plans and sponsor five defined benefit plans including two in the U.S. and one each in the U.K., Germany and Japan. The Company's pension plan is frozen for U.S. employees and participants in the plan ceased accruing future benefits. Our primary U.S. defined benefit plan is not 100% funded under ERISA rules at June 30, 2023. Obligations under our defined benefit plan operated in Ireland have been transferred to the buyer of the Procon business as part of the divestiture.

U.S. defined benefit plan contributions of \$0.2 million were made during fiscal year 2023 compared to \$0.2 million during fiscal year 2022. There are required contributions of \$9.8 million to the United States funded pension plan for fiscal year 2024. The Company expects to make contributions during fiscal year 2024 of \$0.2 million and \$0.2 million to its unfunded defined benefit plans in the U.S. and Germany, respectively. Any subsequent plan contributions will depend on the results of future actuarial valuations.

We have evaluated the current and long-term cash requirements of our defined benefit and defined contribution plans as of June 30, 2023 and determined our operating cash flows from continuing operations and available liquidity are expected to be sufficient to cover the required contributions under ERISA and other governing regulations.

We have an insurance program in place to fund supplemental retirement income benefits for three retired executives. Current executives and new hires are not eligible for this program. At June 30, 2023, the underlying policies had a cash surrender value of \$11.7 million and are reported net of loans of \$5.0 million for which we have the legal right of offset. These amounts are reported net on our balance sheet.

Capital Structure

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

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

Funds borrowed under the facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio is maintained), and other general corporate purposes. As of June 30, 2023, the Company has used \$3.0 million against the letter of credit sub-facility and had the ability to borrow \$371.5 million under the facility based on our current trailing twelve-month EBITDA. The facility contains customary representations, warranties and restrictive covenants, as well as specific financial covenants. The Company's current financial covenants under the facility are as follows:

Interest Coverage Ratio – The Company is required to maintain a ratio of Earnings Before Interest and Taxes, as Adjusted (“Adjusted EBIT per the Credit Facility”), to interest expense for the trailing twelve months of at least 2.75:1. Adjusted EBIT per the Credit Facility specifically excludes extraordinary and certain other defined items such as cash restructuring and acquisition related charges up to the lower of \$20.0 million or 10% of EBITDA. The facility allows for unlimited non-cash charges including purchase accounting and goodwill adjustments. At June 30, 2023, the Company’s Interest Coverage Ratio was 20.61:1.

Leverage Ratio – The Company’s ratio of funded debt to trailing twelve month Adjusted EBITDA per the Credit Facility, calculated as Adjusted EBIT per the Credit Facility plus depreciation and amortization, may not exceed 3.5:1. Under certain circumstances in connection with a Material Acquisition (as defined in the Facility), the Facility allows for the leverage ratio to go as high as 4.0:1 for a four-fiscal quarter period. At June 30, 2023, the Company’s Leverage Ratio was 0.84:1.

As of June 30, 2023, we had borrowings under our facility of \$175.0 million. In order to manage our interest rate exposure on these borrowings, we are party to \$175.0 million of active floating to fixed rate swaps. These swaps convert our interest payments from SOFR to a weighted average rate of 1.13%. The effective rate of interest for our outstanding borrowings, including the impact of the interest rate swaps, was 2.97%. Our primary cash requirements in addition to day-to-day operating needs include interest payments, capital expenditures, acquisitions, share repurchases, and dividends.

In connection with the acquisition of Renco, we assumed \$0.7 million of debt under the Paycheck Protection Program, within the United States Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. These borrowings were forgiven in June 2021.

Our primary sources of cash are cash flows from continuing operations and borrowings under the facility. We expect that fiscal year 2024 depreciation and amortization expense will be between \$22.0 million and \$24.0 million and \$8.0 million and \$10.0 million, respectively.

The following table sets forth our capitalization at June 30:

	2023	2022
Long-term debt	\$ 173,441	\$ 174,830
Less cash and cash equivalents	195,706	104,844
Net (cash) debt	(22,265)	69,986
Stockholders’ equity	607,449	499,343
Total capitalization	<u>\$ 585,184</u>	<u>\$ 569,329</u>

Stockholders’ equity increased year over year by \$108.1 million, primarily as a result of current year net income of \$139.0 million offset by \$38.5 million of cash returned to shareholders in the form of dividends and stock repurchases. The Company’s net (cash) debt to capital percentage changed to (3.8)% as of June 30, 2023 from 12.3% in the prior year.

At June 30, 2023, we expect to pay estimated interest payments of \$7.9 million within the next five years. This estimate is based upon effective interest rates as of June 30, 2023 and excludes any interest rate swaps which are assets to us. See Item 7A for further discussions surrounding interest rate exposure on our variable rate borrowings.

Post-retirement benefits and pension plan contribution payments represents future pension payments to comply with local funding requirements. Our policy is to fund domestic pension liabilities in accordance with the minimum and maximum limits imposed by the Employee Retirement Income Security Act of 1974 (“ERISA”), federal income tax laws and the funding requirements of the Pension Protection Act of 2006. At June 30, 2023, we expect to pay estimated post-retirement benefit payments of \$10.2 million during fiscal year 2024. See “Item 8. Financial Statements and Supplementary Data, Note 16. Employee Benefit Plans” for additional information regarding these obligations.

At June 30, 2023, we had \$33.8 million of operating lease obligations. See “Item 8. Financial Statements and Supplementary Data, Note 20. Leases” for additional information regarding these obligations.

At June 30, 2023, we had \$9.5 million of non-current liabilities for uncertain tax positions. We are not able to provide a reasonable estimate of the timing of future payments related to these obligations.

Other Matters

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

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

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

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

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

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

Critical Accounting Policies

The Consolidated Financial Statements include accounts of the Company and all of our subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements. Although, we believe that materially different amounts would not be reported due to the accounting policies described below, the application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. We have listed a number of accounting policies which we believe to be the most critical.

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

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

Collectability of Accounts Receivable - Accounts Receivable are reduced by an allowance for amounts that represent management's best estimate of estimated losses over the life of the underlying asset. Our estimate for the allowance for credit loss accounts related to trade receivables includes evaluation of specific accounts where we have information that the customer may have an inability to meet its financial obligation together with a detailed review of the collectability of pooled assets based on a combination of qualitative and quantitative factors.

Realizability of Inventories - Inventories are valued at the lower of cost or market. The Company regularly reviews inventory values on hand using specific aging categories and records a write down for obsolete and excess inventory based on historical usage and estimated future usage. As actual future demand or market conditions may vary from those projected by management, adjustments to inventory valuations may be required.

Realization of Goodwill - Goodwill and certain indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than its carrying amount of the asset. The Company's annual test for impairment is performed using a May 31st measurement date. We have identified six reporting units for impairment testing: Electronics, Engraving, Scientific, Engineering Technologies, Federal, and Hydraulics.

As quoted market prices are not available for the Company's reporting units, the fair value of the reporting units is determined using a discounted cash flow model (income approach). This method uses various assumptions that are specific to each individual reporting unit in order to determine the fair value. In addition, the Company compares the estimated aggregate fair value of its reporting units to its overall market capitalization.

Our annual impairment testing at each reporting unit relied on assumptions surrounding general market conditions, short-term growth rates, a terminal growth rate of 2.5%, and detailed management forecasts of future cash flows prepared by the relevant reporting unit. Fair values were determined primarily by discounting estimated future cash flows at a weighted average cost of capital of 11.5%. During our annual impairment testing, we evaluated the sensitivity of our most critical assumption, the discount rate, and determined that a 100-basis point change in the discount rate selected would not have impacted the test results. Additionally, the Company could reduce the terminal growth rate from its current 2.5% to 1.0% and the fair value of all reporting units would still exceed their carrying value.

While we believe that our estimates of future cash flows are reasonable, changes in assumptions could significantly affect our valuations and result in impairments in the future. The most significant assumption involved in the Company's determination of fair value is the cash flow projections of each reporting unit.

As a result of our annual assessment in the fourth quarter of fiscal year 2023, the Company determined that the fair value of the six reporting units substantially exceeded their respective carrying values. Therefore, no impairment charges were recorded in connection with our annual assessment during the fourth quarter of fiscal year 2023.

Cost of Employee Benefit Plans - We provide a range of benefits to certain retirees, including pensions and some postretirement benefits. We record expenses relating to these plans based upon various actuarial assumptions such as discount rates, assumed rates of return, compensation increases and turnover rates. The expected return on plan assets assumption of 6.5% in the U.S. is based on our expectation of the long-term average rate of return on assets in the pension funds and is reflective of the current and projected asset mix of the funds and considers the historical returns earned on the funds. We have analyzed the rates of return on assets used and determined that these rates are reasonable based on the plans' historical performance relative to the overall markets as well as our current expectations for long-term rates of returns for our pension assets. The U.S. discount rate of 5.6% reflects the current rate at which pension liabilities could be effectively settled at the end of the year. The discount rate is determined by matching our expected benefit payments from a stream of AA- or higher bonds available in the marketplace, adjusted to eliminate the effects of call provisions. We review our actuarial assumptions, including discount rate and expected long-term rate of return on plan assets, on at least an annual basis and make modifications to the assumptions based on current rates and trends when appropriate. Based on information provided by our actuaries and other relevant sources, we believe that our assumptions are reasonable.

The cost of employee benefit plans includes the selection of assumptions noted above. A twenty-five-basis point change in the U.S. expected return on plan assets assumptions, holding our discount rate and other assumptions constant, would increase or decrease pension expense by approximately \$0.5 million per year. A twenty-five-basis point change in our discount rate, holding all other assumptions constant, would have no impact on 2023 pension expense as changes to amortization of net losses would be offset by changes to interest cost. In future years, the impact of discount rate changes could yield different sensitivities. See the Notes to the Consolidated Financial Statements for further information regarding pension plans.

Business Combinations - The accounting for business combinations requires estimates and judgments as to expectations for future cash flows of the acquired business and the allocation of those cash flows to identifiable intangible assets in determining the estimated fair values for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed, are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the consolidated financial statements could result in a possible impairment of the intangible assets and goodwill or require acceleration of the amortization expense of finite-lived intangible assets.

Allocations of the purchase price for acquisitions are based on estimates of the fair value of the net assets acquired and are subject to adjustment upon finalization of the purchase price allocation. During this measurement period, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of those assets and liabilities as of that date. All changes that do not qualify as measurement period adjustments are included in current period earnings.

Recently Issued Accounting Pronouncements

See "Item 8. Financial Statements and Supplementary Data, Note 1. Summary of Accounting Policies" for information regarding the effect of recently issued accounting pronouncements on our consolidated statements of operations, comprehensive income, stockholders' equity, cash flows, and notes for the year ended June 30, 2023.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

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

Exchange Risk

We are exposed to both transactional risk and translation risk associated with exchange rates. The transactional risk is mitigated, in large part, by natural hedges developed with locally denominated debt service on intercompany accounts and the fact that most of our foreign currency sales are transacted in their functional currency. We also mitigate certain of our foreign currency exchange rate risks by entering into forward foreign currency contracts from time to time. The contracts are used as a hedge against anticipated foreign cash flows, such as loan payments, customer remittances, and materials purchases, and are not used for trading or speculative purposes. The fair values of the forward foreign currency exchange contracts are sensitive to changes in foreign currency exchange rates, as an adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts. However, any such losses or gains would generally be offset by corresponding gains and losses, respectively, on the related hedged asset or liability. At June 30, 2023 and 2022, the fair value, in the aggregate, of the Company's open foreign exchange contracts was a liability of \$1.7 million and \$0.6 million respectively.

Our primary translation risk is with the Euro, British Pound Sterling, Peso, Japanese Yen and Chinese Yuan. A hypothetical 10% appreciation or depreciation of the value of any these foreign currencies to the U.S. Dollar at June 30, 2023, would not result in a material change in our operations, financial position, or cash flows. We hedge our most significant foreign currency translation risks primarily through cross currency swaps and other instruments, as appropriate.

Interest Rate

The Company's effective interest rate on borrowings was 2.97% and 2.53% at June 30, 2023 and 2022, respectively. Our interest rate exposure is limited primarily to interest rate changes on our variable rate borrowings and is mitigated by our use of interest rate swap agreements to modify our exposure to interest rate movements. At June 30, 2023, we have \$175.0 million of active floating to fixed rate swaps with terms ranging from one to three years. These swaps convert our interest payments from SOFR to a weighted average rate of 1.13%. At June 30, 2023, the fair value, in the aggregate, of the Company's interest rate swaps were assets of \$10.2 million. At June 30, 2022, the fair value, in the aggregate, of the Company's interest rate swaps were assets of \$8.4 million. A 25-basis point increase in interest rates would not change our annual interest expense as all of our outstanding debt is currently converted to fixed rate debts by means of interest rate swaps.

Concentration of Credit Risk

We have a diversified customer base. As such, the risk associated with concentration of credit risk is inherently minimized. As of June 30, 2023, no one customer accounted for more than 5% of our consolidated outstanding receivables or of our sales.

Commodity Prices

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

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

Item 8. Financial Statements and Supplementary Data

Standex International Corporation and Subsidiaries

Consolidated Balance Sheets

As of June 30 (in thousands, except share data)	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 195,706	\$ 104,844
Accounts receivable, net	123,440	117,075
Inventories	98,537	105,339
Prepaid expenses and other current assets	64,739	45,210
Income taxes receivable	831	6,530
Total current assets	<u>483,253</u>	<u>378,998</u>
Property, plant and equipment, net	130,937	128,584
Intangible assets, net	75,651	85,770
Goodwill	264,821	267,906
Deferred tax asset	14,602	8,186
Operating lease right-of-use asset	33,273	39,119
Other non-current assets	22,392	25,876
Total non-current assets	<u>541,676</u>	<u>555,441</u>
Total assets	<u>\$ 1,024,929</u>	<u>\$ 934,439</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 68,601	\$ 74,520
Accrued liabilities	62,031	67,773
Income taxes payable	10,335	8,475
Total current liabilities	<u>140,967</u>	<u>150,768</u>
Long-term debt	173,441	174,830
Operating lease long-term liabilities	25,774	31,357
Accrued pension and other non-current liabilities	77,298	78,141
Total non-current liabilities	<u>276,513</u>	<u>284,328</u>
Contingencies (Note 12)		
Stockholders' equity:		
Common stock, par value \$1.50 per share - 60,000,000 shares authorized, 27,984,278 issued, 11,744,991 and 11,824,128 shares outstanding in 2023 and 2022	41,976	41,976
Additional paid-in capital	100,555	91,200
Retained earnings	1,027,279	901,421
Accumulated other comprehensive loss	(158,477)	(153,312)
Treasury shares (16,239,287 shares in 2023 and 16,160,150 shares in 2022)	(403,884)	(381,942)
Total stockholders' equity	<u>607,449</u>	<u>499,343</u>
Total Liabilities and stockholders' equity	<u>\$ 1,024,929</u>	<u>\$ 934,439</u>

See notes to consolidated financial statements.

Standex International Corporation and Subsidiaries

Consolidated Statements of Operations

For the Years Ended June 30

(in thousands, except per share data)

	2023	2022	2021
Net sales	\$ 741,048	\$ 735,339	\$ 656,232
Cost of sales	(455,952)	(465,393)	(414,971)
Gross profit	285,096	269,946	241,261
Selling, general and administrative expenses	172,335	169,890	163,063
Restructuring costs	3,831	4,399	3,478
(Gain) loss on sale of business	(62,105)	-	14,624
Acquisition related costs	557	1,618	931
Other operating (income) expense, net	(611)	5,745	-
Income from operations	171,089	88,294	59,165
Interest expense	5,405	5,874	5,992
Other non-operating (income) expense, net	1,735	1,131	473
Income from continuing operations before income taxes	163,949	81,289	52,700
Provision for income taxes	(24,796)	(19,807)	(14,157)
Income from continuing operations	139,153	61,482	38,543
Income (loss) from discontinued operations, net of tax	(161)	(89)	(2,070)
Net income	<u>\$ 138,992</u>	<u>\$ 61,393</u>	<u>\$ 36,473</u>
<i>Basic earnings per share:</i>			
Income (loss) from continuing operations	\$ 11.78	\$ 5.13	\$ 3.17
Income (loss) from discontinued operations	(0.01)	-	(0.17)
Total	<u>\$ 11.77</u>	<u>\$ 5.13</u>	<u>\$ 3.00</u>
<i>Diluted earnings per share:</i>			
Income (loss) from continuing operations	\$ 11.59	\$ 5.07	\$ 3.14
Income (loss) from discontinued operations	(0.01)	(0.01)	(0.17)
Total	<u>\$ 11.58</u>	<u>\$ 5.06</u>	<u>\$ 2.97</u>

See notes to consolidated financial statements.

Standex International Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended June 30 (in thousands)

2023

2022

2021

Net income	\$ 138,992	\$ 61,393	\$ 36,473
Other comprehensive income (loss):			
Defined benefit pension plans:			
Actuarial gains (losses) and other changes in unrecognized costs, net of tax	\$ (2,964)	\$ (4,702)	\$ 12,425
Amortization of unrecognized costs, net of tax	2,844	4,433	5,083
Derivative instruments:			
Change in unrealized gains, net of tax	4,544	7,582	3,041
Amortization of unrealized gains and (losses) into interest expense, net of tax	(2,895)	1,950	1,168
Foreign currency translation gains (losses), net of tax	(6,694)	(46,435)	9,802
Other comprehensive income (loss), net of tax	\$ (5,165)	\$ (37,172)	\$ 31,519
Comprehensive income	<u>\$ 133,827</u>	<u>\$ 24,221</u>	<u>\$ 67,992</u>

See notes to consolidated financial statements.

Standex International Corporation and Subsidiaries

Consolidated Statements of Stockholders' Equity

For the Years Ended June 30 (in thousands, except as specified)	Additional				Income	Accumulated Other Comprehensive		Total Stockholders' Equity
	Common	Paid-in	Retained			Treasury Stock		
Stock	Capital	Earnings	(Loss)	Shares	Amount			
Balance, June 30, 2020	\$ 41,976	\$ 72,752	\$ 827,656	\$ (147,659)	15,748	\$ (333,093)	\$ 461,632	
Stock issued under incentive compensation plans and employee purchase plans	-	(332)	-	-	(76)	1,605	1,273	
Stock-based compensation	-	8,368	-	-	-	-	8,368	
Treasury stock acquired	-	-	-	-	268	(21,200)	(21,200)	
Comprehensive income:	-	-	-	-	-	-	-	
Net income	-	-	36,473	-	-	-	36,473	
Foreign currency translation adjustment	-	-	-	9,802	-	-	9,802	
Pension, net of tax of \$5.6 million	-	-	-	17,508	-	-	17,508	
Change in fair value of derivatives, net of tax of \$0.9 million	-	-	-	4,209	-	-	4,209	
Dividends declared (\$0.94 per share)	-	-	(11,640)	-	-	-	(11,640)	
Balance, June 30, 2021	\$ 41,976	\$ 80,788	\$ 852,489	\$ (116,140)	15,940	\$ (352,688)	\$ 506,425	
Stock issued under incentive compensation plans and employee purchase plans	-	(756)	-	-	(97)	2,171	1,415	
Stock-based compensation	-	11,168	-	-	-	-	11,168	
Treasury stock acquired	-	-	-	-	317	(31,425)	(31,425)	
Comprehensive income:	-	-	-	-	-	-	-	
Net income	-	-	61,393	-	-	-	61,393	
Foreign currency translation adjustment	-	-	-	(46,435)	-	-	(46,435)	
Pension, net of tax of \$1.6 million	-	-	-	(269)	-	-	(269)	
Change in fair value of derivatives, net of tax of \$2.8 million	-	-	-	9,532	-	-	9,532	
Dividends declared (\$1.02 per share)	-	-	(12,461)	-	-	-	(12,461)	
Balance, June 30, 2022	\$ 41,976	\$ 91,200	\$ 901,421	\$ (153,312)	16,160	\$ (381,942)	\$ 499,343	
Stock issued under incentive compensation plans and employee purchase plans	-	(2,355)	-	-	(155)	3,696	1,341	
Stock-based compensation	-	11,710	-	-	-	-	11,710	
Treasury stock acquired	-	-	-	-	234	(25,638)	(25,638)	

Comprehensive income:								
Net income	-	-	138,992	-	-	-	-	138,992
Foreign currency translation adjustment	-	-	-	(6,694)	-	-	-	(6,694)
Pension, net of tax of \$1.8 million	-	-	-	(120)	-	-	-	(120)
Change in fair value of derivatives, net of tax of \$0.5 million	-	-	-	1,649	-	-	-	1,649
Dividends declared (\$1.10 per share)	-	-	(13,134)	-	-	-	-	(13,134)
Balance, June 30, 2023	\$ 41,976	\$ 100,555	\$ 1,027,279	\$ (158,477)	16,239	\$ (403,884)	\$ 607,449	

See notes to consolidated financial statements.

Standex International Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended June 30 (in thousands)	2023	2022	2021
Cash Flows from Operating Activities			
Net income	\$ 138,992	\$ 61,393	\$ 36,473
Income (loss) from discontinued operations	(161)	(89)	(2,070)
Income from continuing operations	139,153	61,482	38,543
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	28,474	29,697	33,241
Stock-based compensation	11,710	11,168	8,368
Gain on sale of real estate and equipment	(199)	(456)	-
Non-cash portion of restructuring charge	(444)	1,691	(489)
(Gain) loss on sale of business	(62,105)	-	14,624
Gain from extinguishment of debt - PPP loan	-	-	(713)
Deferred income taxes	(7,125)	(1,967)	836
Life insurance benefit	-	(193)	-
Contributions to defined benefit plans	(451)	(535)	(8,120)
Increase/(decrease) in cash from changes in assets and liabilities, net of effects from discontinued operations and business acquisitions:			
Accounts receivable, net	(9,643)	(11,571)	(5,542)
Inventories	(912)	(18,183)	(7,717)
Prepaid expenses and other assets	(5,962)	(9,072)	(8,000)
Accounts payable	(3,145)	6,132	17,612
Accrued liabilities, pension and other liabilities	(5,470)	2,206	4,920
Income taxes payable	6,887	7,738	(5,697)
Net cash provided by operating activities from continuing operations	90,768	78,137	81,866
Net cash provided by (used for) operating activities from discontinued operations	33	(421)	1,716
Net cash provided by operating activities	90,801	77,716	83,582
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment	(24,270)	(23,891)	(21,752)
Expenditures for acquisitions, net of cash acquired	-	(12,978)	(27,406)
Expenditures for executive life insurance policies	(278)	(248)	(243)
Proceeds from sale of business	67,023	-	11,678
Proceeds from sale of real estate and equipment	1,742	1,820	117
Proceeds withdrawn from life insurance policies	-	4,974	-
Other investing activity	(2,654)	(721)	(1,485)
Net cash provided by (used for) investing activities from continuing operations	41,563	(31,044)	(39,091)
Net cash provided by investing activities from discontinued operations	-	-	-
Net cash (used for) investing activities	41,563	(31,044)	(39,091)
Cash Flows from Financing Activities			
Proceeds from borrowings	224,500	-	17,000
Payments of debt	(226,200)	(25,000)	(17,000)
Contingent consideration payment	(1,167)	(2,167)	(356)
Activity under share-based payment plans	1,341	1,415	1,273
Purchase of treasury stock	(25,527)	(31,425)	(21,200)
Cash dividends paid	(12,985)	(12,249)	(11,449)
Net cash (used for) financing activities	(40,038)	(69,426)	(31,732)
Effect of exchange rate changes on cash	(1,464)	(8,769)	4,799
Net change in cash and cash equivalents	90,862	(31,523)	17,558
Cash and cash equivalents at beginning of year	104,844	136,367	118,809
Cash and cash equivalents at end of year	\$ 195,706	\$ 104,844	\$ 136,367

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for:

Interest	\$ 4,232	\$ 4,745	\$ 4,904
Income taxes, net of refunds	\$ 26,197	\$ 17,987	\$ 17,185

See notes to consolidated financial statements.

Standex International Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation and Consolidation

Standex International Corporation (“Standex” or the “Company”) is a diversified industrial manufacturer in five broad business segments: Electronics, Engraving, Scientific, Engineering Technologies, and Specialty Solutions with operations in the United States, Europe, Canada, Japan, Singapore, Mexico, Turkey, South Africa, India, and China. The accompanying consolidated financial statements include the accounts of Standex International Corporation and its subsidiaries and are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All intercompany accounts and transactions have been eliminated in consolidation.

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

Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and for the period then ended. Estimates are based on historical experience, actuarial estimates, current conditions and various other assumptions that are believed to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities when they are not readily apparent from other sources. These estimates assist in the identification and assessment of the accounting treatment necessary with respect to commitments and contingencies. Actual results may differ from these estimates under different assumptions or conditions. The estimates and assumptions used in the preparation of the consolidated financial statements have considered the implications on the Company as a result of ongoing global events and related economic impacts. As a result, there is heightened volatility and uncertainty around supply chain performance, labor availability, and customer demand. However, the magnitude of such impact on the Company’s business and its duration is uncertain. The Company is not aware of any specific event or circumstance that would require an update to its estimates or adjustments to the carrying value of its assets and liabilities as of June 30, 2023 and the issuance date of this Annual Report on Form 10-K.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments purchased with a maturity of three months or less. These investments are carried at cost, which approximates fair value. At June 30, 2023 and 2022, the Company’s cash was comprised solely of cash on deposit.

Trading Securities

The Company purchases investments for its non-qualified defined contribution plan for employees who exceed certain thresholds under our traditional 401(k) plan. These investments are classified as trading and reported at fair value. The investments, generally consisting of mutual funds, are included in other non-current assets and amounted to \$3.7 million at June 30, 2023 and \$3.0 million at June 30, 2022. Gains and losses on these investments are recorded as other non-operating (income) expense, net in the Consolidated Statements of Operations.

Accounts Receivable Allowances

The Company has provided an allowance for credit losses. All trade account receivables are reported net of allowances for expected credit losses. The allowances for expected credit losses represent management’s best estimate of the credit losses expected from our trade account receivables over the life of the underlying assets. Assets with similar risk characteristics are pooled together for determination of their current expected credit losses. The Company regularly performs detailed reviews of its pooled assets to evaluate the collectability of receivables based on a combination of past, current, and future financial and qualitative factors that may affect customers’ ability to pay. In circumstances where the Company is aware of a specific customer’s inability to meet its financial obligations, a specific reserve is recorded against amounts due to reduce the recognized receivable to the amount reasonably expected to be collected.

The changes in the allowances for credit losses accounts during 2023, 2022, and 2021 were as follows (in thousands):

	2023	2022	2021
Balance at beginning of year	\$ 2,214	\$ 1,588	\$ 2,113
Acquisitions and other	-	104	20
Provision charged to expense	1,521	699	605
Write-offs, net of recoveries	(947)	(177)	(1,150)
Balance at end of year	\$ 2,788	\$ 2,214	\$ 1,588

Inventories

Inventories are stated at the lower of (first-in, first-out) cost or market. Inventory quantities on hand are reviewed regularly, and write downs are made for obsolete, slow moving, and non-saleable inventory, based primarily on management's forecast of customer demand for those products in inventory.

Long-Lived Assets

Long-lived assets that are used in operations, excluding goodwill and identifiable intangible assets, are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Recognition and measurement of a potential impairment loss is performed on assets grouped with other assets and liabilities at the lowest level where identifiable cash flows are largely independent of the cash flows of other assets and liabilities. An impairment loss is the amount by which the carrying amount of a long-lived asset (asset group) exceeds its estimated fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets.

Property, Plant and Equipment

Property, plant and equipment are reported at cost less accumulated depreciation. Depreciation is recorded on assets over their estimated useful lives, generally using the straight-line method. Lives for property, plant and equipment are as follows:

Buildings (years)	40 to 50
Leasehold improvements	Lesser of useful life or term, unless renewals are deemed to be reasonably assured
Machinery and equipment (years)	8 to 15
Furniture and fixtures (years)	3 to 10
Computer hardware and software (years)	3 to 7

Routine maintenance costs are expensed as incurred. Major improvements, including those made to leased facilities, are capitalized.

Leases

At the inception of an arrangement, we determine whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and short-term and long-term lease liabilities, as applicable. We do not have material financing leases.

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. The interest rate implicit in lease contracts is typically not readily determinable. As a result, we utilize our incremental borrowing rate to discount lease payments, which reflects the fixed rate at which we could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. To estimate our incremental borrowing rate, a credit rating applicable to the Company is estimated using a synthetic credit rating analysis since we do not currently have a rating agency-based credit rating.

We have elected not to recognize leases with an original term of one year or less on the balance sheet. We typically only include an initial lease term in our assessment of a lease arrangement. Options to renew a lease are not included in the Company's assessment unless there is reasonable certainty that the Company will renew.

Goodwill and Identifiable Intangible Assets

All business combinations are accounted for using the acquisition method. Goodwill and identifiable intangible assets with indefinite lives are not amortized, but are reviewed annually for impairment or more frequently if impairment indicators arise. Definite lived identifiable intangible assets are amortized over the following useful lives:

Customer relationships (years)	5 to 15
Patents (years)	5 to 15
Non-compete agreements (years)	5
Other (years)	10
Developed technology (years)	10 to 20

Trade names are considered to have an indefinite life and are not amortized.

See discussion of the Company's assessment of impairment in Note 6 - Goodwill and Note 7 - Intangible Assets.

Fair Value of Financial Instruments

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

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities. The Company's deferred compensation plan assets consist of shares in various mutual funds (for the deferred compensation plan, investments are participant-directed) which invest in a broad portfolio of debt and equity securities. These assets are valued based on publicly quoted market prices for the funds' shares as of the balance sheet dates. For pension assets (see Note 16 - Employee Benefit Plans), securities are valued based on quoted market prices for securities held directly by the trust.

Level 2 - Inputs, other than quoted prices in an active market, that are observable either directly or indirectly through correlation with market data. For foreign exchange forward contracts and interest rate swaps, the Company values the instruments based on the market price of instruments with similar terms, which are based on spot and forward rates as of the balance sheet dates. For pension assets held in commingled funds (see Note 16 - Employee Benefit Plans), the Company values investments based on the net asset value of the funds, which are derived from the quoted market prices of the underlying fund holdings. The Company has considered the creditworthiness of counterparties in valuing all assets and liabilities.

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

The Company did not have any transfers of assets and liabilities among levels of the fair value measurement hierarchy during the years ended June 30, 2023 or 2022. The Company's policy is to recognize transfers between levels as of the date they occur.

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

The fair values of our financial instruments at June 30, 2023 and 2022 were (in thousands):

	2023			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Marketable securities – deferred compensation plan	\$ 3,720	\$ 3,720	\$ -	\$ -
Foreign exchange contracts	-	-	-	-
Interest rate swaps	10,235	-	10,235	-
Debt securities	2,729	-	-	2,729
Equity securities	2,046	-	-	2,046
Financial Liabilities				
Foreign exchange contracts	\$ 1,722	-	1,722	-
Interest rate swaps	-	-	-	-
	2022			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Marketable securities – deferred compensation plan	\$ 3,033	\$ 3,033	\$ -	\$ -
Foreign exchange contracts	122	-	122	-
Interest rate swaps	8,420	-	8,420	-
Financial Liabilities				
Foreign exchange contracts	\$ 711	-	711	-
Interest rate swaps	-	-	-	-
Contingent consideration(a)	1,167	-	-	1,167

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

The Company's financial liabilities based upon Level 3 inputs include contingent consideration arrangements relating to its acquisition of GS Engineering, and Renco Electronics. The Company is contractually obligated to pay contingent consideration payments to the Sellers of these businesses based on the achievement of certain criteria.

The Company is obligated to pay contingent consideration to the sellers of GS Engineering in the event that certain revenue and gross margin targets are achieved during the five years following acquisition. The targets set in the GS stock purchase agreement were not met for the first, second, third or fourth year, which concluded in the fourth quarter of fiscal years 2020, 2021, 2022 and 2023 respectively. As of June 30, 2023, the Company could be required to pay up to \$12.8 million for contingent consideration arrangements if the revenue and gross margin targets are met in fiscal year 2024.

The Company is also obligated to pay contingent consideration to the sellers of Renco Electronics in the event that certain earnings targets are achieved during the three years following acquisition. During the first quarter of fiscal year 2022, the Company paid \$1.2 million to the sellers as Renco exceeded the defined revenue targets during the first year of the measurement period. During the third quarter of fiscal year 2022, the parties agreed to reduce and fix the aggregate earnout payments to a total of \$3.4 million. The parties also agreed to accelerate the payment of the remaining unpaid amounts. During the fourth quarter of fiscal year 2022, the Company paid \$1.0 million to the sellers of Renco. The remaining \$1.2 million was paid in the first quarter of fiscal year 2023.

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

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

The Company invested \$2.0 million for equity securities of a company whose securities are not publicly traded and where fair value is not readily available. This was recorded as an investment within Other non-current assets in the consolidated balance sheets to reflect the initial fair value of the stock acquired. These investments are recorded using either the equity method of accounting or the cost minus impairment adjusted for observable price changes, depending on ownership percentage and other factors that suggest significant influence. The Company concluded it does not have a significant ownership percentage or influence. The Company monitors this investment to evaluate whether any increase or decline in the value has occurred, based on the implied value of recent company financings, public market prices of comparable companies and general market conditions.

In the third quarter of fiscal year 2023, the Company purchased \$2.7 million of debt securities from the same privately held company. The available for sale asset was recorded in current asset in the Prepaid expenses and other current assets line of the consolidated balance sheet to reflect the initial fair value of the instrument acquired. This asset will mature one year from the date of issuance. Available-for-sale debt securities are recorded at fair market value and unrealized gains and losses are included in accumulated other comprehensive income (loss) in equity, net of related tax effects, unless the security has experienced a credit loss, we have determined that we have the intent to sell the security or we have determined that it is more likely than not that we will have to sell the security before its expected recovery. Realized gains and losses are reported in other (income) expense, net.

There have been no changes in the fair value of the estimates for the Level 3 assets in fiscal year 2023 other than the impact of foreign exchange, which increased the fair value of the equity securities by less than \$0.1 million from the prior year.

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

Concentration of Credit Risk

The Company is subject to credit risk through trade receivables. Concentration of risk with respect to trade receivables is minimized because of the diversification of our operations, as well as our large customer base and our geographical dispersion. No individual customer accounts for more than 5% of revenues or accounts receivable in the periods presented.

Revenue Recognition

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

Cost of Goods Sold and Selling, General and Administrative Expenses

The Company includes expenses in either cost of goods sold or selling, general and administrative categories based upon the natural classification of the expenses. Cost of goods sold includes expenses associated with the acquisition, inspection, manufacturing and receiving of materials for use in the manufacturing process. These costs include inbound freight charges, purchasing and receiving costs, inspection costs, internal transfer costs as well as depreciation, amortization, wages, benefits and other costs that are incurred directly or indirectly to support the manufacturing process. Selling, general and administrative includes expenses associated with the distribution of our products, sales effort, administration costs and other costs that are not incurred to support the manufacturing process. The Company records distribution costs associated with the sale of inventory as a component of selling, general and administrative expenses in the Consolidated Statements of Operations. These expenses include warehousing costs, outbound freight charges and costs associated with salaried distribution personnel. Our gross profit margins may not be comparable to those of other entities due to different classifications of costs and expenses.

Our total advertising expenses, which are classified under selling, general, and administrative expenses are primarily related to trade shows, and totaled \$2.7 million, \$2.3 million, and \$1.7 million for the years ended June 30, 2023, 2022, and 2021, respectively.

Research and Development

Research and development expenditures are expensed as incurred. Total research and development costs, which are classified under selling, general, and administrative expenses, were \$17.2 million, \$12.2 million, and \$9.6 million for the years ended June 30, 2023, 2022, and 2021, respectively.

Warranties

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

The changes in the continuing operations warranty reserve, which are recorded as accrued liabilities, during 2023, 2022, and 2021 were as follows (in thousands):

	2023	2022	2021
Balance at beginning of year	\$ 1,918	\$ 2,086	\$ 1,781
Acquisitions and other charges	–	(29)	68
Warranty expense	1,939	1,083	2,007
Warranty claims	(1,763)	(1,222)	(1,770)
Balance at end of year	<u>\$ 2,094</u>	<u>\$ 1,918</u>	<u>\$ 2,086</u>

The increase in warranty expense during 2023 compared to 2022 is primarily due to increased warranty claims in Specialty Solutions driven by increases in sales covered by warranty during the most recent fiscal year.

Stock-Based Compensation Plans

Restricted stock awards, including performance-based awards, generally vest over terms from one to three years. Compensation expense associated with these awards is recorded based on their grant-date fair value and is generally recognized on a straight-line basis over the vesting period. Compensation cost for an award with a performance condition is based on the probable outcome of that performance condition. The stated vesting period is considered non-substantive for retirement eligible participants. Accordingly, the Company recognizes any remaining unrecognized compensation expense upon participant reaching retirement eligibility.

Foreign Currency Translation

The functional currency of our non-U.S. operations is the local currency. Assets and liabilities of non-U.S. operations are translated into U.S. Dollars on a monthly basis using period-end exchange rates. Revenues and expenses of these operations are translated using monthly average exchange rates. The resulting translation adjustment is reported as a component of comprehensive income (loss) in the consolidated statements of stockholders' equity and comprehensive income. Gains and losses from foreign currency transactions are included in results of operations and were not material for any period presented.

Derivative Instruments and Hedging Activities

The Company recognizes all derivatives on its balance sheet at fair value.

Forward foreign currency exchange contracts are periodically used to limit the impact of currency fluctuations on certain anticipated foreign cash flows, such as foreign purchases of materials and loan payments from subsidiaries. The Company enters into such contracts for hedging purposes only. The Company has designated certain of these currency contracts as hedges, and changes in the fair value of these contracts are recognized in other comprehensive income until the hedged items are recognized in earnings. Hedge ineffectiveness, if any, associated with these contracts will be reported in net income.

The Company also uses interest rate swaps to manage exposure to interest rates on the Company's variable rate indebtedness. The Company values the swaps based on contract prices in the derivatives market for similar instruments. The Company has designated its interest rate swap agreements, including any that may be forward-dated, as cash flow hedges, and changes in the fair value of the swaps are recognized in other comprehensive income until the hedged items are recognized in earnings. Hedge ineffectiveness, if any, associated with the swaps will be reported by the Company in interest expense.

The Company does not hold or issue derivative instruments for trading purposes.

Income Taxes

The income tax provision from continuing operations for the fiscal year ended June 30, 2023 was \$24.8 million, or an effective rate of 15.1%, compared to \$19.8 million, or an effective rate of 24.4%, for the year ended June 30, 2022, and \$14.2 million, or an effective rate of 26.9%, for the year ended June 30, 2021. Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, the amount of our income or loss, the mix of income earned in the U.S. versus outside the U.S., the effective tax rate in each of the countries in which we earn income, and any one-time tax issues which occur during the period.

The income tax provision from continuing operations for the fiscal year ended June 30, 2023 was impacted by the following items: (i) a tax benefit of \$4.3 million due to the mix of income in various jurisdictions, (ii) tax benefits of \$14.3 million primarily related to foreign tax credits of \$11.6 million, as well as Federal R&D tax credits of \$2.7 million, (iii) a tax provision of \$11.3 million related to the U.S. tax effects of international operations, and (iv) a tax benefit of \$5.0 million relating to the partial release of the valuation allowance on capital loss carryforwards, which were utilized against the capital gain recognized on the divestiture of the Procon business.

The income tax provision from continuing operations for the fiscal year ended June 30, 2022 was impacted by the following items: (i) a tax provision of \$4.3 million due to the mix of income in various jurisdictions, (ii) a tax benefit of \$2.2 million related to Federal R&D credit and Foreign Tax Credit, (iii) a tax benefit of \$1.3 million related to return-to-accrual adjustments to true-up prior-period provision amounts, and (iv) a tax expense of \$1.0 million related to uncertain tax position.

The income tax provision from continuing operations for the fiscal year ended June 30, 2021 was impacted by the following items: (i) a tax provision of \$5.1 million due to the mix of income in various jurisdictions, (ii) a tax benefit of \$1.0 million from our 2019 and 2020 tax losses that the CARES Act allows to be carried back to 2014 and 2015, when the U.S. federal income tax rate was 35%, (iii) a tax benefit of \$0.8 million related to Federal R&D credit and Foreign Tax Credit, (iv) a tax benefit of \$1.7 million related to return to provision adjustments, and (v) the tax expense of \$1.2 million attributable to the divestiture of the Enginetics Corporation during the year.

Earnings Per Share

(share amounts in thousands)	2023	2022	2021
Basic - Average Shares Outstanding	11,810	11,974	12,156
Effect of Dilutive Securities - Stock Options and Restricted Stock Awards	199	149	102
Diluted - Average Shares Outstanding	<u>12,009</u>	<u>12,123</u>	<u>12,258</u>

Both basic and diluted income is the same for computing earnings per share. There were no outstanding instruments that had an anti-dilutive effect at June 30, 2023, 2022 or 2021.

Recently Issued Accounting Pronouncements

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

2. ACQUISITIONS

The Company's recent acquisitions are strategically significant to the future growth prospects of the Company. At the time of the acquisition and June 30, 2023, the Company evaluated the significance of each acquisition on a standalone basis and in aggregate, considering both qualitative and quantitative factors.

Subsequent to the end of the fiscal year 2023, on July 31, 2023, the Company paid approximately \$30.0 million in cash for the purchase of all the issued and outstanding equity interests of Minntronix, a privately held company. Minntronix designs and manufactures customized as well as standard magnetics components and products including transformers, inductors, current sensors, coils, chokes, and filters. The products are used in applications across cable fiber, smart meters, industrial control and lighting, electric vehicles, and home security markets.

During the fourth quarter of fiscal year 2022, the Company paid \$3.1 million in cash for acquired assets and liabilities of a manufacturer of magnetic components. The results are reported within the Company's Electronics segment. The transaction resulted in \$2.5 million of goodwill that is deductible for income tax purposes.

Sensor Solutions

During the third quarter of fiscal year 2022, the Company acquired Sensor Solutions, a designer and manufacturer of customized standard magnetic sensor products including hall effect switch and latching sensors, linear and rotary sensors, and specialty sensors. Sensor Solutions' customer base in automotive, industrial, medical, aerospace, military and consumer electronics end markets are a strategic fit and expand the Company's presence in these markets. Sensor Solutions operates one light manufacturing facility in Colorado. Sensor Solutions' results are reported within the Company's Electronics segment.

The Company paid \$9.9 million in cash for all the issued and outstanding equity interests of Sensor Solutions. The purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on a valuation of their fair values on the closing date. Goodwill recorded from this transaction is attributable to Sensor Solutions' technical and applications expertise in sectors such as electric vehicles, industrial automation and medical end markets, which is highly complementary to the Company's existing business.

Identifiable intangible assets of \$2.8 million consist primarily of \$0.8 million for indefinite lived tradenames, and \$2.0 million of customer relationships to be amortized over 10 years. The goodwill of \$5.8 million created by the transaction is deductible for income tax purposes. The accounting for business combinations requires estimates and judgments regarding expectations for future cash flows of the acquired business, and the allocations of those cash flows to identifiable tangible and intangible assets, in determining the assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's best estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques.

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

	Final Allocation
Fair value of business combination:	
Cash payments	\$ 10,016
Less, cash acquired	(114)
Total	<u>\$ 9,902</u>
Identifiable assets acquired and liabilities assumed:	
Other acquired assets	\$ 488
Inventories	529
Property, plant, and equipment	420
Identifiable intangible assets	2,780
Goodwill	5,840
Liabilities assumed	(155)
Total	<u>\$ 9,902</u>

Renco Electronics

During the first quarter of fiscal year 2021, the Company acquired Renco Electronics, a designer and manufacturer of customized standard magnetics components and products including transformers, inductors, chokes and coils for power and RF applications. Renco's end markets and customer base in areas such as consumer and industrial applications are highly complementary to our existing business with the potential to further expand key account relationships and capitalize on cross selling opportunities between the two companies. Renco operates one manufacturing facility in Florida and is supported by contract manufacturers in Asia. Renco's results are reported within our Electronics segment.

The Company paid \$27.4 million in cash for all of the issued and outstanding equity interests of Renco Electronics. The purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on a valuation of their fair values on the closing date. Goodwill recorded from this transaction is attributable to Renco's significant engineering and technical expertise in end markets supported by strong engineer-to-engineer relationships. In addition, Renco's end markets and customer base in areas such as consumer and industrial are highly complementary to the Company's existing business.

Identifiable intangible assets of \$10.4 million consist primarily of \$3.6 million for indefinite lived tradenames, and \$6.8 million of customer relationships to be amortized over 12 years. The goodwill of \$14.0 million created by the transaction is deductible for income tax purposes. The accounting for business combinations requires estimates and judgments regarding expectations for future cash flows of the acquired business, and the allocations of those cash flows to identifiable tangible and intangible assets, in determining the assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed, including contingent consideration, are based on management's best estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques.

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

	Final Allocation
Fair value of business combination:	
Cash payments	\$ 29,613
Less, cash acquired	(2,207)
Fair value of contingent consideration	3,000
Total	<u>\$ 30,406</u>
Identifiable assets acquired and liabilities assumed:	
Other acquired assets	\$ 4,522
Inventories	5,446
Property, plant, & equipment	410
Identifiable intangible assets	10,400
Goodwill	13,991
Debt assumed	(712)
Liabilities assumed	(3,651)
Total	<u>\$ 30,406</u>

Acquisition Related Expenses

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

Acquisition related expenses were \$0.6 million, \$1.6 million and \$0.9 million for fiscal years 2023, 2022 and 2021, respectively.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

Disaggregation of Revenue from Contracts with Customers

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

	Year Ended	June 30, 2023	June 30, 2022	June 30, 2021
Electronics		305,872	304,290	253,369
Engraving Services		145,616	136,779	137,159
Engraving Products		6,451	9,476	9,857
Total Engraving		<u>152,067</u>	<u>146,255</u>	<u>147,016</u>
Scientific		74,924	83,850	79,421
Engineering Technologies		81,079	78,117	75,562
Hydraulics Cylinders and System		61,010	54,864	48,776
Merchandising & Display		44,836	34,305	26,049
Pumps		21,260	33,658	26,039
Total Specialty Solutions		<u>127,106</u>	<u>122,827</u>	<u>100,864</u>
Total revenue by product line	<u><u>\$ 741,048</u></u>	<u><u>\$ 735,339</u></u>	<u><u>\$ 656,232</u></u>	

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

Net sales	Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
United States	\$ 449,820	\$ 429,368	\$ 386,829
Asia Pacific	130,130	148,028	125,516
EMEA (1)	144,672	143,967	129,908
Other Americas	16,426	13,976	13,979
Total	<u><u>\$ 741,048</u></u>	<u><u>\$ 735,339</u></u>	<u><u>\$ 656,232</u></u>

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

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

Timing of Revenue Recognition	Year Ended		
	June 30, 2023	June 30, 2022	June 30, 2021
Products and services transferred at a point in time	\$ 668,633	\$ 675,461	\$ 619,029
Products transferred over time	72,415	59,878	37,203
Net sales	\$ 741,048	\$ 735,339	\$ 656,232

Contract Balances

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

The timing of revenue recognition, invoicing and cash collections results in billed receivables, contract assets and contract liabilities on the consolidated balance sheets.

When consideration is received from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded. Contract liabilities are recognized as revenue after control of the goods and services are transferred to the customer and all revenue recognition criteria have been met.

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

Year ended June 30, 2023	Balance at Beginning of Period			Balance at End of Period
		Additions	Deductions	
Contract assets:				
Prepaid expenses and other current assets	\$ 24,679	69,402	62,943	\$ 31,138
Contract liabilities:				
Customer deposits	\$ 41	15,505	15,546	\$ -

Year ended June 30, 2022	Balance at Beginning of Period			Balance at End of Period
		Additions	Deductions	
Contract assets:				
Prepaid expenses and other current assets	\$ 15,013	44,168	34,502	\$ 24,679
Contract liabilities:				
Customer deposits	\$ 471	12,972	13,402	\$ 41

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

Revenue recognized in the period from:	Year ended June 30, 2023
Amounts included in the contract liability balance at the beginning of the year	\$ 41
Revenue recognized in the period from:	
Amounts included in the contract liability balance at the beginning of the year	\$ 471
Revenue recognized in the period from:	
Amounts included in the contract liability balance at the beginning of the year	\$ 2,298

4. INVENTORIES

Inventories are comprised of (in thousands):

June 30	2023	2022
Raw materials	\$ 45,268	\$ 56,321
Work in process	20,389	20,592
Finished goods	32,880	28,426
Total	<u>98,537</u>	<u>105,339</u>

Distribution costs associated with the sale of inventory are recorded as a component of selling, general and administrative expenses and were \$12.2 million, \$14.0 million, and \$11.0 million in 2023, 2022 and 2021 respectively.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following (in thousands):

June 30	2023	2022
Land, buildings and leasehold improvements	\$ 79,335	\$ 74,834
Machinery, equipment and other	217,497	208,878
Total	296,832	283,712
Less accumulated depreciation	(165,895)	(155,128)
Property, plant and equipment, net	<u>\$ 130,937</u>	<u>\$ 128,584</u>

Depreciation expense totaled \$18.2 million, \$18.0 million, and \$19.2 million, respectively for the years ended June 30, 2023, 2022 and 2021.

6. GOODWILL

Goodwill and certain indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than its carrying amount. The Company's annual test for impairment is performed using a May 31st measurement date.

The Company has identified six reporting units for impairment testing: Electronics, Engraving, Scientific, Engineering Technologies, Federal, and Hydraulics. The Specialty Solutions segment includes Federal and Hydraulics.

As quoted market prices are not available for the Company's reporting units, the fair value of the reporting units is determined using a discounted cash flow model (income approach). This method uses various assumptions that are specific to each individual reporting unit in order to determine the fair value. In addition, the Company compares the estimated aggregate fair value of its reporting units to its overall market capitalization.

While the Company believes that estimates of future cash flows are reasonable, changes in assumptions could significantly affect valuations and result in impairments in the future. The most significant assumption involved in the Company's determination of fair value is the cash flow projections of each reporting unit. If the estimates of future cash flows for each reporting unit may be insufficient to support the carrying value of the reporting units, the Company will reassess its conclusions related to fair value and the recoverability of goodwill.

In connection with the divestiture of Enginetechs, the Company determined that, based on the net realizable value of the operations divested, the goodwill of the Engineering Technologies reporting unit was impaired. As such, the Company recognized \$7.6 million in impairment charges during the third quarter of fiscal year 2021. As a result of the Enginetechs divestiture, the Company completed an interim goodwill impairment assessment for its other reporting units in the third quarter of fiscal year 2021. As a result of the assessment in the third quarter, the Company determined that there were no indications of impairment, therefore, no additional impairment charges were recorded.

The Procon operating unit's goodwill balance of \$0.2 million was written off as a part of the divestiture of the business in the third quarter of fiscal year 2023.

The Company completed its annual impairment testing as of May 31, in each of the last three fiscal years and determined that the fair value of each of its reporting units substantially exceeded each unit's respective carrying value, therefore, no impairment charges were recorded in connection with the testing and assessment.

Changes to goodwill by segment associated with continuing operations during the fiscal year is as follows (in thousands):

	June 30, 2022	Other	Impairments	Translation Adjustment	June 30, 2023
Electronics	\$ 136,969	\$ -	\$ (3,537)	\$ 133,432	
Engraving	76,250	-	333	76,583	
Scientific	15,454	-	-	15,454	
Engineering					
Technologies	35,928	-	365	36,293	
Specialty Solutions	3,305	(246)	-	3,059	
Total	\$ 267,906	\$ (246)	\$ (2,839)	\$ 264,821	

7. INTANGIBLE ASSETS

Intangible assets consist of the following (in thousands):

	Customer Relationships	Tradenames (Indefinite- lived)	Developed Technology	Other	Total
June 30, 2023					
Cost	\$ 58,844	\$ 22,328	\$ 42,819	\$ 3,072	\$ 127,063
Accumulated amortization	(28,667)	-	(19,782)	(2,963)	(51,412)
Balance, June 30, 2023	\$ 30,177	\$ 22,328	\$ 23,037	\$ 109	\$ 75,651
June 30, 2022					
Cost	\$ 58,948	\$ 22,483	\$ 45,006	\$ 3,933	\$ 130,370
Accumulated amortization	(23,847)	-	(17,326)	(3,427)	(44,600)
Balance, June 30, 2022	\$ 35,101	\$ 22,483	\$ 27,680	\$ 506	\$ 85,770

Amortization expense from continuing operations totaled \$8.6 million, \$9.5 million, and \$11.8 million, respectively for the years ended June 30, 2023, 2022, and 2021.

At June 30, 2023, aggregate amortization expense is estimated to be (in thousands):

2024	7,826
2025	7,425
2026	7,024
2027	6,282
2028	4,556
Thereafter	20,210
Amortization	\$ 53,323

8. DEBT

Long-term debt is comprised of the following at June 30 (in thousands):

	2023	2022
Bank credit agreements	\$ 175,000	\$ 175,000
Total funded debt	175,000	175,000
Issuance cost	(1,559)	(170)
Total long-term debt	<u>\$ 173,441</u>	<u>\$ 174,830</u>

The Company's long-term debt matures in February 2028.

Bank Credit Agreements

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

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

Funds borrowed under the facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio is maintained), and other general corporate purposes. As of June 30, 2023, the Company had the ability to borrow \$371.5 million under the facility based on our current EBITDA. The facility contains customary representations, warranties and restrictive covenants, as well as specific financial covenants which the Company was compliant with as of June 30, 2023. The Company's current financial covenants under the facility are as follows:

Interest Coverage Ratio - The Company is required to maintain a ratio of Earnings Before Interest and Taxes, as Adjusted ("Adjusted EBIT per the Credit Agreement"), to interest expense for the trailing twelve months of at least 2.75:1. Adjusted EBIT per the Credit Agreement specifically excludes extraordinary and certain other defined items such as cash restructuring and acquisition related charges up to the lower of \$20 million or 10% of EBITDA. The facility also allows unlimited non-cash charges including purchase accounting and goodwill adjustments. At June 30, 2023, the Company's Interest Coverage Ratio was 20.61:1.

Leverage Ratio - The Company's ratio of funded debt to trailing twelve month Adjusted EBITDA per the credit agreement, calculated as Adjusted EBIT per the Credit Agreement plus depreciation and amortization, may not exceed 3.5:1. Under certain circumstances in connection with a Material Acquisitions (as defined in the Facility), the Credit Agreement allows for the leverage ratio to go as high as 4.0:1 for a four-fiscal quarter period. At June 30, 2023 the Company's Leverage Ratio was 0.84:1.

As of June 30, 2023, we had borrowings under our facility of \$175.0 million and the effective rate of interest for outstanding borrowings under the facility was 2.97%. Our primary sources of cash for these requirements are cash flows from continuing operations and borrowings under the facility.

In connection with the acquisition of Renco, the company assumed \$0.7 million of debt under the Paycheck Protection Program, within the United States Coronavirus Aid, Relief, and Economic Security ("CARES") Act. These borrowings were forgiven by the Small Business Administration ("SBA") in June 2021.

Other Long-Term Borrowings

At June 30, 2023 and 2022, the Company had standby letter of credit sub-facility outstanding, primarily for insurance and trade financing purposes of \$3.0 million and \$5.1 million, respectively.

9. ACCRUED LIABILITIES

Accrued Liabilities from continuing operations recorded in our consolidated balance sheets at June 30, 2023 and 2022 consist of the following (in thousands):

	2023	2022
Payroll and employee benefits	\$ 30,778	\$ 31,211
Operating lease current liability	8,036	7,891
Litigation accrual	-	5,745
Warranty reserves	2,094	1,918
Restructuring costs	1,296	1,740
Workers' compensation	1,516	1,664
Contingent consideration	-	1,166
Fair value of derivatives	1,722	-
Other	16,589	16,438
Total	\$ 62,031	\$ 67,773

10. DERIVATIVE FINANCIAL INSTRUMENTS

Interest Rate Swaps

The Company's effective swap agreements convert the base borrowing rate on \$175 million of debt due under our revolving credit agreement from a variable rate equal to one month Secured Overnight Financing Rate (SOFR) to a weighted average fixed rate of 1.13% at June 30, 2023.

The fair value of the swaps recognized in accrued liabilities and in other comprehensive income (loss) is as follows (in thousands):

Effective Date	Notional Amount	Fixed Interest Rate	Maturity	Fair Value at June 30,	
				2023	2022
February 6, 2023	25,000	2.80%	August 6, 2023	\$ 59	\$ 48
February 23, 2023	100,000	0.86%	March 23, 2025	6,716	5,538
May 25, 2023	25,000	0.81%	April 24, 2025	1,777	1,447
February 24, 2023	25,000	0.86%	March 24, 2025	1,683	1,387
				\$ 10,235	\$ 8,420

The Company reported no losses for the years ended June 30, 2023, 2022, and 2021, as a result of hedge ineffectiveness. Future changes in these swap arrangements, including termination of the agreements, may result in a reclassification of any gain or loss reported in accumulated other comprehensive income (loss) into earnings as an adjustment to interest expense. Accumulated other comprehensive income (loss) related to these instruments is being amortized into interest expense concurrent with the hedged exposure.

Foreign Exchange Contracts

Forward foreign currency exchange contracts are used to limit the impact of currency fluctuations on certain anticipated foreign cash flows, such as sales to foreign customers and loan payments between subsidiaries. The Company enters into such contracts for hedging purposes only. The Company has designated certain of these currency contracts as hedges, and changes in the fair value of these contracts are recognized in other comprehensive income until the hedged items are recognized in earnings. Hedge ineffectiveness, if any, associated with these contracts will be reported in net income. At June 30, 2023 and 2022, the Company had outstanding forward contracts related to hedges of intercompany loans with net unrealized losses of \$1.7 million and \$0.6 million, respectively, which approximate the unrealized gains or losses on the related loans. The contracts have maturity dates ranging from fiscal year 2024 to 2025, which correspond to the related intercompany loans. The notional amounts of these instruments, by currency in thousands, are as follows:

Currency	2023	2022
EUR	—	5,750
CAD	16,600	16,600
JPY	2,100,000	1,000,000

The table below presents the fair value of derivative financial instruments as well as their classification on the balance sheet at June 30, (in thousands):

Derivative designated as hedging instruments	Asset Derivatives		2022	
	2023	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item
Interest rate swaps	Prepaid expenses and other current assets	\$ 10,235	Prepaid expenses and other current assets	\$ 8,420
Foreign exchange contracts	Prepaid expenses and other current assets	—	Prepaid expenses and other current assets	122
		<u>\$ 10,235</u>		<u>\$ 8,542</u>

Derivative designated as hedging instruments	Liability Derivatives		2022	
	2023	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item
Interest rate swaps	Accrued Liabilities	\$ —	Accrued Liabilities	\$ —
Foreign exchange contracts	Accrued Liabilities	315	Accrued Liabilities	—
		<u>\$ 315</u>		<u>\$ —</u>

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

	2023	2022	2021
Interest rate swaps	\$ 6,567	\$ 9,552	\$ 1,284
Foreign exchange contracts	(437)	380	2,072
	<u>\$ 6,130</u>	<u>\$ 9,932</u>	<u>\$ 3,356</u>

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

Details about Accumulated Other Comprehensive Income (Loss) Components	2023	2022	2021	Affected line item in the Statements of Operations
Interest rate swaps	\$ (4,704)	\$ 1,964	\$ 2,287	Interest expense
Foreign exchange contracts	672	469	(557)	Other non-operating income
	<u>\$ (4,032)</u>	<u>\$ 2,433</u>	<u>\$ 1,730</u>	

11. INCOME TAXES

The components of income from continuing operations before income taxes are as follows (in thousands):

	2023	2022	2021
U.S. Operations	\$ 52,091	\$ 11,885	\$ 4,997
Non-U.S. Operations	111,858	69,404	47,703
Total	<u>\$ 163,949</u>	<u>\$ 81,289</u>	<u>\$ 52,700</u>

The Company utilizes the asset and liability method of accounting for income taxes. Deferred income taxes are determined based on the estimated future tax effects of differences between the financial and tax bases of assets and liabilities given the provisions of the enacted tax laws. The components of the provision for income taxes on continuing operations (in thousands) were as shown below:

	2023	2022	2021
Current:			
Federal	\$ 7,207	\$ 935	\$ (2,592)
State	4,242	(651)	307
Non-U.S.	20,472	21,490	15,606
Total Current	<u>\$ 31,921</u>	<u>\$ 21,774</u>	<u>\$ 13,321</u>
Deferred:			
Federal	\$ (6,978)	\$ 486	\$ 1,469
State	(489)	(892)	374
Non-U.S.	342	(1,561)	(1,007)
Total Deferred	<u>(7,125)</u>	<u>(1,967)</u>	<u>836</u>
Total	<u><u>\$ 24,796</u></u>	<u><u>\$ 19,807</u></u>	<u><u>\$ 14,157</u></u>

A reconciliation from the U.S. Federal income tax rate on continuing operations to the total tax provision is as follows:

	2023	2022	2021
Provision at statutory tax rate	21.0%	21.0%	21.0%
State taxes	1.7%	(1.4%)	1.4%
Impact of foreign operations	(2.6%)	5.3%	4.0%
Federal tax credits	(8.7%)	(2.7%)	(1.0%)
Cash repatriation	1.0%	1.1%	4.6%
SubF/GILTI	6.9%	0.0%	0.0%
Uncertain Tax Positions	(0.1)%	1.3%	1.5%
Benefit from U.S. tax loss carryback to prior years	0.0%	0.0%	(1.8%)
Tax expense on Enginetics disposal	0.0%	0.0%	2.0%
Return to provision	(1.3%)	(1.6%)	(3.2%)
Valuation allowance release	(3.1%)	0.0%	(2.3%)
Tax expense on Procon Pumps disposal	0.2%	0.0%	0.0%
Other	0.1%	1.3%	0.8%
Effective income tax provision	15.1%	24.4%	26.9%

Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, size of the Company's income or loss and any one-time activities occurring during the period.

The income tax provision from continuing operations for the fiscal year ended June 30, 2023 was impacted by the following items: (i) a tax benefit of \$4.3 million due to the mix of income in various jurisdictions, (ii) tax benefits of \$14.3 million primarily related to foreign tax credits of \$11.6 million, as well as Federal R&D tax credits of \$2.7 million, (iii) a tax provision of \$11.3 million related to the U.S. tax effects of international operations, and (iv) a tax benefit of \$5.0 million relating to the partial release of the valuation allowance on capital loss carryforwards, which were utilized against the capital gain recognized on the divestiture of the Procon business.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2022 was impacted by the following items: (i) a tax provision of \$4.3 million due to the mix of income in various jurisdictions, (ii) a tax benefit of \$2.2 million related to Federal R&D credit and Foreign Tax Credit, (iii) a tax benefit of \$1.3 million related to return-to-accrual adjustments to true-up prior-period provision amounts, and (iv) a tax expense of \$1.0 million related to uncertain tax position.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2021 was impacted by the following items: (i) a tax provision of \$5.1 million due to the mix of income in various jurisdictions, (ii) a tax benefit of \$1.0 million from our 2019 and 2020 tax losses that the CARES Act allows to be carried back to 2014 and 2015, when the U.S. federal income tax rate was 35%, (iii) a tax benefit of \$0.8 million related to Federal R&D credits and Foreign Tax credits, (iv) a tax benefit of \$1.7 million related to return to provision adjustments, and (v) tax expense of \$1.2 million attributable to the divestiture of Enginetics Corporation during the year.

Significant components of the Company's deferred income taxes are as follows (in thousands):

	2023	2022
Deferred tax liabilities:		
Depreciation and amortization	\$ (25,951)	\$ (25,758)
Withholding taxes	(4,773)	(4,245)
Other	-	(420)
Operating lease right-of-use-asset	(4,495)	(4,867)
Total deferred tax liability	\$ (35,219)	\$ (35,290)
Deferred tax assets:		
Accrued compensation	\$ 3,633	\$ 3,020
Accrued expenses and reserves	1,765	2,138
Pension	8,814	8,383
Inventory	942	1,023
Lease liabilities	4,671	4,985
Section 174 Capitalization	9,401	-
Other	950	-
Net operating loss and credit carry forwards	14,302	21,344
Total deferred tax asset	\$ 44,478	\$ 40,893
Less: Valuation allowance	(9,562)	(14,932)
Net deferred tax asset (liability)	\$ (303)	\$ (9,329)

The Company estimates the degree to which deferred tax assets, including net operating loss and credit carry forwards will result in a benefit based on expected profitability by tax jurisdiction and provides a valuation allowance for tax assets and loss carry forwards that it believes will more likely than not go unrealized. The valuation allowance at June 30, 2022 applies to federal capital loss, state loss, foreign loss, and state R&D credit carryforwards, which management has concluded that it is more likely than not that these tax benefits will not be realized. The increase (decrease) in the valuation allowance from the prior year was due to the current year activity in those same federal, state and foreign jurisdictions.

As of June 30, 2023, the Company had gross state net operating loss ("NOL") and credit carry forwards of approximately \$34.9 million and \$4.9 million, respectively, which may be available to offset future state income tax liabilities and expire at various dates from 2023 through 2043. In addition, the Company had foreign NOL carry forwards of approximately \$3.2 million, all of which carry forward indefinitely.

Under ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, all excess tax benefits and tax deficiencies are recognized as income tax expense or benefit in the statement of operations. Accordingly, we recorded an income tax provision in the consolidated statement of operation of \$0.1 million during the fiscal year ended June 30, 2023 for the shortfall of tax benefits related to equity compensation.

U.S. tax law allows a 100% dividend received deduction for foreign dividends and the Company has begun to bring back cash from foreign subsidiaries. However, the permanent reinvestment assertion must still be assessed and made regarding potential liabilities for foreign withholding taxes. As of June 30, 2023, the Company maintained the assessment that previously undistributed earnings of certain foreign subsidiaries no longer meet the requirements for indefinite reinvestment under applicable accounting guidance. Therefore, the Company recognized deferred tax liabilities of approximately \$1.7 million that relate to withholding taxes on the current earnings of various foreign subsidiaries. It is expected that deferred tax liabilities will continue to be recorded on current earnings in future periods from these subsidiaries. The Company maintains the permanent reinvestment assertion on earnings in certain foreign jurisdictions. It is not practicable to estimate the amount of tax that might be payable on the remaining undistributed earnings.

The total provision (benefit) for income taxes included in the consolidated financial statements was as follows (in thousands):

	2023	2022	2021
Continuing operations	\$ 24,796	\$ 19,807	\$ 14,157
Discontinued operations	(43)	(24)	(550)
Total provision (benefit)	\$ 24,753	\$ 19,783	\$ 13,607

The changes in the amount of gross unrecognized tax benefits were as follows (in thousands):

	2023	2022	2021
Beginning Balance	\$ 9,559	\$ 9,412	\$ 9,286
Additions based on tax positions related to the current year	- 762	5	
Additions for tax positions of prior years	219	443	121
Reductions for tax positions of prior years	(208)	(1,058)	-
Settlements	(77)	-	-
Ending Balance	<u>\$ 9,493</u>	<u>\$ 9,559</u>	<u>\$ 9,412</u>

At June 30, 2023, we had \$9.5 million of non-current liabilities, included in accrued pension and other non-current liabilities on the consolidated balance sheet for uncertain tax positions. We are not able to provide a reasonable estimate of the timing of future payments related to these obligations. The Company increased its uncertain tax position during the year due to state R&D tax credit exposures. The Company decreased its uncertain tax position during the year due to the settlement of an assessment from the Canada Revenue Agency regarding Canadian withholding tax exposures and due to the reduction of federal R&D tax credit exposures.

If the unrecognized tax benefits in the table above were recognized in a future period, \$9.5 million of the unrecognized tax benefit would impact the Company's effective tax rate.

Within the next twelve months, the statute of limitations will close in various U.S., state and non-U.S. jurisdictions. The Company does not reasonably expect any significant changes relating to the net unrecognized tax benefits in the next twelve months. The following tax years, in the major tax jurisdictions noted, are open for assessment or refund:

Country	Years Ending June 30,
United States	2020 to 2023
Canada	2019 to 2023
Germany	2020 to 2023
Ireland	2023
Portugal	2022 to 2023
United Kingdom	2019 to 2023

The Company's policy is to include interest expense and penalties related to unrecognized tax benefits within the provision for income taxes on the consolidated statements of operations. At June 30, 2023 and 2022, the company had \$1.2 million and \$1.1 million for accrued interest expense on unrecognized tax benefits.

12. CONTINGENCIES

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

Litigation

In the second quarter of fiscal year 2019, a lawsuit was filed against Standex Electronics, Inc., a wholly owned subsidiary of the Company ("Electronics"), by Miniature Precision Components, Inc., a customer ("MPC"), seeking damages in connection with allegedly faulty sensors designed and manufactured by Electronics. The subject sensors were incorporated by MPC into a subassembly sold by MPC to its customer, an automotive manufacturer. MPC alleges that the sensors incorrectly activated a diagnostic code in vehicles for which MPC's customer issued a service bulletin, resulting in significant warranty costs for MPC. During the fourth quarter of fiscal year 2022, the Company and MPC agreed to a full and comprehensive settlement of this matter. As a result in fiscal year 2022, the Company recorded \$5.7 million related to this litigation reported in accrued liabilities in the consolidated balance sheet and other operating expense in the consolidated statement of operations. During the first quarter of fiscal year 2023, the liability was paid and the matter is considered settled.

13. STOCK-BASED COMPENSATION AND PURCHASE PLANS

Stock-Based Compensation Plans

Under incentive compensation plans, the Company is authorized to make grants of stock options, restricted stock and performance share units to provide equity incentive compensation to key employees and directors. The stock award program offers employees and directors the opportunity to earn shares of our stock over time, rather than options that give the employees and directors the right to purchase stock at a set price. The Company has stock plans for directors, officers and certain key employees. The Company uses shares acquired through treasury stock repurchases for the issuance of shares of common stock for the settlement of awards under its stock-based compensation plans, with the net effect of these transactions accounting for the change in common stock outstanding.

Total compensation cost recognized in the consolidated statement of operations for equity based compensation awards was \$11.7 million, \$11.2 million, and \$8.4 million for the years ended June 30, 2023, 2022, and 2021, respectively, primarily within Selling, General, and Administrative Expenses. The total income tax benefit recognized in the consolidated statement of operations for equity-based compensation plans was \$1.8 million, \$2.7 million, and \$1.8 million for the years ended June 30, 2023, 2022 and 2021, respectively.

There were 394,284 shares of common stock reserved for issuance under various compensation plans at June 30, 2023.

Restricted Stock Awards

The Company may award shares of restricted stock to eligible employees and non-employee directors of the Company at no cost, giving them, in most instances, all of the rights of stockholders, except that they may not sell, assign, pledge or otherwise encumber such shares and rights during the restriction period. Such shares and rights are subject to forfeiture if certain employment conditions are not met. During the restriction period, recipients of the shares are entitled to dividend equivalents on such shares, providing that such shares are not forfeited. Dividends are accumulated and paid out at the end of the restriction period. Restrictions on non-vested stock awards generally lapse between fiscal year 2024 and fiscal year 2026. Compensation expense related to stock awards recognized was \$4.8 million, \$5.0 million, and \$5.3 million, respectively, for fiscal years ended June 30, 2023, 2022, and 2021. Substantially all awards are expected to vest.

A summary of restricted stock awards activity is as follows:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value
	Number of Shares	
Outstanding, June 30, 2022	141,654	\$ 78.19
Granted	55,781	95.32
Vested	(82,164)	73.72
Canceled	(11,335)	90.12
Outstanding, June 30, 2023	<u>103,936</u>	<u>\$ 89.38</u>

Restricted stock awards granted during fiscal years 2022 and 2021 had a weighted average grant date fair value of \$104.37 and \$59.57, respectively. The grant date fair value of restricted stock awards is determined based on the closing price of the Company's common stock on the date of grant. The fair value of awards vested during fiscal years 2023, 2022 and 2021 was \$7.4 million, \$6.8 million and \$2.8 million, respectively.

As of June 30, 2023, there was \$3.5 million of unrecognized compensation costs related to awards expected to be recognized over a weighted-average period of 1.5 years.

Executive Compensation Program

The Company operates a compensation program for key employees. The plan contains both an annual component as well as a long-term component. Under the annual component, participants may elect to defer up to 50% of their annual incentive compensation in restricted stock which is purchased at a discount to the market. Additionally, non-employee directors of the Company may defer a portion of their director's fees in restricted stock units which is purchased at a discount to the market. During the restriction period, recipients of the shares are entitled to dividend equivalents on such units, providing that such shares are not forfeited.

Dividend equivalents are accumulated and paid out at the end of the restriction period. The restrictions on the units expire after three years. Restrictions on non-vested annual component awards generally lapse between fiscal year 2024 and fiscal year 2026. The compensation expense associated with this incentive program is charged to income over the restriction period. The Company recorded compensation expense related to this program of \$0.2 million, \$0.2 million, and \$0.4 million for the years ended June 30, 2023, 2022 and 2021, respectively.

As of June 30, 2023, there was \$1.0 million of unrecognized compensation costs related to awards expected to be recognized over a weighted-average period of 1.2 years.

The fair value of the awards under the annual component of this incentive program is measured using the Black-Scholes option-pricing model. Key assumptions used to apply this pricing model are as follows:

	2023	2022	2021
Risk-free interest rates	4.52%	0.46%	0.18%
Expected life of option grants (in years)	3	3	3
Expected volatility of underlying stock	29.5%	46.7%	44.1%
Expected quarterly dividends (per share)	\$ 0.28	\$ 0.24	\$ 0.22

Under the long-term component, grants of performance share units ("PSUs") are made annually to key employees and the share units are earned based on the achievement of certain overall corporate financial performance targets over the performance period. At the end of the performance period, the number of shares of common stock issued will be determined by adjusting upward or downward from the target in a range between 50% and 200%. No shares will be issued if the minimum performance threshold is not achieved. The final performance percentage, on which the payout will be based considering the performance metrics established for the performance period, will be certified by the Compensation Committee of the Board of Directors.

A participant's right to any shares that are earned will cliff vest in three years. An executive whose employment terminates prior to the vesting of any award for a reason other than death, disability, retirement, or following a change in control, will forfeit the shares represented by that award. In certain circumstances, such as death, disability, or retirement, PSUs are paid on a pro-rata basis. In the event of a change in control, vesting of the awards granted is accelerated.

A summary of the awards activity under the executive compensation program is as follows:

	Annual Component			Performance Stock Units		
	Number	Weighted Average	Aggregate	Number	Weighted Average	Grant Date Fair Value
	of Shares	Exercise Price	Intrinsic Value	of Shares		
Non-vested, June 30, 2022	53,107	\$ 57.06	\$ 346,496	142,170	\$ 72.68	
Granted	22,322	63.59		52,972		89.44
Exercised / vested	(12,915)	51.99	\$ 587,859	(53,224)		70.37
Forfeited	(5,056)	59.36		(14,875)		81.02
Non-vested, June 30, 2023	<u>57,458</u>	<u>\$ 60.53</u>	<u>\$ 2,582,995</u>	<u>127,043</u>	<u>\$ 79.66</u>	

Restricted stock awards granted under the annual component of this program in fiscal years 2023, 2022, and 2021 had a weighted average grant date fair value of \$98.36, \$108.92, and \$43.16, respectively. The PSUs granted in fiscal years 2022 and 2021 had a weighted average grant date fair value of \$102.61 and \$58.81, respectively. The grant date fair value of the PSUs is determined based on the closing price of the Company's common stock on the date of grant. The fair value of PSUs vested under the long-term component of this program during the fiscal years ended June 30, 2023, 2022, and 2021 was \$4.6 million, \$0.4 million, and \$0.7 million respectively.

The Company recognized compensation expense related to the PSUs of \$6.7 million, \$6.0 million, and \$2.6 million for the fiscal years ended June 30, 2023, 2022 and 2021 respectively based on the probability of the performance targets being met. The total unrecognized compensation costs related to non-vested performance share units was \$3.7 million at June 30, 2023, which is expected to be recognized over a weighted average period of 0.8 years.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan that allows employees to purchase shares of common stock of the Company at a discount from the market each quarter. The ESPP plan, which was effective as of July 1, 2005, provided employees the option to purchase Standex stock at a discount of 5%. The Plan was modified, effective as of April 1, 2017, to increase the stock purchase discount to 15% and is considered a compensatory Plan. Under this amendment, at the beginning of each calendar quarter, employees may elect to purchase shares of Company stock at a value equal to 85% of the closing price on the last trading day of the quarter. The 15% discount is recorded as a component of SG&A in the Company's Consolidated Statements of Operations. Shares of stock reserved for the plan were 42,012 at June 30, 2023. Shares purchased under this plan aggregated to 6,256 in fiscal year 2023, 6,707 in 2022, and 7,509 in 2021, at an average price of \$91.78, \$83.22, and \$66.98, respectively.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	2023	2022	2021
Foreign currency translation adjustment	\$ (74,373)	\$ (67,679)	\$ (21,244)
Unrealized pension losses, net of tax	(92,761)	(92,641)	(92,372)
Unrealized losses (gains) on derivative instruments, net of tax	8,657	7,008	(2,524)
Total	\$ (158,477)	\$ (153,312)	\$ (116,140)

15. RESTRUCTURING

The Company has undertaken a number of initiatives that have resulted in severance, restructuring, and related charges. Restructuring liabilities are included in accrued liabilities on the consolidated balance sheet. A summary of charges by initiative is as follows (in thousands):

	Involuntary Employee Severance and Benefit Costs			Other	Total
Year Ended June 30,					
2023 Restructuring Initiatives	\$ 2,361	\$ 213	\$ 2,574		
Prior Year Initiatives	456	801	1,257		
Total expense	\$ 2,817	\$ 1,014	\$ 3,831		
2022 Restructuring Initiatives	\$ 2,690	\$ 1,709	\$ 4,399		
Total expense	\$ 2,690	\$ 1,709	\$ 4,399		
2021 Restructuring Initiatives	\$ 1,313	\$ 662	\$ 1,975		
Prior Year Initiatives	926	577	1,503		
Total expense	\$ 2,239	\$ 1,239	\$ 3,478		

2023 Restructuring Initiatives

The Company continues to focus our efforts to reduce cost and improve productivity across our businesses, particularly through headcount reductions, facility closures, and consolidations. Restructuring expenses primarily related to headcount reductions and other cost saving initiatives. During fiscal year 2023, we also incurred restructuring expenses related to third party assistance with analysis and implementation of these activities.

	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring Liabilities at June 30, 2022	\$ -	\$ -	\$ -
Additions and adjustments	2,361	213	2,574
Payments	(1,257)	(213)	(1,470)
Restructuring Liabilities at June 30, 2023	<u>\$ 1,104</u>	<u>\$ -</u>	<u>\$ 1,104</u>

Prior Year Restructuring Initiatives

The Company continues to focus our efforts to reduce cost and improve productivity across our businesses, particularly through headcount reductions, facility closures, and consolidations. During fiscal years 2022 and 2021, the Company also incurred restructuring expenses related to headcount reductions, facility rationalization within our Specialty Solutions and Engraving segment, and third party assistance with analysis and implementation of these activities.

The Company expects to incur additional restructuring costs of approximately \$5.0 million in fiscal year 2024 as the Company continues to focus its efforts to reduce cost and improve productivity across its businesses, particularly through headcount reductions, facility closures, and consolidations.

Activity in the reserves related to prior year restructuring initiatives is as follows (in thousands):

	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring Liabilities at June 30, 2022	\$ 1,045	\$ 695	\$ 1,740
Additions and adjustments	456	801	1,257
Payments	(1,501)	(1,304)	(2,805)
Restructuring Liabilities at June 30, 2023	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ 192</u>

Activity in the reserves in fiscal year 2022 (in thousands):

	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring Liabilities at June 30, 2021	\$ 39	\$ 10	\$ 49
Additions and adjustments	2,690	1,709	4,399
Payments	(1,684)	(1,024)	(2,708)
Restructuring Liabilities at June 30, 2022	<u>\$ 1,045</u>	<u>\$ 695</u>	<u>\$ 1,740</u>

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

	Involuntary Employee Severance and Benefit Costs	Other	Total
Fiscal Year 2023			
Electronics	\$ 222	\$ 826	\$ 1,048
Engraving	836	188	1,024
Scientific	58	-	58
Corporate and Other	1,701	-	1,701
Total expense	<u>\$ 2,817</u>	<u>\$ 1,014</u>	<u>\$ 3,831</u>
Fiscal Year 2022			
Electronics	\$ 513	\$ 243	\$ 756
Engraving	1,807	1,362	3,169
Engineering Technologies	177	40	217
Specialty Solutions	-	64	64
Corporate and Other	193	-	193
Total expense	<u>\$ 2,690</u>	<u>\$ 1,709</u>	<u>\$ 4,399</u>
Fiscal Year 2021			
Electronics	\$ 355	\$ 22	\$ 377
Engraving	1,046	631	1,677
Engineering Technologies	37	-	37
Specialty Solutions	673	586	1,259
Corporate and Other	128	-	128
Total expense	<u>\$ 2,239</u>	<u>\$ 1,239</u>	<u>\$ 3,478</u>

16. EMPLOYEE BENEFIT PLANS

Retirement Plans

The Company has defined benefit pension plans covering certain current and former employees both inside and outside of the U.S. The Company's pension plan for U.S. employees is frozen for substantially all employees and participants in the plan have ceased accruing future benefits. Obligations under the Company's defined benefit plan operated in Ireland have been transferred to the buyer of the Procon business as part of the divestiture.

Net periodic benefit cost for U.S. and non-U.S. plans included the following components (in thousands):

	U.S. Plans			Foreign Plans		
	Year Ended June 30, 2023	2022	2021	Year Ended June 30, 2023	2022	2021
Service Cost	\$ -	\$ 5	\$ 4	\$ 176	\$ 231	\$ 217
Interest Cost	9,586	7,320	7,439	1,039	768	725
Expected return on plan assets	(11,973)	(13,038)	(13,012)	(943)	(855)	(629)
Recognized net actuarial loss	3,814	5,534	5,933	(57)	336	757
Amortization of prior service cost (benefit)	-	-	-	(4)	(4)	(5)
Net periodic benefit cost (benefit)	<u>\$ 1,427</u>	<u>\$ (179)</u>	<u>\$ 364</u>	<u>\$ 211</u>	<u>\$ 476</u>	<u>\$ 1,065</u>

The following table sets forth the funded status and amounts recognized as of June 30, 2023 and 2022 for our U.S. and foreign defined benefit pension plans (in thousands):

	U.S. Plans Year Ended June 30, 2023		Foreign Plans Year Ended June 30, 2023	
	2023	2022	2023	2022
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 199,825	\$ 252,092	\$ 30,868	\$ 47,809
Service cost	-	5	176	231
Interest cost	9,586	7,320	1,039	768
Actuarial gain	(8,625)	(42,844)	(4,052)	(11,353)
Benefits paid	(16,104)	(16,748)	(1,391)	(1,636)
Foreign currency exchange rate & other changes	-	-	(1,186)	(4,951)
Projected benefit obligation at end of year	<u>\$ 184,682</u>	<u>\$ 199,825</u>	<u>\$ 25,454</u>	<u>\$ 30,868</u>
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 157,851	\$ 212,603	\$ 30,986	\$ 45,017
Actual return on plan assets	167	(38,213)	(4,855)	(8,161)
Employer contribution	200	209	251	326
Benefits paid	(16,104)	(16,748)	(1,391)	(1,636)
Foreign currency exchange rate & other changes	-	-	(2,741)	(4,560)
Fair value of plan assets at end of year	<u>\$ 142,114</u>	<u>\$ 157,851</u>	<u>\$ 22,250</u>	<u>\$ 30,986</u>
Funded Status	<u>\$ (42,568)</u>	<u>\$ (41,974)</u>	<u>\$ (3,204)</u>	<u>\$ 118</u>
Amounts recognized in the consolidated balance sheets consist of:				
Prepaid benefit cost	\$ -	\$ -	\$ 2,807	\$ 6,295
Current Liabilities	(148)	(195)	(277)	(261)
Non-current Liabilities	(42,420)	(41,779)	(5,734)	(5,916)
Net amount recognized	<u>\$ (42,568)</u>	<u>\$ (41,974)</u>	<u>\$ (3,204)</u>	<u>\$ 118</u>
Unrecognized net actuarial loss	\$ 120,087	\$ 120,719	\$ 4,032	\$ 1,479
Unrecognized prior service cost	-	-	(32)	(38)
Accumulated other comprehensive income, pre-tax	<u>\$ 120,087</u>	<u>\$ 120,719</u>	<u>\$ 4,000</u>	<u>\$ 1,441</u>

The accumulated benefit obligation for all defined benefit pension plans was \$206.6 million and \$226.8 million at June 30, 2023 and 2022, respectively.

The estimated actuarial net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is \$3.2 million.

Plan Assets and Assumptions

The fair values of the Company's pension plan assets at June 30, 2023 and 2022 by asset category, as classified in the three levels of inputs described in Note 1 under the caption *Fair Value of Financial Instruments*, are as follows (in thousands):

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,558	\$ 1,558	\$ -	\$ -
Common and preferred stocks	54,308	-	54,308	-
Corporate bonds and other fixed income securities	97,215	-	97,215	-
Other	11,283	-	11,283	-
	\$ 164,364	\$ 1,558	\$ 162,806	\$ -

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,254	\$ 1,123	\$ 131	\$ -
Common and preferred stocks	64,343	1,786	62,557	-
Corporate bonds and other fixed income securities	112,593	1,535	111,058	-
Other	10,648	-	10,648	-
	\$ 188,838	\$ 4,444	\$ 184,394	\$ -

Asset allocation and target asset allocations are as follows:

Asset Category	U.S. Plans		Foreign Plans	
	Year Ended June 30, 2023	2022	2023	2022
Equity securities	35%	33%	0%	6%
Debt securities	44%	48%	67%	78%
Global balanced securities	12%	11%	3%	15%
Other	9%	8%	30%	1%
Total	100%	100%	100%	100%

Asset Category - Target	2023	
	U.S.	U.K.
Equity securities	33%	0%
Debt and market neutral securities	49%	67%
Global balanced securities	12%	1%
Other	6%	32%
Total	100%	100%

Our investment policy for the U.S. pension plans targets a range of exposure to the various asset classes. Standex rebalances the portfolio periodically when the allocation is not within the desired range of exposure. The plan seeks to provide returns in excess of the various benchmarks. The benchmarks include the following indices: S&P 500; Citigroup PMI EPAC; Citigroup World Government Bond and Barclays Aggregate Bond. A third-party investment consultant tracks the plan's portfolio relative to the benchmarks and provides quarterly investment reviews which consist of a performance and risk assessment on all investment managers and on the portfolio.

Certain managers within the plan use, or have authorization to use, derivative financial instruments for hedging purposes, the creation of market exposures and management of country and asset allocation exposure. Currency speculation derivatives are strictly prohibited.

Year Ended June 30	2023	2022	2021
Plan assumptions - obligations			
Discount rate	1.48% - 5.60%	1.4% - 5.0%	0.73% - 3.00%
Rate of compensation increase	3.30%	3.25%	3.25 %
Plan assumption - cost			
Discount rate	1.37% - 5.6%	0.73% - 3.0%	0.99% - 2.90%
Expected return on assets	2.80% - 6.65%	2.05% - 6.8%	1.40% - 6.90%
Rate of compensation increase	3.30%	3.25%	2.90 %

Included in the above are the following assumptions relating to the obligations for defined benefit pension plans in the United States at June 30, 2023; a discount rate of 5.6% and expected return on assets of 6.5%. The U.S. defined benefit pension plans represent the majority of our pension obligations. The expected return on plan assets assumption is based on our expectation of the long-term average rate of return on assets in the pension funds and is reflective of the current and projected asset mix of the funds. The discount rate reflects the current rate at which pension liabilities could be effectively settled at the end of the year. The discount rate is determined by matching our expected benefit payments from a stream of AA- or higher bonds available in the marketplace, adjusted to eliminate the effects of call provisions.

Expected benefit payments for all plans during the next five fiscal years are as follows: 2024, \$17.6 million; 2025, \$17.6 million; 2026, \$17.5 million; 2027, \$17.3 million; 2028, \$17.4 million and years thereafter, \$81.7 million. The Company expects to make \$10.2 million of contributions to its pension plans in fiscal year 2024.

The Company operates defined benefit plans in Germany and Japan which are unfunded.

Multi-Employer Pension Plans

We contribute to two multiemployer defined benefit plans under the terms of collective bargaining agreements that cover our union-represented employees. These plans generally provide for retirement, death and/or termination benefits for eligible employees within the applicable collective bargaining units, based on specific eligibility/participation requirements, vesting periods and benefit formulas. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the multiemployer plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If we choose to stop participating in some of our multiemployer plans, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. However, cessation of participation in a multiemployer plan and subsequent payment of any withdrawal liability is subject to the collective bargaining process.

The following table outlines the Company's participation in multiemployer pension plans for the periods ended June 30, 2023, 2022, and 2021, and sets forth the yearly contributions into each plan. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The most recent Pension Protection Act zone status available in 2023 and 2022 relates to the plans' two most recent fiscal years. The zone status is based on information that we received from the plans' administrators and is certified by each plan's actuary. Among other factors, plans certified in the red zone are generally less than 65% funded, plans certified in the orange zone are both less than 80% funded and have an accumulated funding deficiency or are expected to have a deficiency in any of the next six plan years, plans certified in the yellow zone are less than 80% funded, and plans certified in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates whether a financial improvement plan ("FIP") for yellow/orange zone plans, or a rehabilitation plan ("RP") for red zone plans, is either pending or has been implemented. For all plans, the Company's contributions do not exceed 5% of the total contributions to the plan in the most recent year.

Pension Fund	EIN/Plan Number	Pension Protection Act Zone Status		Contributions			Expiration Date of Collective Bargaining Agreement	
		2023	2022	FIP/RP Status	2023	2022	Surcharge Imposed?	
New England Teamsters and Trucking Industry Pension Fund	04-6372430-001	Red	Yes/ Implemented	\$ 695	\$ 579	\$ 631	No	Mar-24
IAM National Pension Fund, National Pension Plan	51-6031295-002	Red	Yes/ Implemented	\$ 569	\$ 520	\$ 513	Yes	May-25

Retirement Savings Plans

The Company has two primary employee savings plans, one for salaried employees and one for hourly employees. Substantially all of our full-time domestic employees are covered by these savings plans. Under the provisions of the plans, employees may contribute a portion of their compensation within certain limitations. The Company, at the discretion of the Board of Directors, may make contributions on behalf of our employees under the plans. Company contributions were \$3.0 million, \$2.9 million, and \$2.9 million for the years ended June 30, 2023, 2022, and 2021, respectively. At June 30, 2023, the salaried plan holds approximately 88,000 shares of Company common stock, representing approximately 4.6% of the holdings of the plan.

17. INDUSTRY SEGMENT INFORMATION

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

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

The Procon business was included in the Specialty Solutions Segment through the date of divestiture in the third quarter of fiscal year 2023.

Net sales include only transactions with unaffiliated customers and include no significant intersegment or export sales. Operating income by segment and geographic area excludes general corporate and interest expenses. Assets of the Corporate segment consist primarily of cash, office equipment, and other non-current assets.

Given the nature of our corporate expenses, management concluded that it would not presently be appropriate to allocate the expenses associated with corporate activities to our operating segments. These corporate expenses include the costs for the corporate headquarters, salaries and wages for the personnel in corporate, professional fees related to corporate matters and compliance efforts, stock-based compensation and post-retirement benefits related to our corporate executives, officers and directors, and other compliance related costs. The Company has a process to allocate and recharge certain direct costs to the operating segments when such direct costs are administered and paid at corporate. Such direct expenses that are recharged on an intercompany basis each month include such costs as insurance, workers' compensation programs, and audit fees. The accounting policies applied by the reportable segments are the same as those described in the Summary of Accounting Policies footnote to the consolidated financial statements. There are no differences in accounting policies which would be necessary for an understanding of the reported segment information.

**Industry Segments
(in thousands)**

	Net Sales			Depreciation and Amortization		
	2023	2022	2021	2023	2022	2021
Electronics	\$ 305,872	\$ 304,290	\$ 253,369	\$ 11,737	\$ 11,803	\$ 13,159
Engraving	152,067	146,255	147,016	9,646	10,561	11,140
Scientific	74,924	83,850	79,421	1,449	1,574	1,590
Engineering Technologies	81,079	78,117	75,562	3,757	3,865	5,519
Specialty Solutions	127,106	122,827	100,864	1,395	1,541	1,513
Corporate and Other	-	-	-	490	353	320
Total	<u>\$ 741,048</u>	<u>\$ 735,339</u>	<u>\$ 656,232</u>	<u>\$ 28,474</u>	<u>\$ 29,697</u>	<u>\$ 33,241</u>
Income (Loss) From Operations			Capital Expenditures (1)			
2023			2023	2022	2021	
Electronics	\$ 68,979	\$ 70,428	\$ 46,600	\$ 16,542	\$ 11,809	\$ 11,154
Engraving	25,462	21,825	22,510	3,347	6,504	6,517
Scientific	17,109	17,861	18,240	229	278	693
Engineering Technologies	11,050	8,776	6,164	1,987	1,480	1,110
Specialty Solutions	25,368	15,579	14,358	2,064	1,716	1,313
Restructuring costs	(3,831)	(4,399)	(3,478)	-	-	-
Gain (loss) on sale of business	62,105	-	(14,624)	-	-	-
Acquisition related costs	(557)	(1,618)	(931)	-	-	-
Other operating income (expense)	611	(5,745)	-	-	-	-
Corporate	(35,207)	(34,413)	(29,674)	43	257	626
Total	<u>\$ 171,089</u>	<u>\$ 88,294</u>	<u>\$ 59,165</u>	<u>\$ 24,212</u>	<u>\$ 22,044</u>	<u>\$ 21,413</u>
Interest expense	<u>(5,405)</u>	<u>(5,874)</u>	<u>(5,992)</u>			
Other non-operating (expense) income, net	<u>(1,735)</u>	<u>(1,131)</u>	<u>(473)</u>			
Income from continuing operations before income taxes	<u>\$ 163,949</u>	<u>\$ 81,289</u>	<u>\$ 52,700</u>			

(1) Includes capital expenditures in accounts payable of \$0.3 million, \$0.1 million, and \$2.4 million at June 30, 2023, 2022, and 2021 respectively.

	Goodwill		Identifiable Assets	
	2023	2022	2023	2022
Electronics	\$ 133,432	\$ 136,969	\$ 384,333	\$ 378,581
Engraving	76,583	76,250	262,960	256,115
Scientific	15,454	15,454	104,593	114,177
Engineering Technologies	36,293	35,928	120,176	118,723
Specialty Solutions	3,059	3,305	48,280	57,757
Corporate & Other	-	-	104,587	9,086
Total	<u>\$ 264,821</u>	<u>\$ 267,906</u>	<u>\$ 1,024,929</u>	<u>\$ 934,439</u>

Tangible Long-lived assets	2023	2022
United States	57,087	\$ 61,540
Asia Pacific	34,741	32,334
EMEA (2)	33,608	29,736
Other Americas	5,501	4,974
Total	\$ 130,937	\$ 128,584

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

18. DIVESTITURES

On February 28, 2023, the Company divested its Procon pumps business ("Procon") to Investindustrial, a leading European investment and advisory group. Procon generated approximately \$21.2 million in revenue in the first eight months of fiscal year 2023. Procon, which is reported within the Specialty Solutions Group, was divested in order to focus on the continued simplification of the Company's portfolio and enable greater focus on managing larger platforms and pursuing growth opportunities. The Company received \$67.0 million cash consideration at closing, which is presented as an investing cash flow for fiscal year 2023. Cash consideration received at closing excludes amounts held in escrow and is net of closing cash. The Company recorded a pre-tax gain on sale of the business of \$62.1 million. The operating unit's goodwill balance of \$0.2 million was written off as a part of the transaction. The sale transaction and financial results of Procon are classified as continuing operations in the Consolidated Financial Statements.

On March 31, 2021, the Company divested Enginetech Corporation ("Enginetech"), its jet engine components business, to Enjet Aero, LLC, a privately-held aerospace engine component manufacturing company. Enginetech generated approximately \$9.0 million in revenue in the first nine months of fiscal 2021. The business activities, which are reported within the Engineering Technologies Group, were divested in order to focus on the higher growth and margin opportunities of the Company's core spin forming solutions business that serves the space, commercial aviation and defense end markets. The Company received \$11.7 million cash consideration and recorded a pre-tax loss on sale of the business of \$14.6 million, including a goodwill impairment charge of \$7.6 million, assigned to the entirety of the Engineering Technologies segment, and a \$5.4 million write-down of intangible assets. The sale transaction and financial results of Enginetech are classified as continuing operations in the Consolidated Financial Statements.

19. DISCONTINUED OPERATIONS

In pursuing our business strategy, the Company continues to divest certain businesses and record activities of these businesses as discontinued operations.

Activity related to discontinued operations for the most recent three fiscal years is as follows (in thousands):

	Year Ended June 30,		
	2023	2022	2021
Profit (loss) before taxes	\$ (204)	\$ (113)	\$ (2,620)
Benefit (provision) for taxes	43	24	550
Net income (loss) from discontinued operations	<u>\$ (161)</u>	<u>\$ (89)</u>	<u>\$ (2,070)</u>

20. LEASES

In the normal course of its business, the Company enters into various leases as the lessee, primarily related to certain transportation vehicles, facilities, office space, and machinery and equipment. These leases have remaining lease terms between one and fifty-five years, some of which may include options to extend the leases or options to terminate the leases. Some lease arrangements require variable payments that are dependent on usage, output, or index-based adjustments.

Amounts recorded in the Company's Consolidated Balance Sheet and Statement of Operations related to leases are as follows (in thousands):

	June 30, 2023	June 30, 2022
Assets		
Operating lease right-of-use-asset	\$ 33,273	\$ 39,119
Liabilities		
Current accrued liabilities	\$ 8,036	\$ 7,891
Operating lease long-term liabilities	25,774	31,357
Total lease liability	<u>\$ 33,810</u>	<u>\$ 39,248</u>

Lease cost

The components of lease costs are as follows (in thousands):

	Year Ended June 30, 2023	Year Ended June 30, 2022
Operating lease cost	\$ 10,391	\$ 11,153
Variable lease cost	1,365	1,372
Net lease cost	<u>\$ 11,756</u>	<u>\$ 12,525</u>

Maturity of lease liability

The maturity of the Company's lease liabilities included in continuing operations at June 30, 2023 were as follows (in thousands):

	Operating Leases
2024	\$ 8,863
2025	7,178
2026	5,866
2027	5,021
2028	3,203
After 2028	7,616
Less: interest	(3,937)
Present value of lease liabilities	<u>\$ 33,810</u>

The weighted average remaining lease term and discount rates are as follows:

	June 30, 2023
Lease Term and Discount Rate	
Weighted average remaining lease term (years)	6.61
Weighted average discount rate (percentage)	3.33%

Other Information

Supplemental cash flow information related to leases is as follows:

	Year Ended June 30, 2023	Year Ended June 30, 2022
Operating cash outflows from operating leases	\$ 9,553	\$ 10,960

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Standex International Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Standex International Corporation and subsidiaries (the "Company") as of June 30, 2023 and 2022, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended June 30, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2023, based on criteria established in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 4, 2023 expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition - Revenue recognized over time - Refer to note 3 to the financial statements

Critical Audit Matter Description

Revenue is recognized over time under certain long-term contracts within the Engineering Technologies and Engraving groups for highly customized customer products that have no alternative use and in which the contract specifies the Company has a right to payment for its costs, plus a reasonable margin. For products manufactured over time, the transfer of control is measured pro rata, based upon current estimates of costs to complete such contracts. Losses on contracts are fully recognized in the period in which the losses become determinable. Revisions in profit estimates are reflected on a cumulative basis in the period in which the basis for such revision becomes known. For the year ended June 30, 2023, the revenue recognized over time was \$72.4 million.

We identified revenue recognized over time as a critical audit matter because of the judgments and subjectivity involved in the determination of estimated costs to complete contracts. This required extensive audit effort and a high degree of auditor judgment when performing audit procedures to audit costs incurred to date and management's estimates of margin at completion used to recognize revenue over time and evaluating the results of those procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's estimates of total costs and profit for the performance obligations used to recognize revenue for certain performance obligations accounted for over time included the following, among others:

- We tested the effectiveness of controls for revenue recognized over time, including management's controls over the estimates of total costs and profit for performance obligations.
- We selected a sample of long-term contracts with customers for which the revenue is recognized over time and we performed the following:
 - evaluated whether the contracts were properly included in management's calculation of long-term contract revenue based on the terms and conditions of each contract, including whether continuous transfer of control to the customer occurred as progress was made toward fulfilling the performance obligation;
 - evaluated management's ability to achieve the estimates of total costs and profit at completion by comparing the estimates to management's work plans, engineering specifications, and supplier contracts, and performing corroborating inquiries with the Company's project managers and engineers;
 - tested the accuracy and completeness of the costs incurred to date for the performance obligation to supporting documentation; and
 - tested the mathematical accuracy of management's calculation of revenue for the contract.
- We evaluated management's ability to estimate total costs and profits accurately by comparing actual costs and profits to management's historical estimates for performance obligations that have been fulfilled.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts

August 4, 2023

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

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

Not Applicable

Item 9A. Controls and Procedures

The management of the Company including its Chief Executive Officer, and Chief Financial Officer, have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of June 30, 2023, that the disclosure controls and procedures are effective in ensuring that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and (ii) that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure.

There were no changes in the Company's internal control over financial reporting identified in connection with management's evaluation that occurred during the fourth quarter of our fiscal year ended June 30, 2023 that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

The management of Standex is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Section 240.13a-15(f) of the Exchange Act). The Company's internal control over financial reporting is designed to provide reasonable assurance as to the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management, including the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of the end of the fiscal year covered by this report on Form 10-K. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control-Integrated Framework (2013)." These criteria are in the areas of control environment, risk assessment, control activities, information and communication and monitoring. Management's assessment included documenting, evaluating and testing the design and operating effectiveness of our internal control over financial reporting.

Based on the Company's processes, as described above, management, including the Chief Executive Officer and the Chief Financial Officer, has concluded that our internal control over financial reporting was effective as of June 30, 2023 to provide reasonable assurance of achieving its objectives. These results were reviewed with the Audit Committee of the Board of Directors. Deloitte & Touche, LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an unqualified attestation report on the Company's internal control over financial reporting, which is included below.

Inherent Limitation on Effectiveness of Controls

No matter how well designed, internal control over financial reporting has inherent limitations. Internal control over financial reporting determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and may not prevent or detect all misstatements that might be due to error or fraud. In addition, a design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Standex International Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Standex International Corporation and subsidiaries (the "Company") as of June 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2023, of the Company and our report dated August 4, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
August 4, 2023

Item 9B. Other Information**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The Company will file with the Securities and Exchange Commission (“SEC”) a definitive Proxy Statement no later than 120 days after the close of the fiscal year ended June 30, 2023 (the “Proxy Statement”). The information required by this item and not provided in Part 1 of this report under Item 1 “Executive Officers of Standex” is incorporated by reference from the Proxy Statement under the captions “Election of Directors,” “Stock Ownership in the Company,” “Other Information Concerning the Company, Board of Directors and its Committees” and “Section 16(a) Beneficial Ownership Reporting Compliance.”

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors. Information regarding the process for identifying and evaluating candidates for director are set forth and incorporated in reference to the information in the Proxy Statement under the caption “Corporate Governance/Nominating Committee Report.”

Information regarding the Audit Committee Financial Expert and the identification of the Audit Committee is incorporated by reference to the information in the Proxy Statement under the caption “Other Information Concerning the Company, Board of Directors and its Committees, Audit Committee.” The Audit Committee is established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act.

We maintain a corporate governance section on our website, which includes our code of ethics for senior financial management that applies to our chief executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions. Our corporate governance section also includes our code of business conduct and ethics for all employees. In addition, we will promptly post any amendments to or waivers of the code of ethics for senior financial management on our website. You can find this and other corporate governance information at www.standex.com.

Item 11. Executive Compensation

Information regarding executive compensation is incorporated by reference from the Proxy Statement under the captions and sub-captions: “Executive Compensation,” “Compensation Discussion and Analysis,” “Compensation Committee Report,” “2023 Summary Compensation Table,” “Other Information Concerning the Company, Board of Directors and Its Committees,” and “Directors Compensation.”

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

The stock ownership of each person known to Standex to be the beneficial owner of more than 5% of its Common Stock is incorporated by reference in the Proxy Statement under the caption "Stock Ownership of Certain Beneficial Owners." The beneficial ownership of Standex Common Stock of all directors and executive officers of the Company is incorporated by reference in the Proxy Statement under the caption and sub-caption "Stock Ownership in the Company" and "Stock Ownership by Directors, Nominees for Director and Executive Officers," respectively.

The Equity Compensation Plan table below represents information regarding the Company's equity-based compensation plan at June 30, 2023.

Plan Category	(A) Number of Securities To Be Issued Upon Exercise Of Outstanding Options, Warrants and Rights	(B) Weighted-Average Exercise Price Of Outstanding Options, Warrants and Rights	(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities reflected in Column (A))
2018 Omnibus Equity compensation plan approved by stockholders	257,917	\$ 4.26	394,284
Total	257,917	\$ 4.26	394,284

The Company has one equity compensation plan, approved by stockholders, under which equity securities of the Company have been authorized for issuance to employees and non-employee directors. During fiscal year 2022, shareholders approved an amendment to and restatement of the 2018 Omnibus Equity compensation plan. The change increased the number of shares authorized for grants under the 2018 Omnibus Equity compensation plan by 400,000 to 900,000 shares of our common stock.

This plan is further described in the "Notes to Consolidated Financial Statements" under the heading "Stock-Based Compensation and Purchase Plans."

Item 13. Certain Relationships and Related Transactions and Director Independence

Information regarding certain relationships and related transactions is incorporated by reference in the Proxy Statement under the caption and sub-caption "Certain Relationships and Related Transactions" And "Stock Ownership by Directors, Nominees for Director and Executive Officers," respectively.

Information regarding director independence is incorporated by reference in the Proxy Statement under the caption "Election of Directors - Determination of Independence."

Item 14. Principal Accountant Fees and Services

This Information in addition to information regarding aggregate fees billed for each of the last two fiscal years for professional services rendered by the professional accountant for audit of the Company's annual financial statements and review of financial statements included in the Company's Form 10-K as well as others are incorporated by reference in the Proxy Statement under the caption "Independent Auditors' Fees."

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

(a) 1. Financial Statements

Financial Statements covered by the Reports of Independent Registered Public Accounting Firm (PCAOB ID No. 34)

- (A) Consolidated Statements of Operations for the fiscal years ended June 30, 2023, 2022 and 2021
- (B) Consolidated Balance Sheets as of June 30, 2023 and 2022
- (C) Comprehensive Income for the fiscal years ended June 30, 2023, 2022 and 2021
- (D) Consolidated Statements of Stockholders' Equity for the fiscal years ended June 30, 2023, 2022 and 2021
- (E) Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2023, 2022 and 2021
- (F) Notes to Consolidated Financial Statements

2. Financial Statements Schedule

The following financial statement schedule is included as required by Item 8 to this report on Form 10-K Schedule II - Valuation and Qualifying Accounts is included in the Notes to Consolidated Financial Statements

All other schedules are not required and have been omitted

3. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference		Filed Herewith
		Form	Date	
3. (i)	<u>Restated Certificate of Incorporation of Standex, dated October 27, 1998 filed as Exhibit 3(i).</u>	10-Q	12/31/1998	
	(ii) <u>By-Laws of Standex, as amended, and restated effective February 2, 2021, filed as Exhibit 3.1</u>	10-Q	12/31/2020	
10. (a)	<u>Employment Agreement dated January, 20, 2014 between the Company and David Dunbar*</u>	10-K	6/30/2016	
(b)	<u>Employment Agreement dated April 4, 2016 between the Company and Alan J. Glass*</u>	10-K	6/30/2016	
(c)	<u>First Amendment to Employment Agreement dated April 4, 2016 between the Company and Alan J. Glass*</u>	10-K	6/30/2020	
(d)	<u>Employment Agreement dated August 26, 2019 between the Company and Annemarie Bell*</u>	10-K	6/30/2019	
(e)	<u>First Amendment to Employment Agreement dated August 26, 2019 between the Company and Annemarie Bell*</u>	10-K	6/30/2020	
(f)	<u>Employment Agreement dated August 2, 2019 between the Company and Ademir Sarcevic*</u>	8-K	8/8/2019	

(g)	<u>First Amendment to Employment Agreement dated August 2, 2019 between the Company and Ademir Sarcevic*</u>	10-K	6/30/2020
(h)	<u>Employment Agreement dated October 1, 2020 between the Company and Sean Valashinas*</u>	10-Q	9/30/2020
(i)	<u>Standex International Corporation Supplemental Retirement Plan adopted April 26, 1995 and Amended on July 26, 1995 filed as Exhibit 10(n).*</u>	10-K	6/30/1995
(j)	<u>Form of Indemnification Agreement for directors and executive officers of the Company.*</u>	8-K	5/5/2008
(k)	<u>2018 Omnibus Incentive Plan*</u>	8-K	10/29/2018
(l)	<u>2018 Omnibus Incentive Plan, as Amended and Restated*</u>	14-A	9/10/2021
(m)	<u>Standex Deferred Compensation Plan for highly compensated employees filed as Item 5.02.*</u>	8-K	1/31/2008
(n)	<u>Code of Ethics for Chief Executive Officer and Senior Financial Officers is incorporated by reference as Exhibit 14.</u>	10-K	6/30/2004
(o)	<u>Third Amended and Restated Credit Agreement Dated February 2, 2023 by and among Standex International Corporation, Citizens Bank, N.A.; Bank of America N.A.; TD Bank, N.A., JPMorgan Chase Bank, N.A.; and Truist Bank</u>	10-Q	2/03/2023
(p)	<u>Standex International Long-Term Incentive Plan Award</u>	10-K	6/30/2019
14.	<u>Code of Ethics for Chief Executive Officer and Senior Financial Officers is incorporated by reference as Exhibit 14.</u>	10-K	6/30/2004
21.	<u>Subsidiaries of Standex International Corporation</u>		X
23.1	<u>Consent of Independent Registered Public Accounting Firm Deloitte & Touche LLP</u>		X
24.	<u>Powers of Attorney of Charles H. Cannon, Thomas E. Chorman, Robin J Davenport, Jeffrey S. Edwards, B. Joanne Edwards, Thomas J. Hansen, and Michael A. Hickey</u>		X
31.1	<u>Rule 13a-14(a) Certification of President and Chief Executive Officer</u>		X
31.2	<u>Rule 13a-14(a) Certification of Vice President and Chief Financial Officer</u>		X

32.	<u>Section 1350 Certification</u>	X
101	The following materials from this Annual Report on Form 10-K, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Unaudited Condensed Consolidated Financial Statements	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	X

* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Standex International Corporation has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on August 4, 2023.

STANDEX INTERNATIONAL CORPORATION
(Registrant)

/s/ DAVID DUNBAR

David Dunbar
President/Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Standex International Corporation and in the capacities indicated on August 4, 2023:

Signature

/s/ DAVID DUNBAR
David Dunbar

Title

President/Chief Executive Officer

/s/ ADEMIR SARCEVIC
Ademir Sarcevic

Vice President/Chief Financial Officer

/s/ SEAN VALASHINAS
Sean Valashinas

Vice President/Chief Accounting Officer/Assistant Treasurer

David Dunbar, pursuant to powers of attorney which are being filed with this Annual Report on Form 10-K, has signed below on August 4, 2023 as attorney-in-fact for the following directors of the Registrant:

Charles H. Cannon
Thomas E. Chorman
Robin J. Davenport
B. Joanne Edwards

Jeffrey S. Edwards
Thomas J. Hansen
Michael A. Hickey

/s/ DAVID DUNBAR
David Dunbar

Supplemental Information to be furnished with reports filed pursuant to Section 15(d) of the Act by Registrants which have not registered securities pursuant to Section 12 of the Act.

The Company will furnish its 2023 Proxy Statement and proxy materials to security holders subsequent to the filing of the annual report on this Form. Copies of such material shall be furnished to the Commission when they are sent to security holders.

INDEX TO EXHIBITS

- 21 Subsidiaries of Standex
- 23 Consent of Independent Registered Public Accounting Firm Deloitte & Touche LLP
- 24 Powers of Attorney of Charles H. Cannon, Thomas E. Chorman, Robin J. Davenport, B. Joanne Edwards, Jeffrey S. Edwards, Thomas J. Hansen, and Michael A. Hickey
 - 31.1 Rule 13a-14(a) Certification of President and Chief Executive Officer
 - 31.2 Rule 13a-14(a) Certification of Vice President and Chief Financial Officer
- 32 Section 1350 Certification

END OF FORM 10-K

SUPPLEMENTAL INFORMATION FOLLOWS

Board of Directors	Title
Charles H. Cannon, Jr., 1, 3	Retired Executive Chairman and CEO, JBT Corporation
Thomas E. Chorman 1, 3, 4	CEO, Solar LED Innovations, LLC
Robin J. Davenport 1, 2	Retired Vice President-Corporate Finance, Parker-Hannifin Corporation
David Dunbar	President and Chief Executive Officer; Chairman of the Board
Jeffrey S Edwards 2, 3	Chairman and Chief Executive Officer, Cooper Standard Holdings, Inc.
B. Joanne Edwards 2, 3	Retired Senior Vice President & General Manager, Residential & Wiring Device Business, Eaton Corporation
Thomas J. Hansen 1	Former Executive Vice Chairman of Illinois Tool Works, Inc.
Michael A. Hickey 2, 3, 4	Retired Executive Vice President and President of the Global Institutional Business, Ecolab Inc.

- 1 Member of Audit Committee
- 2 Member of Compensation Committee
- 3 Member of Corporate Governance/Nominating Committee
- 4 Member of Innovation & Technology Committee

Corporate Officers

David Dunbar	President and Chief Executive Officer
Ademir Sarcevic	Vice President, Chief Financial Officer
Alan J. Glass	Vice President, Chief Legal Officer and Secretary
Sean Valashinas	Vice President, Chief Accounting Officer and Assistant Treasurer
Timo Goodloe	Vice President, Global Tax
Annemarie Bell	Vice President, Chief Human Resources Officer

Shareholder Information**Corporate Headquarters**

Standex International Corporation
23 Keewaydin Drive, Suite 300
Salem, NH 03079
(603) 893-9701
Facsimile: (603) 893-7324
www.standex.com

Common Stock

Listed on the New York Stock Exchange
(Ticker symbol: SXI)

Transfer Agent and Registrar

Computershare
150 Royall Street
Canton, MA 02021
(800) 368-5948
www.Computershare.com

Independent Auditors

Deloitte & Touche LLP
200 Berkeley St, 10th Floor
Boston, MA 02116

Shareholder Services

Stockholders should contact Standex's Transfer Agent (Computershare, 150 Royall Street, Canton, MA 02021) regarding changes in name, address or ownership of stock; lost certificates of dividends; and consolidation of accounts.

Stockholders' Meeting

The Annual Meeting of Stockholders will be held at 9:00 a.m. on Tuesday, October 24, 2023 at Standex International Corporation's Corporate Headquarters, 23 Keewaydin Drive 3rd Floor, Salem, NH 03079