

STANDEX REPORTS FISCAL THIRD QUARTER 2023 FINANCIAL RESULTS

- **Record Adjusted Operating Margin of 15.2%, up 140 bps year-on-year; Eighth Consecutive Quarter of Record Level Adjusted Operating Margin**
- **GAAP Operating Margin of 48.0% Driven by Gain on Procon Divestiture**
- **Fast Growth Market Sales Increased ~40% year-on-year to ~\$23 million; Fast Growth Market Sales in Fiscal 2023 Expected to Increase ~50% to ~\$85 million**
- **Expect Organic Revenue Growth in Fiscal Year 2023 from Four of Five Business Segments**
- **Generated \$17.6 million in Free Cash Flow**

SALEM, N.H., May 4, 2023 /PRNewswire/ -- [Standex International Corporation](#) (NYSE: SXI) today reported financial results for the third quarter of fiscal year 2023 ended March 31, 2023.

Summary Financial Results - Total Standex					
(\$M except EPS and Dividends)	3Q23	3Q22	2Q23	Y/Y	Q/Q
Net Sales	\$184.3	\$189.3	\$187.8	-2.6 %	-1.8 %
Operating Income - GAAP	\$88.5	\$24.5	\$27.8	261.7 %	218.3 %
Operating Income - Adjusted	\$27.9	\$26.1	\$28.6	7.0 %	-2.3 %
Operating Margin % - GAAP	48.0 %	12.9 %	14.8 %	+ 3510 bps	+ 3320 bps
Operating Margin % - Adjusted	15.2 %	13.8 %	15.2 %	+ 140 bps	+ 0 bps
Net Income from Continuing Ops - GAAP	\$80.6	\$17.4	\$20.1	362.8 %	301.2 %
Net Income from Continuing Ops - Adjusted	\$19.6	\$18.7	\$20.7	5.2 %	-5.2 %
EBITDA	\$95.1	\$31.3	\$34.8	203.6 %	172.9 %
EBITDA margin	51.6 %	16.5 %	18.5 %	+ 3510 bps	+ 3310 bps
Adjusted EBITDA	\$34.5	\$33.0	\$35.6	4.7 %	-3.2 %
Adjusted EBITDA margin	18.7 %	17.4 %	19.0 %	+ 130 bps	-30 bps
Diluted EPS - GAAP	\$6.77	\$1.43	\$1.69	370.1 %	300.6 %
Diluted EPS - Adjusted	\$1.65	\$1.54	\$1.74	7.1 %	-5.2 %
Dividends per Share	\$0.28	\$0.26	\$0.28	7.7 %	0.0 %
Free Cash Flow	\$17.6	\$8.5	\$24.0	107.3 %	-26.6 %
Net Debt to EBITDA	0.0x	0.5x	0.6x	NM	NM

Third Quarter Fiscal 2023 Results

Commenting on the quarter's results, President and Chief Executive Officer David Dunbar said, "Our third fiscal quarter results demonstrate our businesses' ability to perform well in an uncertain macro environment. On the top line, we delivered 1.5% organic growth, offset by foreign currency exchange and the divestiture of our Procon business unit. Sales from fast growth markets such as electric vehicles, renewable energy, smart grid, and the commercialization of space increased approximately 40% year on year to \$23 million in fiscal third quarter 2023, and we anticipate our fast growth market sales for fiscal year 2023 to increase approximately 50% versus prior year. We achieved record gross margin of 38.5%, up 240 bps year on year and record consolidated adjusted operating margin of 15.2% in fiscal third quarter 2023 - our eighth consecutive quarter of record level adjusted operating margin performance. This margin growth reflects the benefits of our customer intimacy model and solid execution of our pricing and productivity initiatives.

"We remain confident in our ability to navigate this environment and continue to deliver improved results. Our regional presence, strong customer relationships and our disciplined approach to pricing and productivity have protected us from the challenges presented by supply chain challenges and inflation. We continue to benefit from secular trends in our fast growth markets, which are still in the early stages of evolution. As a result, we expect all our segments, except Scientific, to contribute to organic growth for the fiscal year."

"In addition, Standex's consistent cash generation and substantial financial flexibility continue to position us well to pursue an active pipeline of organic and inorganic growth opportunities. Our free cash flow conversion remained healthy at near 100% in the fiscal third quarter. We have approximately \$344 million in available liquidity."

Outlook

In fiscal fourth quarter 2023, on a sequential basis, the Company expects similar revenue with organic sales growth offsetting the impact of the Procon divestiture. The Company expects similar to slightly higher adjusted operating margin. On a year-on-year basis, the Company expects mid to high single digit organic growth offset by the Procon divestiture and significant adjusted operating margin improvement due to continued realization of pricing and productivity initiatives.

Third Quarter Segment Operating Performance

Electronics (42% of sales; 47% of segment operating income)

	<u>3Q23</u>	<u>3Q22</u>	<u>% Change</u>
Electronics (\$M)			
Revenue	78.2	79.9	-2.1 %
GAAP Operating Income	17.0	19.2	-11.2 %
GAAP Operating Margin %	21.8	24.0	
Adjusted Operating Income*	17.0	19.2	-11.3 %
Adjusted Operating Margin %*	21.8	24.1	

*3Q22 excludes less than \$0.1M of purchase accounting expenses associated with Sensor Solutions

Revenue decreased approximately \$1.7 million or 2.1% year-on-year reflecting organic growth of 1.3%, more than offset by a 3.4% impact from foreign exchange. The segment is seeing positive trends in end markets like industrial applications, power management, renewable energy technologies, and EV-related applications.

Electronics segment backlog realizable in under one year of approximately \$145 million decreased 4% year-on-year. The segment had a book to bill ratio of 0.92 at the end of the fiscal third quarter.

Adjusted operating income decreased approximately \$2.2 million or 11.3% year-on-year due to lower sales and product mix, partially offset by pricing and productivity initiatives.

In fiscal fourth quarter 2023, on a sequential basis, the Company expects similar revenue and operating margin primarily due to increased sales into fast growth markets, offset by a slower recovery in China and Europe.

Engraving (20% of sales; 15% of segment operating income)

	<u>3Q23</u>	<u>3Q22</u>	<u>% Change</u>
Engraving (\$M)			
Revenue	36.9	37.2	-0.8 %
Operating Income	5.4	5.7	-6.5 %
Operating Margin %	14.5	15.4	

Revenue decreased approximately \$0.3 million or 0.8% year-on-year reflecting 3.9% organic growth, which was more than offset by a 4.7% impact from foreign exchange. Operating income decreased \$0.4 million or 6.5% year-on-year, primarily driven by unfavorable regional mix. The segment had a book to bill ratio of 1.12, indicating continued end market stability.

In fiscal fourth quarter 2023, on a sequential basis, the Company expects similar to slightly higher revenue and operating margin.

Scientific (10% of sales; 13% of segment operating income)

	<u>3Q23</u>	<u>3Q22</u>	<u>% Change</u>
Scientific (\$M)			
Revenue	18.9	18.9	-0.1 %
Operating Income	4.6	4.2	9.8 %
Operating Margin %	24.1	22.0	

Revenue remained flat at \$18.9 million reflecting higher sales into research and academic end markets, offset by lower demand for COVID vaccine storage units. Operating income increased approximately \$0.4 million or 9.8% year-on-year due to price and productivity actions and lower freight cost.

In fiscal fourth quarter 2023, on a sequential basis, the Company expects similar revenue and slightly higher operating margin.

Engineering Technologies (10% of sales; 7% of segment operating income)

	<u>3Q23</u>	<u>3Q22</u>	<u>% Change</u>
Engineering Technologies (\$M)			
Revenue	18.1	20.9	-13.6 %
Operating Income	2.4	2.3	1.0 %
Operating Margin %	13.0	11.1	

Revenue decreased approximately \$2.8 million or 13.6% year-on-year reflecting lower volume due to the timing of projects, partially offset by higher revenue from new product development. Operating income remained flat at approximately \$2.4 million reflecting the impact of productivity and efficiency initiatives offsetting the lower volume.

In fiscal fourth quarter 2023, on a sequential basis, the Company expects a moderate increase in revenue and operating margin, reflecting more favorable timing of projects in aviation and space end markets.

Specialty Solutions (18% of sales; 18% of segment operating income)

	3Q23	3Q22	% Change
Specialty Solutions (\$M)			
Revenue	32.3	32.4	-0.3 %
Operating Income	7.2	3.6	96.9 %
Operating Margin %	22.2	11.2	

Specialty Solutions revenue remained relatively flat at \$32.3 million, reflecting robust organic growth in the Display Merchandising business, offset by an organic decline in the Hydraulics business and the Procon divestiture. Operating income increased approximately \$3.5 million or 96.9% year-on-year driven by higher sales in the Display Merchandising business and realization of productivity initiatives in the Hydraulics business.

In fiscal fourth quarter 2023, on a sequential basis, the Company expects a moderate to significant decline in revenue primarily due to the Procon divestiture and lower sales in the Display Merchandising business and slightly lower operating margin.

Capital Allocation

- **Share Repurchase:** During the fiscal third quarter, the Company repurchased approximately 42,500 shares for \$5.0 million. There was \$72.1 million remaining on the Company's current share repurchase authorization at the end of the fiscal third quarter 2023.
- **Capital Expenditures:** In fiscal third quarter 2023, Standex's capital expenditures were \$5.6 million compared to \$3.4 million in the fiscal third quarter of 2022. The Company expects fiscal year 2023 capital expenditures between \$25 million and \$30 million with key investments focused on growth initiatives and capacity expansion. Capital expenditures were \$23.9 million in fiscal 2022.
- **Dividend:** On April 27, 2023, the Company declared a quarterly cash dividend of \$0.28 per share, an approximately 7.7% year-on-year increase. The dividend is payable May 25, 2023, to shareholders of record on May 10, 2023.

Balance Sheet and Cash Flow Highlights

- **Net Debt:** Standex had net (cash) debt of (\$2.0) million on March 31, 2023, compared to \$70.0 million at the end of fiscal 2022 and \$65.8 million at the end of fiscal third quarter 2022. Net debt for the third quarter of 2023 consisted primarily of long-term debt of \$173.3 million and cash and equivalents of \$175.3 million.
- **Cash Flow:** Net cash provided by continuing operating activities for the three months ended March 31, 2023, was \$23.3 million compared to \$11.9 million in the prior year's quarter. Free cash flow after capital expenditures was \$17.6 million compared to free cash flow after capital expenditures of \$8.5 million in the fiscal third quarter of 2022.

Conference Call Details

Standex will host a conference call for investors tomorrow, May 5, 2023, at 8:30 a.m. ET. On the call, David Dunbar, President, and CEO, and Ademir Sarcevic, CFO, will review the Company's financial results and business and operating highlights. Investors interested in listening to the webcast and viewing the slide presentation should log on to the "Investors" section of Standex's website under the subheading, "Events and Presentations," located at www.standex.com.

A replay of the webcast will also be available on the Company's website shortly after the conclusion of the presentation online through May 5, 2024. To listen to the teleconference playback, please dial in the U.S. (877) 344-7529 or (412) 317-0088 internationally; the passcode is 7047258. The audio playback via phone will be available through May 12, 2023. The webcast replay can be accessed in the "Investor Relations" section of the Company's website, located at www.standex.com.

Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with generally accepted accounting principles ("GAAP"), the Company uses certain non-GAAP financial measures, including non-GAAP adjusted income from operations, non-GAAP adjusted net income from continuing operations, free operating cash flow, EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted EBITDA, adjusted EBITDA to net debt, and adjusted earnings per share. The attached financial tables reconcile non-GAAP measures used in this press release to the most directly comparable GAAP measures. The Company believes that the use of non-GAAP measures which include the impact of restructuring charges, purchase accounting, insurance recoveries, discrete tax events, gain or loss on sale of a business unit, acquisition costs, and litigation costs help investors to obtain a better understanding of our operating results and prospects, consistent with how management measures and forecasts the Company's performance, especially when comparing such results to previous periods. An understanding of the impact in a particular quarter of specific restructuring costs, acquisition expenses, or other gains and losses, on net income (absolute as well as on a per-share basis), operating income or EBITDA can give management and investors additional insight into core financial performance, especially when compared to quarters in which such items had a greater or lesser effect, or no effect. Non-GAAP measures should be considered in addition to, and not as a replacement for, the corresponding GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

About Standex

Standex International Corporation is a multi-industry 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, Brazil, Turkey, South Africa, India, and China. For additional information, visit the Company's website at <http://standex.com/>.

Forward-Looking Statements

Statements contained in this Press Release 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; the impact of inflation on the costs of providing our products and services; 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; our ability to increase manufacturing production to meet demand including as a result of labor shortages; 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.

Standex International Corporation Consolidated Statement of Operations (unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
(In thousands, except per share data)	2023	2022	2023	2022
Net sales	\$ 184,332	189,281	\$ 552,721	\$ 550,600
Cost of sales	113,435	120,900	341,251	347,210
Gross profit	70,897	68,381	211,470	203,390
Selling, general and administrative expenses	42,954	42,306	127,756	128,589
(Gain) loss on sale of business	(62,105)	-	(62,105)	-
Restructuring costs	2,237	1,186	3,330	2,469
Acquisition related costs	21	419	487	1,561
Other operating (income) expense, net	(727)	-	(611)	1,700
Income from operations	88,517	24,470	142,613	69,071
Interest expense	1,415	1,238	4,168	4,484
Other non-operating (income) expense, net	747	340	1,695	651
Total	2,162	1,578	5,863	5,135
Income from continuing operations before income taxes	86,355	22,892	136,750	63,936
Provision for income taxes	5,788	5,484	17,783	15,677
Net income from continuing operations	80,567	17,408	118,967	48,259

Income (loss) from discontinued operations, net of tax	<u>(57)</u>	<u>(86)</u>	<u>(144)</u>	<u>(135)</u>
Net income	\$ <u>80,510</u>	\$ <u>17,322</u>	\$ <u>118,823</u>	\$ <u>48,124</u>

Basic earnings per share:

Income (loss) from continuing operations	\$ 6.82	\$ 1.45	\$ 10.06	\$ 4.02
Income (loss) from discontinued operations	<u>-</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.01)</u>
Total	\$ <u>6.82</u>	\$ <u>1.44</u>	\$ <u>10.05</u>	\$ <u>4.01</u>

Diluted earnings per share:

Income (loss) from continuing operations	\$ 6.77	\$ 1.44	\$ 9.98	\$ 3.98
Income (loss) from discontinued operations	<u>-</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.01)</u>
Total	\$ <u>6.77</u>	\$ <u>1.43</u>	\$ <u>9.97</u>	\$ <u>3.97</u>

Average Shares Outstanding

Basic	11,811	11,982	11,825	12,009
Diluted	11,895	12,089	11,917	12,121

Standex International Corporation
Condensed Consolidated Balance Sheets
(unaudited)

	March 31,	June 30,
(In thousands)	2023	2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 175,284	\$ 104,844
Accounts receivable, net	121,161	117,075
Inventories	104,516	105,339
Prepaid expenses and other current assets	56,611	45,210
Income taxes receivable	3,203	6,530
Total current assets	<u>460,775</u>	<u>378,998</u>

Property, plant, equipment, net	130,638	128,584
Intangible assets, net	79,562	85,770
Goodwill	269,463	267,906
Deferred tax asset	9,213	8,186
Operating lease right-of-use asset	36,069	39,119
Other non-current assets	29,368	25,876
Total non-current assets	<u>554,313</u>	<u>555,441</u>

Total assets	\$ <u>1,015,088</u>	\$ <u>934,439</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 67,512	\$ 74,520
Accrued liabilities	55,704	67,773

Income taxes payable	7,371	8,475
Total current liabilities	130,587	150,768
Long-term debt	173,333	174,830
Operating lease long-term liabilities	28,463	31,357
Accrued pension and other non-current liabilities	77,155	78,141
Total non-current liabilities	278,951	284,328
Stockholders' equity:		
Common stock	41,976	41,976
Additional paid-in capital	97,294	91,200
Retained earnings	1,010,395	901,421
Accumulated other comprehensive loss	(147,175)	(153,312)
Treasury shares	(396,940)	(381,942)
Total stockholders' equity	605,550	499,343
Total liabilities and stockholders' equity	\$ 1,015,088	\$ 934,439

Standex International Corporation and Subsidiaries

Statements of Consolidated Cash Flows

(unaudited)

	Nine Months Ended	
	March 31,	
(In thousands)	2023	2022
Cash Flows from Operating Activities		
Net income	\$ 118,823	\$ 48,124
Income (loss) from discontinued operations	(144)	(135)
Income from continuing operations	118,967	48,259
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,275	22,411
Stock-based compensation	8,508	8,213
Non-cash portion of restructuring charge	129	595
(Gain) loss on sale of business	(62,105)	-
Contributions to defined benefit plans	(151)	(157)
Net changes in operating assets and liabilities	(36,268)	(30,693)
Net cash provided by operating activities - continuing operations	50,355	48,628
Net cash provided by (used in) operating activities - discontinued operations	(37)	(364)
Net cash provided by (used in) operating activities	50,318	36,335
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(16,648)	(13,138)
Expenditures for acquisitions, net of cash acquired	-	(9,902)
Proceeds from the sale of business	67,023	-
Other investing activities	(1,321)	5,718
Net cash (used in) investing activities	49,054	(17,322)

Cash Flows from Financing Activities

Proceeds from borrowings	224,500	-
Payments of debt	(226,200)	-
Contingent consideration payment	(1,167)	(1,167)
Activity under share-based payment plans	1,170	1,318
Purchase of treasury stock	(18,582)	(21,420)
Cash dividends paid	(9,699)	(9,148)
Other financing activities		
Net cash provided by (used in) financing activities from continuing operations	(29,978)	(30,417)
Net cash provided by financing activities from discontinued operations	-	-
Net cash provided by (used in) financing activities	(29,978)	(30,417)
Effect of exchange rate changes on cash	1,046	(2,979)
Net changes in cash and cash equivalents	70,440	(2,465)
Cash and cash equivalents at beginning of year	104,844	136,367
Cash and cash equivalents at end of period	\$ 175,284	\$ 133,902

Standex International Corporation
Selected Segment Data
(unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
(In thousands)	2023	2022	2023	2022
Net Sales				
Electronics	\$ 78,211	\$ 79,889	\$ 225,966	\$ 232,351
Engraving	36,909	37,223	109,622	109,037
Scientific	18,898	18,914	56,646	65,079
Engineering Technologies	18,052	20,890	59,244	56,558
Specialty Solutions	32,262	32,365	101,243	87,575
Total	\$ 184,332	\$ 189,281	\$ 552,721	\$ 550,600
Income from operations				
Electronics	\$ 17,047	\$ 19,194	\$ 52,160	\$ 54,624
Engraving	5,353	5,728	17,580	15,806
Scientific	4,561	4,155	12,449	14,153
Engineering Technologies	2,351	2,327	7,957	5,540
Specialty Solutions	7,151	3,632	18,944	10,185
Restructuring	(2,237)	(1,186)	(3,330)	(2,469)
(Gain) loss on sale of business	62,105	-	62,105	-
Acquisition related costs	(21)	(419)	(487)	(1,561)
Corporate	(8,520)	(8,961)	(25,376)	(25,507)
Other operating income (expense), net	727	-	611	(1,700)
Total	\$ 88,517	\$ 24,470	\$ 142,613	\$ 69,071

Standex International Corporation
Reconciliation of GAAP to Non-GAAP Financial Measures
(unaudited)

	Three Months Ended			Nine Months Ended	
	March 31,			March 31,	
(In thousands, except percentages)	2023	2022	% Change	2023	2022
<i>Adjusted income from operations and adjusted net income from continuing operations:</i>					
Net Sales	\$ 184,332	\$ 189,281	-2.6 %	\$ 552,721	\$ 561,811
Income from operations, as reported	\$ 88,517	\$ 24,470	261.7 %	\$ 142,613	\$ 10,000
Income from operations margin	48.0 %	12.9 %		25.8 %	1.8 %
Adjustments:					
Restructuring charges	2,237	1,186		3,330	3,330
Acquisition-related costs	21	419		487	487
Litigation (settlement refund) charge	(996)	-		(881)	-
(Gain) loss on sale of business	(62,105)	-		(62,105)	-
Environmental remediation	271	-		271	-
Purchase accounting expenses	-	31		-	31
Adjusted income from operations	\$ 27,945	\$ 26,106	7.0 %	\$ 83,715	\$ 13,848
Adjusted income from operations margin	15.2 %	13.8 %		15.1 %	1.8 %
Interest and other income (expense), net	(2,162)	(1,578)		(5,863)	(1,578)
Provision for income taxes	(5,788)	(5,484)		(17,783)	(17,783)
Discrete and other tax items	-	-		100	-
Tax impact of above adjustments	(370)	(392)		(769)	(392)
Net income from continuing operations, as adjusted	\$ 19,625	\$ 18,652	5.2 %	\$ 59,400	\$ 11,973
<i>EBITDA and Adjusted EBITDA:</i>					
Net income (loss) from continuing operations, as reported	\$ 80,567	\$ 17,408	362.8 %	\$ 118,967	\$ 10,000
Net income from continuing operations margin	43.7 %	9.2 %		21.5 %	1.8 %
Add back:					
Provision for income taxes	5,788	5,484		17,783	17,783
Interest expense	1,415	1,238		4,168	4,168
Depreciation and amortization	7,309	7,189		21,275	21,275
EBITDA	\$ 95,079	\$ 31,319	203.6 %	\$ 162,193	\$ 53,226
EBITDA Margin	51.6 %	16.5 %		29.3 %	9.5 %
Adjustments:					
Restructuring charges	2,237	1,186		3,330	3,330
Acquisition-related costs	21	419		487	487
Litigation (settlement refund) charge	(996)	-		(881)	-
(Gain) loss on sale of business	(62,105)	-		(62,105)	-
Environmental remediation	271	-		271	-
Purchase accounting expenses	-	31		-	31
Adjusted EBITDA	\$ 34,507	\$ 32,955	4.7 %	\$ 103,295	\$ 57,053
Adjusted EBITDA Margin	18.7 %	17.4 %		18.7 %	10.7 %

Free operating cash flow:

Net cash provided by operating activities - continuing operations, as reported	\$ 23,265	\$ 11,929	\$ 50,356	\$
Less: Capital expenditures	(5,620)	(3,417)	(16,648)	
Free cash flow from continuing operations	\$ 17,645	\$ 8,512	\$ 33,708	\$

Standex International Corporation
Reconciliation of GAAP to Non-GAAP Financial Measures
(unaudited)

	Three Months Ended March 31,			Nine Months Ended March 31,		
<i>Adjusted earnings per share from continuing operations</i>	2023	2022	% Change	2023	2022	% Change
Diluted earnings per share from continuing operations, as reported	\$ 6.77	\$ 1.44	370.1 %	\$ 9.98	\$ 3.98	150.8 %
Adjustments:						
Restructuring charges	0.14	0.07		0.21	0.16	
Acquisition-related costs	-	0.03		0.03	0.10	
Litigation (settlement refund) charge	(0.06)	-		(0.06)	0.10	
(Gain) loss on sale of business	(5.22)	-		(5.22)	-	
Environmental remediation	0.02	-		0.02	-	
Discrete tax items	-	-		0.01	-	
Diluted earnings per share from continuing operations, as adjusted	\$ 1.65	\$ 1.54	7.1 %	\$ 4.97	\$ 4.34	14.5 %

SOURCE Standex International Corporation

For further information: Christopher Howe, Director of Investor Relations, (773) 754-5394, e-mail: InvestorRelations@Standex.com

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