



# 2<sup>nd</sup> Quarter Fiscal 2025 Financial Results

September 16, 2024



# Forward-Looking Statements

Information included in this presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, but rather reflect our current expectations concerning future events and results. These statements may include the use of the words “believes,” “expects,” “intends,” “plans,” “anticipates,” “likely,” “continues,” “may,” “will,” and similar expressions to identify forward-looking statements. Such forward-looking statements, including those concerning the Company’s anticipated performance, involve risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties and factors include, but are not limited to, (i) the risk that we may not be able to realize the expected synergies from our acquisition of MTEX NS, (ii) the risk that apparent improvements in the Aerospace and Defense sectors may not continue, (iii) the risk that supply chain issues may persist longer than we expect, (iv) the risk that we may not be able to incorporate customer-requested design-enhancements into our products on the timeframe that we expect or at all, and (v) those factors set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2024 and subsequent filings AstroNova makes with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The reader is cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this presentation.

## Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with generally accepted accounting principles (GAAP), this presentation contains the non-GAAP financial measure Adjusted EBITDA, which we define as earnings before interest, taxes, depreciation and amortization, stock-based compensation and acquisition-related costs.

AstroNova believes that the inclusion of this non-GAAP financial measure helps investors gain a meaningful understanding of changes in the Company’s core operating results and can help investors who wish to make comparisons between AstroNova and other companies on both a GAAP and a non-GAAP basis. AstroNova’s management uses this non-GAAP financial measure, in addition to GAAP financial measures, as the basis for measuring its core operating performance and comparing such performance to that of prior periods and to the performance of its competitors. This measure is also used by the Company’s management to assist with their financial and operating decision-making. Please refer to the financial reconciliation table included in this presentation for a reconciliation of this non-GAAP measure to the most directly comparable GAAP measure for the three months ended August 3, 2024, and July 29, 2023.

AstroNova has not reconciled the forward-looking Adjusted EBITDA growth percentage included in its 2025 financial targets and outlook to the most directly comparable forward-looking GAAP measure because this cannot be done without unreasonable effort due to the lack of predictability regarding cost of sales, operating expenses, depreciation and amortization, and stock-based compensation. The impact of any of these items, individually or in the aggregate, may be significant.

# Agenda and Speakers

- 01** CEO Commentary
- 02** Operating Highlights
- 03** Q2 FY25 Financial Review
- 04** Closing Comments
- 05** Q&A



**Greg Woods**

President and Chief Executive Officer



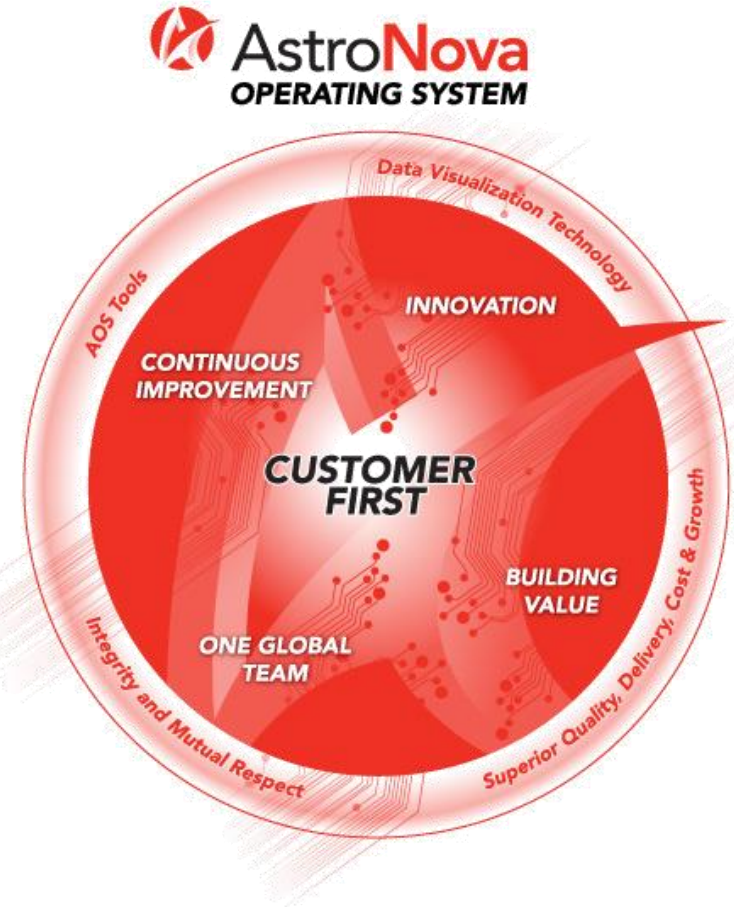
**Tom DeByle**

VP and Chief Financial Officer

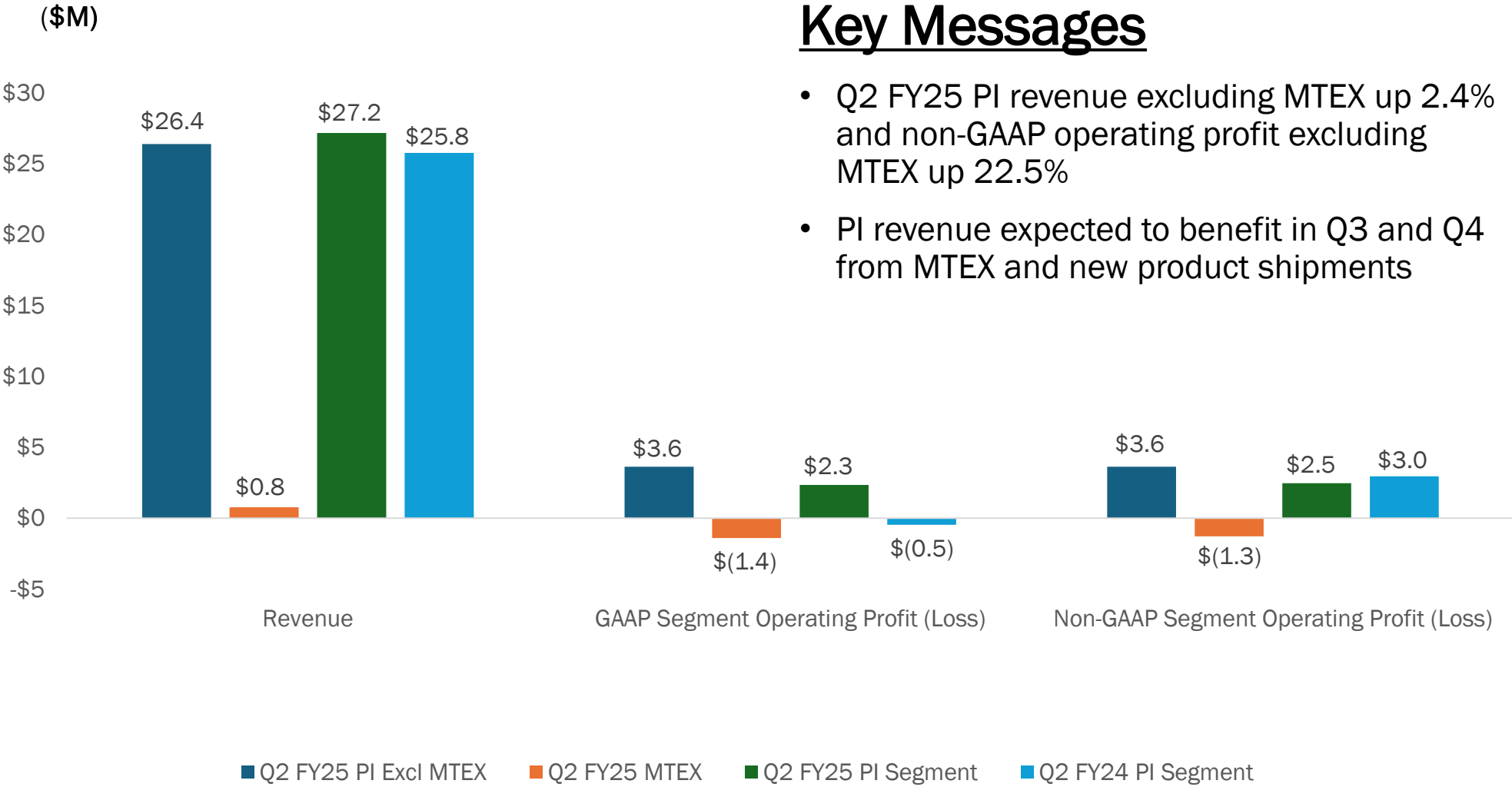
# CEO Commentary

Solid quarter highlighted by strong demand and top-line growth

- Total revenue increased 14.1%, driven by growth in both segments
- T&M segment posts 37.2% revenue growth, driven by Aerospace product line
  - Benefit from continued rebound of commercial aviation market
- Product Identification segment increased 5.4%, driven by growth in supplies
  - MTEX integration off to a slow start, with acquisition generating revenue of \$0.8M and an operating loss of \$1.4M
  - Integration remains a priority; expect to take through the remainder of FY'25 to transition MTEX's systems, processes and business tools to those of the AstroNova Operating System
  - Expect to begin shipping strong MTEX backlog in Q3 and Q4; Plans going forward include capitalizing on MTEX's complementary technologies to drive growth
- We remain on track for mid-single-digit organic revenue growth in FY 2025
  - Adjusted EBITDA margin now expected to be in the range of 9% to 10% for FY 2025
  - After full integration, expect consolidated adjusted EBITDA in range of 13% to 14% in FY'26



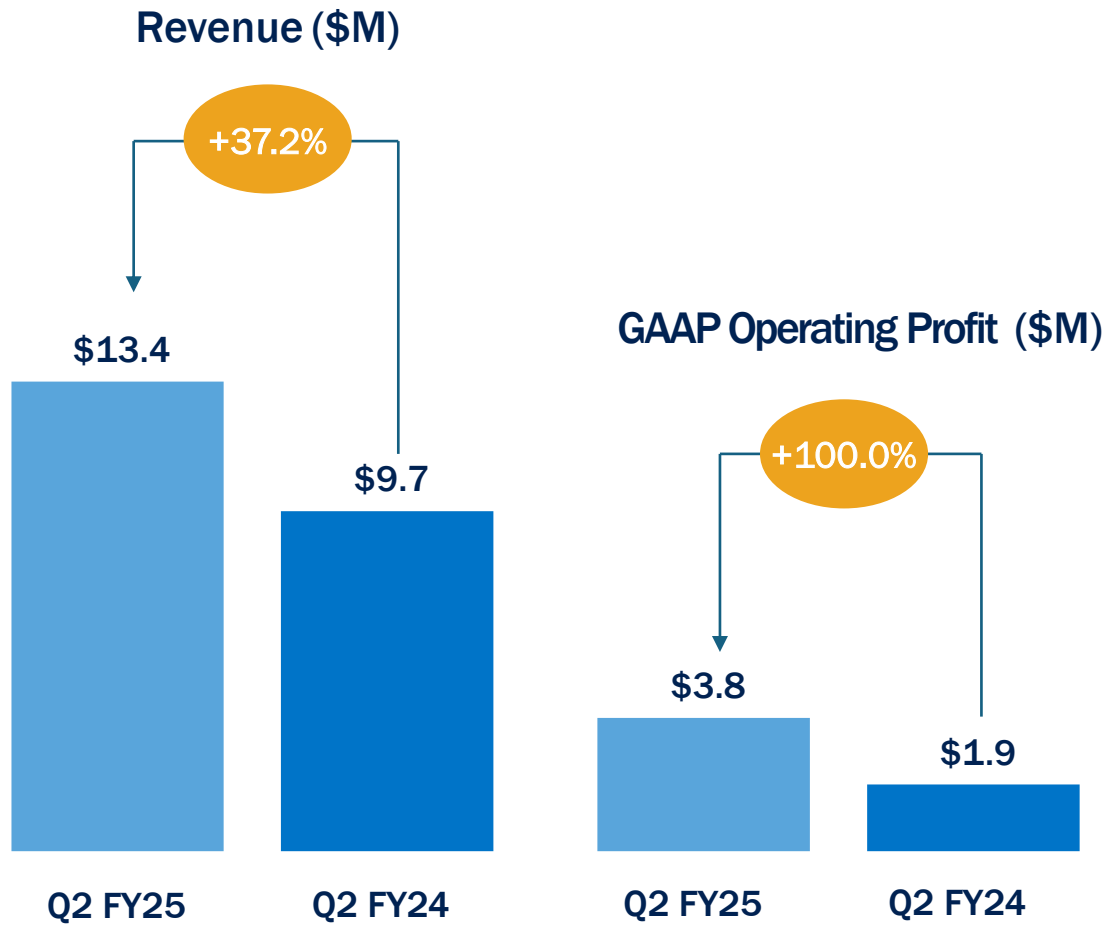
# Product Identification Segment



## Key Messages

- Q2 FY25 PI revenue excluding MTEX up 2.4% and non-GAAP operating profit excluding MTEX up 22.5%
- PI revenue expected to benefit in Q3 and Q4 from MTEX and new product shipments

# Test & Measurement Segment



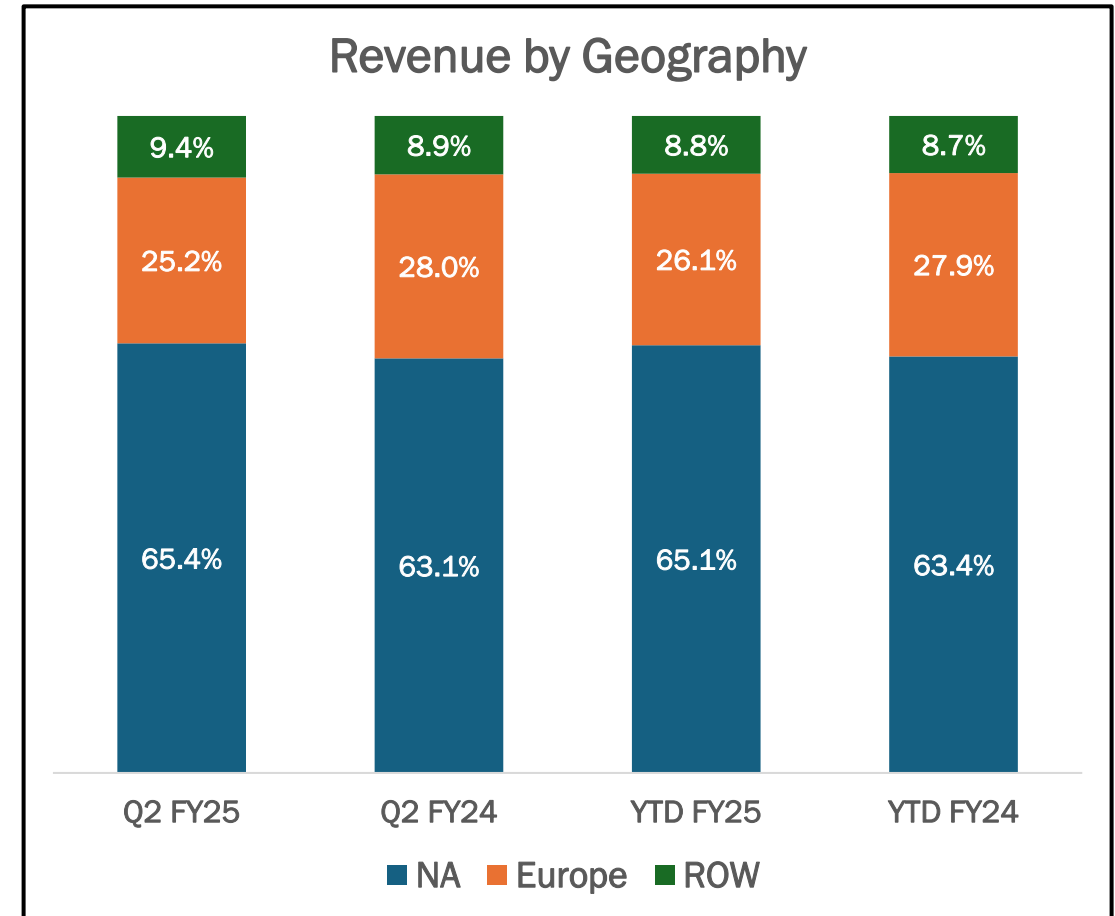
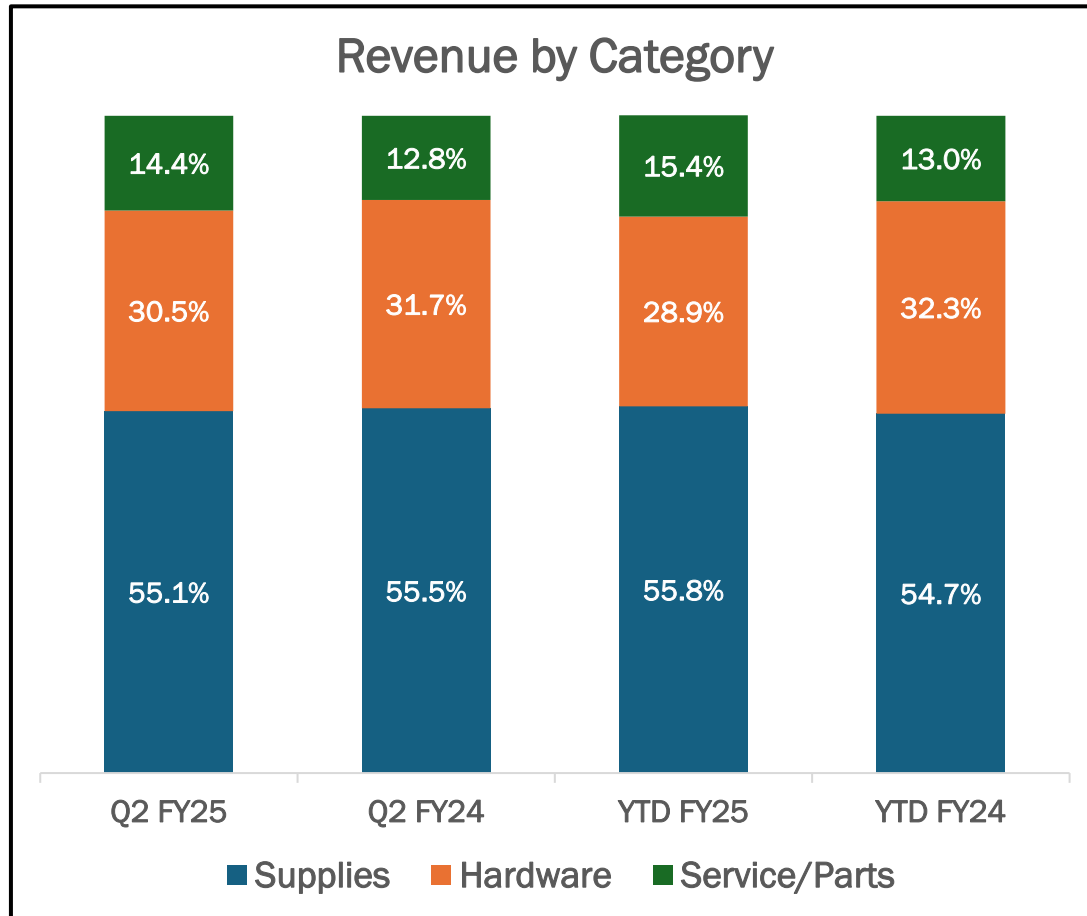
## Key Messages

- Aerospace and T&M product lines showed strong growth
- Q2 FY25 included \$1.3 million in revenue and \$1.0 million in operating profit related to non-recurring items
- Looking forward, both product lines have momentum and strong backlogs



# Revenue by Category and Geography

Supplies strong part of AstroNova recurring revenue stream



**Revenue from Europe expected to increase due to the MTEX acquisition**

# New Products Featured at PRINTING United Expo

AstroNova showcases groundbreaking products



**MULTI 800**



**QuickLabel QL-1200S**



**DTF-PF**



**DTF-UV**



# Q2 FY25 Financial Results

(\$ in millions, except per share data)	GAAP			Non-GAAP		
	Q2 FY25	Q2 FY24	YoY	Q2 FY25	Q2 FY24	YoY
Revenue	\$40.5	\$35.5	14.1%			
Gross Profit	\$14.3	\$9.7	47.5%	\$14.4	\$12.7	14.1%
Gross Margin	35.3%	27.3%	800 pts	35.6%	35.6%	--
Operating Expenses	\$13.3	\$10.9	21.6%	\$12.2	\$10.4	17.9%
Operating Income	\$1.1	(\$1.2)	188.6%	\$2.2	\$2.3	(3.0%)
Operating Margin	2.6%	(3.4%)	600 pts	5.5%	6.5%	(100 pts)
Net (Loss) Income	(\$0.3)	(\$1.6)	--	\$0.6	\$1.1	(47.5%)
Net (Loss) income per Common Share – Diluted	(\$0.04)	(\$0.22)	--	\$0.08	\$0.15	(46.7%)
Adjusted EBITDA				\$3.9	\$3.7	5.3%

- Revenue was up in the quarter driven by the Test and Measurement segment
- Higher GAAP operating income primarily due to restructuring charges recorded in Q2 FY24
- Lower non-GAAP operating income related to costs to further align the MTEX products, services and control environment with those of AstroNova

# Balance Sheet and Debt

(\$ in millions)	Q2 FY25 8/3/2024	Q1 FY25 4/27/2024
Funded Debt	\$45.6	\$15.5
Long Term Debt	\$22.7	\$9.3
Cash	\$4.8	\$4.0
Net Debt	\$40.8	\$11.5
Shareholder Equity	\$91.8	\$91.2
EBITDA per Credit Agreement	\$18.2	\$15.8
Net Debt to Capital Ratio	30.8%	11.3%
Funded Debt to Capital Ratio	33.2%	14.6%
EBITDA to Funded Debt	2.5	1.0
Maximum Leverage per Agreement	3.50 to 1.00	3.00 to 1.00

(\$ in millions)	Q2 FY25 8/3/2024	Q1 FY25 4/27/2024
Cash	\$4.8	\$4.0
Revolver	\$30.5	\$25.0
Drawn	\$13.4	\$3.4
Available	\$17.1	\$21.6
Liquidity	\$21.9	\$25.6

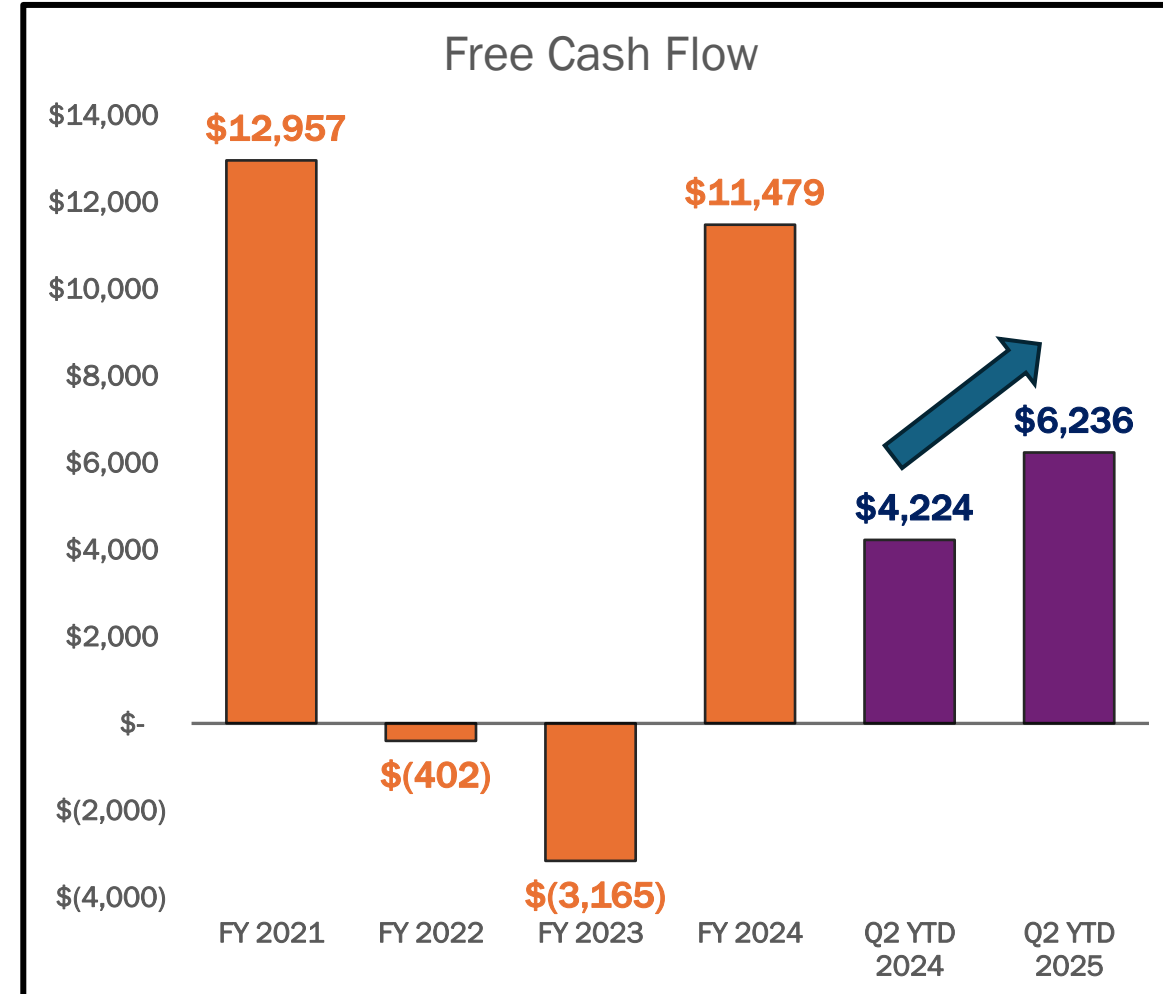
- Liquidity remains strong at the end of the second quarter
- Net Debt increase from prior quarter due to the MTEX acquisition

# Free Cash Flow

(\$ in thousands, except FCF per share)	Q2 FY25	Q2 FY24	YTD FY25	YTD FY24
Net Cash Provided by Operating Activities	\$163	\$2,076	\$7,066	\$4,718
Less: Capital Expenditures	(338)	(446)	(830)	(494)
Free Cash Flow	(\$175)	\$1,630	\$6,236	\$4,224
Shares – Diluted	7,516	7,420	7,617	7,396
Free Cash Flow Per Share	(\$0.02)	\$0.22	\$0.82	\$0.56

## Free cash flow

- Q2 year to date free cash flow was higher due to:
  - Higher Net Income in current year
  - Increased accounts payable in current year
- Partially offset by:
  - Higher taxes in current year
  - Non-cash restructuring charges in Q2 FY 2024



# FY'25 Financial Targets and Outlook

Revising full-year Adjusted EBITDA guidance

1

Mid-single-digit organic revenue percentage growth

2

FY 2025 Adjusted EBITDA margin of 9% to 10%

3

Targeting Adjusted EBITDA margin to be in the range of 13% to 14% in FY26

# Wrap up

Markets are growing

Launching new products in PI Segment

Strong momentum in T&M Segment

MTEX integration and leveraging technology

Solid balance sheet

Great team with dedicated employees

# Appendix

# Reconciliation of GAAP to Non-GAAP Items

**ASTRONOVA, INC.**  
**Reconciliation of GAAP to Non-GAAP Items**  
 In Thousands Except for Per Share Data  
 (Unaudited)

**ASTRONOVA, INC.**  
**Reconciliation of GAAP to Non-GAAP Items**  
 In Thousands Except for Per Share Data  
 (Unaudited)

	Three Months Ended	
	August 3, 2024	July 29, 2023
Gross Profit	\$ 14,326	\$ 9,710
Inventory Step-Up	120	-
Restructuring Charges	-	2,096
Product Retrofit Costs	-	852
<b>Non-GAAP Gross Profit</b>	<b>\$ 14,446</b>	<b>\$ 12,658</b>
Operating Expenses	\$ 13,265	\$ 10,908
MTEX-related Acquisition Expenses	(625)	-
CFO Transition Costs	(432)	-
Restructuring Charges	-	(555)
<b>Non-GAAP Operating Expenses</b>	<b>\$ 12,208</b>	<b>\$ 10,353</b>
Operating Income (Loss)	\$ 1,061	\$ (1,198)
MTEX-related Acquisition Expenses	625	-
CFO Transition Costs	432	-
Inventory Step-Up	120	-
Restructuring Charges	-	2,651
Product Retrofit Costs	-	852
<b>Non-GAAP Operating Income</b>	<b>\$ 2,238</b>	<b>\$ 2,305</b>
Net Income (Loss)	\$ (311)	\$ (1,617)
MTEX-related Acquisition Expenses, net	470	-
CFO Transition Costs, net	328	-
Inventory Step-Up, net	85	-
Restructuring Charges, net	-	2,048
Product Retrofit Costs, net	-	658
<b>Non-GAAP Net Income</b>	<b>\$ 572</b>	<b>\$ 1,089</b>
Diluted Earnings (Loss) Per Share	\$ (0.04)	\$ (0.22)
MTEX-related Acquisition Expenses	0.06	-
CFO Transition Costs	0.05	-
Inventory Step-Up	0.01	-
Restructuring Charges	-	0.28
Product Retrofit Costs	-	0.09
<b>Non-GAAP Diluted Earnings (Loss) Per Share</b>	<b>\$ 0.08</b>	<b>\$ 0.15</b>

	Six Months Ended	
	August 3, 2024	July 29, 2023
Gross Profit	\$ 26,298	\$ 22,096
Inventory Step-Up	120	-
Restructuring Charges	-	2,096
Product Retrofit Costs	-	852
<b>Non-GAAP Gross Profit</b>	<b>\$ 26,418</b>	<b>\$ 25,044</b>
Operating Expenses	\$ 23,891	\$ 21,832
MTEX-related Acquisition Expenses	(625)	-
CFO Transition Costs	(432)	-
Restructuring Charges	-	(555)
<b>Non-GAAP Operating Expenses</b>	<b>\$ 22,834</b>	<b>\$ 21,277</b>
Operating Income	\$ 2,407	\$ 264
MTEX-related Acquisition Expenses	625	-
CFO Transition Costs	432	-
Inventory Step-Up	120	-
Restructuring Charges	-	2,651
Product Retrofit Costs	-	852
<b>Non-GAAP Operating Income</b>	<b>\$ 3,584</b>	<b>\$ 3,767</b>
Net Income (Loss)	\$ 869	\$ (769)
MTEX-related Acquisition Expenses, net	470	-
CFO Transition Costs, net	328	-
Inventory Step-Up, net	85	-
Restructuring Charges, net	-	2,048
Product Retrofit Costs, net	-	658
<b>Non-GAAP Net Income</b>	<b>\$ 1,752</b>	<b>\$ 1,937</b>
Diluted Earnings (Loss) Per Share	\$ 0.11	\$ (0.10)
MTEX-related Acquisition Expenses	0.06	-
CFO Transition Costs	0.05	-
Inventory Step-Up	0.01	-
Restructuring Charges	-	0.28
Product Retrofit Costs	-	0.09
<b>Non-GAAP Diluted Earnings Per Share</b>	<b>\$ 0.23</b>	<b>\$ 0.27</b>

# Reconciliation of GAAP to Non-GAAP Items for PI Segment

**ASTRONOVA, INC.**  
**Reconciliation of GAAP to Non-GAAP Items for PI Segment**  
Amounts in Thousands  
(Unaudited)

	Q2 FY25					Q2 FY24		
	<u>Total PI Segment as Reported</u>	<u>MTEX As Reported</u>	<u>Inventory Step Up</u>	<u>Adj MTEX (Non Gaap)</u>	<u>PI Excluding MTEX (Non Gaap)</u>	<u>Total PI Segment as Reported</u>	<u>Restructuring and Product Retrofit Adjustments</u>	<u>Total PI Segment (Non Gaap)</u>
Sales	\$ 27,165	\$ 768	\$ -	\$ 768	\$ 26,397	\$ 25,777	\$ -	\$ 25,777
Cost of Revenue	18,544	836	(120)	716	17,828	19,487	(2,948)	16,539
Gross Profit	8,621	(68)	120	52	8,569	6,290	2,948	9,238
Operating Expenses	6,273	1,328	-	1,328	4,945	6,751	(472)	6,279
Segment Operating Profit	<u>\$ 2,348</u>	<u>\$ (1,396)</u>	<u>\$ 120</u>	<u>\$ (1,276)</u>	<u>\$ 3,624</u>	<u>\$ (461)</u>	<u>\$ 3,420</u>	<u>\$ 2,959</u>



# Reconciliation of Net Income (Loss) to Adjusted EBITDA

**ASTRONOVA, INC.**  
**Reconciliation of Net Income (Loss) to Adjusted EBITDA**  
 Amounts In Thousands  
 (Unaudited)

	<u>Three Months Ended</u>	
	<u>August 3, 2024</u>	<u>July 29, 2023</u>
Net Income (Loss)	\$ (311)	\$ (1,617)
Interest Expense	938	674
Income Tax Expense (Benefit)	261	(390)
Depreciation & Amortization	1,305	1,089
EBITDA	<u>\$ 2,193</u>	<u>\$ (244)</u>
Share-Based Compensation	481	398
MTEX-related Acquisition Expenses	625	-
CFO Transition Costs	432	-
Inventory Step-Up	120	-
Restructuring Charges	-	2,651
Product Retrofit Costs	-	852
Adjusted EBITDA	<u>\$ 3,851</u>	<u>\$ 3,657</u>

	<u>Six Months Ended</u>	
	<u>August 3, 2024</u>	<u>July 29, 2023</u>
Net Income (Loss)	\$ 869	\$ (769)
Interest Expense	1,419	1,289
Income Tax Expense (Benefit)	(173)	(211)
Depreciation & Amortization	2,216	2,144
EBITDA	<u>\$ 4,331</u>	<u>\$ 2,453</u>
Share-Based Compensation	806	754
MTEX-related Acquisition Expenses	625	-
CFO Transition Costs	432	-
Inventory Step-Up	120	-
Restructuring Charges	-	2,651
Product Retrofit Costs	-	852
Adjusted EBITDA	<u>\$ 6,314</u>	<u>\$ 6,710</u>

# Reconciliation of Segment Operating Income (Loss) to Non-GAAP Operating Income

**ASTRONOVA, INC.**  
**Reconciliation of Segment Operating Income (Loss) to Non-GAAP Operating Income**  
 Amounts In Thousands  
 (Unaudited)

	Three Months Ended					
	August 3, 2024			July 29, 2023		
	Product Identification	Test & Measurement	Total	Product Identification	Test & Measurement	Total
Segment Operating Profit (Loss)	\$ 2,348	\$ 3,834	\$ 6,182	\$ (461)	\$ 1,917	\$ 1,456
Inventory Step-Up	120	-	120	-	-	-
Restructuring Charges	-	-	-	2,568	-	2,568
Product Retrofit Costs	-	-	-	852	-	852
Non-GAAP - Segment Operating Profit	<u>\$ 2,468</u>	<u>\$ 3,834</u>	<u>\$ 6,302</u>	<u>\$ 2,959</u>	<u>\$ 1,917</u>	<u>\$ 4,876</u>
	Six Months Ended					
	August 3, 2024			July 29, 2023		
	Product Identification	Test & Measurement	Total	Product Identification	Test & Measurement	Total
Segment Operating Profit	\$ 5,340	\$ 5,555	\$ 10,895	\$ 2,055	\$ 3,989	\$ 6,044
Inventory Step-Up	120	-	120	-	-	-
Restructuring Charges	-	-	-	2,568	-	2,568
Product Retrofit Costs	-	-	-	852	-	852
Non-GAAP - Segment Operating Profit	<u>\$ 5,460</u>	<u>\$ 5,555</u>	<u>\$ 11,015</u>	<u>\$ 5,475</u>	<u>\$ 3,989</u>	<u>\$ 9,464</u>