DocuSign Envelope ID: 3F0A8E38-7550-49AD-BC39-91EE6BC05C23

20241030002877

ÅRSREDOVISNING

Gyros Protein Technologies Holding AB
Org.nr 559049–5197

för räkenskapsåret 2023-04-01 – 2024-03-31

FASTSTÄLLELSEINTYG
Undertecknad styrelseledamot intygar härmed, dels att denna kopia av årsredovisningen och revisionsberättelsen stämmer överens med originalet, dels att resultaträkningen och balansräkningen för företaget har fastställts på årsstämma den 2024-09-30
Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

23/10-24
Uppsala

Markus Vossenaar

DocuSign Envelope ID: 3F0A8E38-7550-49AD-BC39-91EE6BC05C23

20241030002878

ÅRSREDOVISNING

Gyros Protein Technologies Holding AB
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Styrelsen för Gyros Protein Technologies Holding AB lämnar följande årsredovisning för verksamheten under räkenskapsåret 2023-04-01 – 2024-03-31.

FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i KSEK

Verksamhet

Allmänt om verksamheten

Gyros Protein Technologies Holding AB är ett holdingbolag.
Koncernen består av moderbolaget samt Gyros Protein Technologies AB och dess helägda dotterbolag.

Gyros Protein Technologies AB har forskning, utveckling, tillverkning, marknadsföring och administration förlagd till huvudkontoret i Uppsala. Gyros Protein Technologies AB har för närvarande f helägda utländska dotterbolag i England, Frankrike, Tyskland samt Japan. Samtliga dotterbolag är renodlade försäljningskontor.

Gyros utvecklar, tillverkar och säljer automatiserade system för proteinanalyser (immunoassays), baserat på mikrofluidikteknologi i form av CD-skivor. Systemen säljs under varumärkena Gyrolab® xPand och GyrolabTM xPlore.
De viktigaste kunderna finns inom den marknad som utgörs av läkemedels- och bioteknikbolag som utvecklar proteinläkemedel.

Verksamheten i de svenska dotterbolagen omfattar för Gyros Patent ABs del förvaltning av Gyros patent- och varumärkesportfölj samt för Gyros Finans ABs del av värdepappersförvaltning.

Gyros US Inc utgör försäljningsbolag på den nordamerikanska marknaden. Tyska dotterbolaget utgör försäljningsbolag på den tyska, delar av den schweiziska samt österrikiska marknaderna. Det franska dotterbolaget hanterar de franska, belgiska, nederländska, italienska och delar av schweiziska marknaderna. Det engelska dotterbolaget hanterar engelska och nordiska marknaderna. Det japanska dotterbolaget tar hand om den japanska marknaden.

Övriga marknader hanteras av Gyros Protein Technologies AB. Detta sker i stor utsträckning via lokala agenter och distributörer.
Bolaget har sitt säte i Uppsala.

Ägarförhållanden

Företaget ingår i en koncern. Närmast överordnade moderföretag är MLI Sweden Holdco AB, org. nr, 559223–5716 vilka i sin tur ägs till 100% av Mesa Laboratories, Inc.
org. nr, 84–0872291, med säte i Colorado, USA.

Bolaget äger samtliga aktier i Gyros Protein Technologies AB,556672-5197, som i sin tur innehar de helägda, svenska, dotterbolagen Gyros Patent AB, org. nr 556680-3069, och Gyros Finans AB, org. nr 556680-3051, samt de helägda utländska dotterbolagen, Gyros DE GmbH, org. nr HRB 194218, Gyros (UK) Limited, org. nr 7487233, Gyros FR SARL, org. nr 537 882 896 samt Gyros Japan KK, org. nr 0104-01-124239.

Gyros US Inc, org. nr 0100856357 och dotterbolaget PTI Inc, org. nr 86-0521947 har delats ut till koncernens moderbolag Mesa Labs Inc under föregående räkenskapsår.

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Väsentliga händelser under räkenskapsåret

Bolaget har erhållit utdelning från dotterbolaget Gyros Protein Technologies AB med 55 441 346 kronor. Utdelningen har sedan vidareutdelats till moderbolaget MLI Sweden Holdco AB.

Väsentliga händelser efter räkenskapsårets utgång

Inga väsentliga händelser finns att rapportera efter räkenskapsårets utgång.

Flerårsöversikt

		2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Nettoomsättning	tkr					
Resultat efter finansiella poster	tkr	55 441	0	185 278	-1 056	2 661
Balansomslutning	tkr	430 786	430 786	430 786	501 224	502 480
Soliditet	%	100	100	100	100	100

Räkenskapsåret 2019/2020 avser 15 månader.

För definitioner av nyckeltal se Redovisnings- och värderingsprinciper.

Förändring i eget kapital

	Aktiekapital	Balanserat resultat	Årets resultat	Totalt
Belopp vid årets ingång	713 476	430 067 165	0	430 780 641
Resultatdisposition		0	0	0
Utdelning		-55 441 346	0	-55 441 346
Årets resultat	0	0	55 441 349	55 441 349
Belopp vid årets utgång	**713 476**	**374 625 819**	**55 441 349**	**430 780 644**

Förslag till behandling av fritt eget kapital

Styrelsen föreslår att det ansamlade resultatet:	
Balanserat resultat	374 625 819
Årets resultat	55 441 349
	430 067 168
behandlas så att:	
Överföring till balanserat resultat	430 067 168
	430 067 168

Resultatet av företagets verksamhet i övrigt och ställningen vid räkenskapsårets utgång, framgår av efterföljande resultat- och balansräkning med tillhörande tilläggsupplysningar.
Alla belopp uttrycks i tusental svenska kronor där ej annat anges.

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RESULTATRÄKNING
(Tkr)

	Not	2023-04-01 -2024-03-31	2022-04-01 -2023-03-31
Nettoomsättning		0	0
Övriga rörelseintäkter		0	0
		0	**0**
Rörelsens kostnader			
Administrationskostnader		0	0
Övriga externa kostnader		0	0
Övriga rörelsekostnader		0	0
Rörelseresultat		**0**	**0**
Finansiella intäkter		0	0
Finansiella kostnader		0	0
Intäkter från andelar i koncernföretag	3	55 441	0
Resultat efter finansiella poster		**55 441**	**0**
Koncernbidrag		0	0
Bokslutsdispositioner		0	0
Resultat före skatt		**55 441**	**0**
Skatt på årets resultat		0	0
Årets resultat		**55 441**	**0**

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BALANSRÄKNING

(Tkr)	Not	2024-03-31	2023-03-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella Anläggningstillgångar			
Andelar i dotterbolag	1	430 786	430 786
Summa anläggningstillgångar		**430 786**	**430 786**
Omsättningstillgångar			
Fordringar hos koncernföretag		0	0
Förutbetalda kostnader och upplupna intäkter		0	0
Kassa och bank		0	0
Summa omsättningstillgångar		**0**	**0**
SUMMA TILLGÅNGAR		**430 786**	**430 786**
EGET KAPITAL OCH SKULDER			
Eget Kapital	2		
Bundet eget kapital			
Aktiekapital		713	713
Summa bundet eget kapital		**713**	**713**
Fritt eget kapital			
Balanserat resultat		374 626	430 067
Årets resultat		55 441	0
Summa fritt eget kapital		**430 067**	**430 067**
Summa eget kapital		**430 780**	**430 780**
Kortfristiga skulder			
Leverantörsskulder		0	0
Skatteskuld		0	0
Övriga skulder		6	6
Summa kortfristiga skulder		**6**	**6**
SUMMA EGET KAPITAL OCH SKULDER		**430 786**	**430 786**

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VÄRDERINGSPRINCIPER

NOTER

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR2012:1 Årsredovisning och koncernredovisning (K3).

Omräkning av utländsk valuta
Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Intäktsredovisning
Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Ersättning i form av ränta, royalty eller utdelning redovisas som intäkt när det är sannolikt att företaget kommer att få de ekonomiska fördelar som är förknippade med transaktionen och när inkomsten kan beräknas på ett tillförlitligt sätt.

Ränta redovisas som intäkt enligt den så kallas de effektivräntemetoden. Royalty periodiseras i enlighet med den aktuella överenskommelsens ekonomiska innebörd. Utdelning redovisas som intäkt när företagets rätt till betalning är säkerställd.

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Kundfordringar och kortfristiga fordringar
Kundfordringar och kortfristiga fordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

Leverantörsskulder
Leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader.

Inkomstskatter
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Aktuell skatt
Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

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Uppskjuten skatt
Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Koncernförhållanden
Moderföretaget i den koncern där Gyros Protein Technologies Holding AB är dotterföretag och koncernredovisning upprättas, är Mesa Laboratories, Inc. Org 84–0872291, med säte i Colorado, USA. Koncernredovisning upprättas inte med hänvisning till reglerna i ÅRL 7:2

Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader, men före skatter.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital i procent av balansomslutning.

Not 1Andelar i koncernföretag

	Org. Nr		Säte	
Gyros Protein Technologies AB	556672-5429		Uppsala	
	Kapital-andel %	Rösträtts-andel %	Antal aktier	Bokfört värde
Gyros Protein Technologies AB	100%	100%	39.666.681	430 786

		2023-04-01 -2024-03-31	2022-04-01 -2023-03-31
Ingående redovisat värde		430 786	375 583
Erhållet via utdelning		0	0
Avyttrade via lämnad utdelning		0	0
Nedskrivning		0	0
Aktieägartillskott		0	55 203
Utgående redovisat värde		**430 786**	**430 786**

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Not 2 Uppgifter om moderföretag

Bolaget ägs till 100% av MLI Sweden Holdco AB, org. nr, 559223–5716 vilka i sin tur ägs till 100% av Mesa Laboratories, Inc.Org 84–0872291, med säte i Colorado, USA.

Not 3 Intäkter från andelar i koncernföretag

		2023-04-01 -2024-03-31	2022-04-01 -2023-03-31
Utdelning		55 441	0
Nedskrivning		0	0
		55 441	**0**

Uppsala den *datum enligt våra elektroniska signaturer*

DocuSigned by:
John Sakys
65FCE3B5FF854E0...
John Sakys

DocuSigned by:
Maisa Alakulppi-Cazorte
387C9A91F94544E...
Maisa Alakulppi-Cazorte

DocuSigned by:
Markus Vossenaar
131097D1253D44E...
Markus Vossenaar

Signed by:
Gary Owens
657D0F99A897416...
Gary Owens
Ordförande

Vår revisionsberättelse har lämnats den *datum enligt vår elektroniska signatur*

RSM Stockholm AB

DocuSigned by:
Malin Lanneborn
6C352C168082406...
Malin Lanneborn
Auktoriserad revisor

20241030002882

DocuSign

Certificate Of Completion

Envelope Id: 3F0A8E38755049ADBC3991EE6BC05C23
Status: Completed
Subject: Complete with Docusign: Annual accounts - MLI Sweden Holdco and GPTH
Source Envelope:
Document Pages: 16
Signatures: 10
Certificate Pages: 3
Initials: 0
AutoNav: Enabled
EnvelopeId Stamping: Enabled
Time Zone: (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

Envelope Originator:
Alexandra Groll
Norrlandsgatan 21
Stockholm, ST 111 43
alexandra.groll@msa.se
IP Address: 192.71.251.1

Record Tracking

Status: Original
26 September 2024 | 16:01

Holder: Alexandra Groll
alexandra.groll@msa.se

Location: DocuSign

Signer Events

Gary Owens
gary.owens@mesalabs.com
Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:
Signature Type: DocuSign Protect & Sign (Client ID: dde5e85d-4085-40b6-8785-da3ccd16d81e)
Signature Issuer: DocuSign Cloud Signing CA - SI1

Authentication Details
Identity Verification Details:
Workflow ID: 6b2d3c20-6e49-4c91-b1d1-5bd580d827b6
Workflow Name: DocuSign ID Verification for EU Advanced
Workflow Description: The recipient will need to identify themselves with a valid government ID.
Identification Method: Government Issued Id Document
Type of Document: Driver's License
Identification Level: ID Only
Transaction Unique ID: 2a0e4f7d-7711-5585-8cba-d83af4ab2331
Country or Region of ID: US
Result: Passed
Performed: 26 September 2024 | 17:21

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Signature

Signed by:
Gary Owens
557D0F99A897416...

Signature Adoption: Pre-selected Style
Using IP Address: 67.164.165.86

Signature Provider Location: https://ps-ws.dsf.docusign.net/ds-server/s/noauth/psm/tsp/sign/psm-docusign/2PSIGAES/SERVID02

Timestamp

Sent: 26 September 2024 | 16:56
Viewed: 26 September 2024 | 17:22
Signed: 26 September 2024 | 17:23

John Sakys
jsakys@MesaLabs.com
Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:
Signature Type: DocuSign Protect & Sign (Client ID: dde5e85d-4085-40b6-8785-da3ccd16d81e)
Signature Issuer: DocuSign Cloud Signing CA - SI1

DocuSigned by:
John Sakys
85FCE3B5FF854E0...

Signature Adoption: Pre-selected Style
Using IP Address: 80.147.144.115

Signature Provider Location: https://ps-ws.dsf.docusign.net/ds-server/s/noauth/psm/tsp/sign/psm-docusign/2PSIGAES/SERVID02

Sent: 26 September 2024 | 16:56
Viewed: 26 September 2024 | 18:34
Signed: 26 September 2024 | 18:34

Authentication Details

Signer Events	Signature	Timestamp

Identity Verification Details:
Workflow ID: 6b2d3c20-6e49-4c91-b1d1-5bd580d827b6
Workflow Name: DocuSign ID Verification for EU Advanced
Workflow Description: The recipient will need to identify themselves with a valid government ID.
Identification Method: Government Issued Id Document
Type of Document: Passport
Identification Level: ID Only
Transaction Unique ID: b208fe42-821d-580a-bc9a-07bb1b7a074b
Country or Region of ID: US
Result: Passed
Performed: 26 September 2024 | 18:34

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Maisa Alakulppi-Cazorte
malakulppicazorte@mesalabs.com
Director of Finance
Mesa France SAS
Security Level: Email, Account Authentication (None), Digital Certificate

DocuSigned by:
Maisa Alakulppi-Cazorte
387C9A91F94544E...

Signature Adoption: Pre-selected Style
Using IP Address: 80.147.144.115

Sent: 26 September 2024 | 16:56
Viewed: 26 September 2024 | 18:18
Signed: 26 September 2024 | 18:18

Signature Provider Details:
Signature Type: DocuSign Protect & Sign (Client ID: dde5e85d-4085-40b6-8785-da3ccd16d81e)
Signature Issuer: DocuSign Cloud Signing CA - SI1
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Authentication Details
Identity Verification Details:
Workflow ID: 6b2d3c20-6e49-4c91-b1d1-5bd580d827b6
Workflow Name: DocuSign ID Verification for EU Advanced
Workflow Description: The recipient will need to identify themselves with a valid government ID.
Identification Method: Government Issued Id Document
Type of Document: Passport
Identification Level: ID Only
Transaction Unique ID: eaac10f2-7754-555b-ba7f-d629547aebda
Country or Region of ID: FI
Result: Passed
Performed: 26 September 2024 | 18:17

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Markus Vossenaar
Mark.Vossenaar@gyrosproteintech.com
VP Sales EMEA
Security Level: Email, Account Authentication (None), Digital Certificate

DocuSigned by:
Markus Vossenaar
131097D1253D44E...

Signature Adoption: Pre-selected Style
Using IP Address: 37.251.1.113

Sent: 26 September 2024 | 16:56
Viewed: 26 September 2024 | 18:44
Signed: 26 September 2024 | 18:44

Signature Provider Details:
Signature Type: DocuSign Protect & Sign (Client ID: dde5e85d-4085-40b6-8785-da3ccd16d81e)
Signature Issuer: DocuSign Cloud Signing CA - SI1
Signature Provider Location: https://ps-ws.dsf.docusign.net/ds-server/s/noauth/psm/tsp/sign/psm-docusign/2PSIGAES/SERVID02

Authentication Details
Identity Verification Details:
Workflow ID: 6b2d3c20-6e49-4c91-b1d1-5bd580d827b6
Workflow Name: DocuSign ID Verification for EU Advanced
Workflow Description: The recipient will need to identify themselves with a valid government ID.
Identification Method: Electronic ID
Type of Electronic ID: iDIN
Transaction Unique ID: ad3ab772-a0df-5cac-a72f-60e8777bd8d4
Country or Region of ID: NL
Result: Passed
Performed: 26 September 2024 | 18:43

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

20241030028883

Signer Events	Signature	Timestamp
Malin Lanneborn malin.lanneborn@rsm.se Security Level: Email, Account Authentication (None), Digital Certificate	DocuSigned by: Malin Lanneborn 6C352C165082406...	Sent: 26 September 2024 | 18:44 Viewed: 27 September 2024 | 09:28 Signed: 27 September 2024 | 09:28
Signature Provider Details: Signature Type: DocuSign Protect & Sign (Client ID: dde5e85d-4085-40b6-8785-da3ccd16d81e) Signature Issuer: DocuSign Cloud Signing CA - SI1	Signature Adoption: Pre-selected Style Using IP Address: 176.10.207.134 Signature Provider Location: https://ps-ws.dsf.docusign.net/ds-server/s/noauth/psm/tsp/sign/psm-docusign/2PSIGAES/SERVID02	
Authentication Details Identity Verification Details: Workflow ID: 6b2d3c20-6e49-4c91-b1d1-5bd580d827b6 Workflow Name: DocuSign ID Verification for EU Advanced Workflow Description: The recipient will need to identify themselves with a valid government ID. Identification Method: Electronic ID Type of Electronic ID: BankID Sweden Transaction Unique ID: a1b5498b-5743-5c10-89d8-01675b101e0d Country or Region of ID: SE Result: Passed Performed: 27 September 2024 | 09:25 **Electronic Record and Signature Disclosure:** Not Offered via DocuSign		
In Person Signer Events	**Signature**	**Timestamp**
Editor Delivery Events	**Status**	**Timestamp**
Agent Delivery Events	**Status**	**Timestamp**
Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Anders Wallsten anders.wallsten@gyrosproteintech.com Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via DocuSign	COPIED	Sent: 26 September 2024 | 16:56
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**
Envelope Summary Events	**Status**	**Timestamps**
Envelope Sent	Hashed/Encrypted	26 September 2024 | 16:56
Certified Delivered	Security Checked	27 September 2024 | 09:28
Signing Complete	Security Checked	27 September 2024 | 09:28
Completed	Security Checked	27 September 2024 | 09:28
Payment Events	**Status**	**Timestamps**

20250129065888

REVISIONSBERÄTTELSE

Till bolagsstämman i Gyros Protein Technologies Holding AB, org.nr 559049-5197

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Gyros Protein Technologies Holding AB för räkenskapsåret 1 april 2023 till 31 mars 2024.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Gyros Protein Technologies Holding ABs finansiella ställning per den 31 mars 2024 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Gyros Protein Technologies Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Övrig upplysning

Revisionen av årsredovisningen för år 1 april 2022 - 31 mars 2023 har utförts av en annan revisor som lämnat en revisionsberättelse daterad 29 september 2023 med omodifierade uttalanden i Rapport om årsredovisningen.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Gyros Protein Technologies Holding AB för räkenskapsåret 1 april 2023 till 31 mars 2024 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Gyros Protein Technologies Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller

- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den dag som framgår av vår elektroniska signatur.

RSM Stockholm AB

Malin Lanneborn
Auktoriserad revisor

Transaktion 09222115557528054131 Signerat MI

Verifikat

Transaktion 09222115557528054131

Dokument

RB Gyros Protein Technologies Holding AB_559049-5197_2024-03-31
Huvuddokument
1 sida
Startades 2024-09-27 09:26:57 CEST (+0200) av Malin Lanneborn (ML)
Färdigställt 2024-09-27 09:30:11 CEST (+0200)

Signerare

Malin Lanneborn (ML)
RSM Stockholm AB
malin.lanneborn@rsm.se
+46734489837

BankID

Namnet som returnerades från svenskt BankID var "MALIN LANNEBORN"
Signerade 2024-09-27 09:30:11 CEST (+0200)

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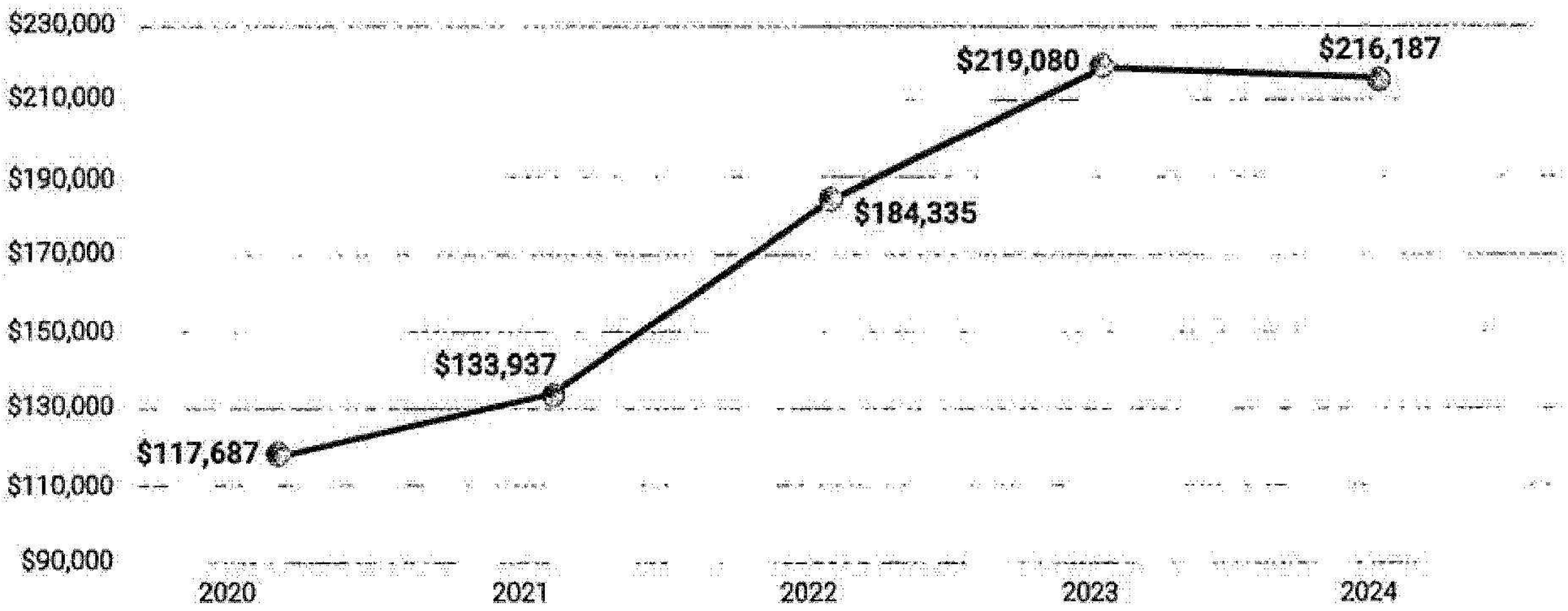
Mesa Labs

2024 ANNUAL REPORT

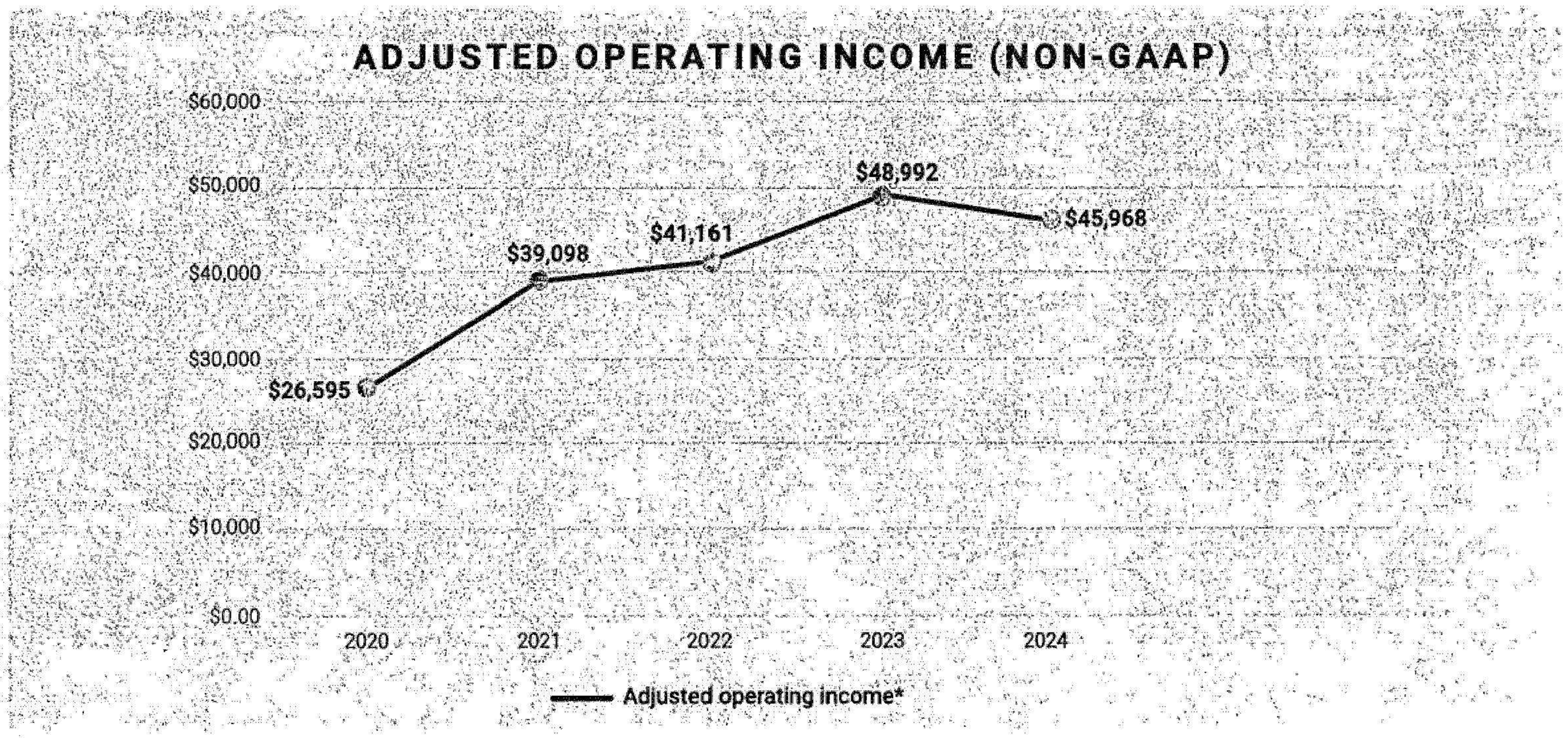
Shares traded on the NASDAQ Global Market under the symbol MLAB

Year Ended March 31

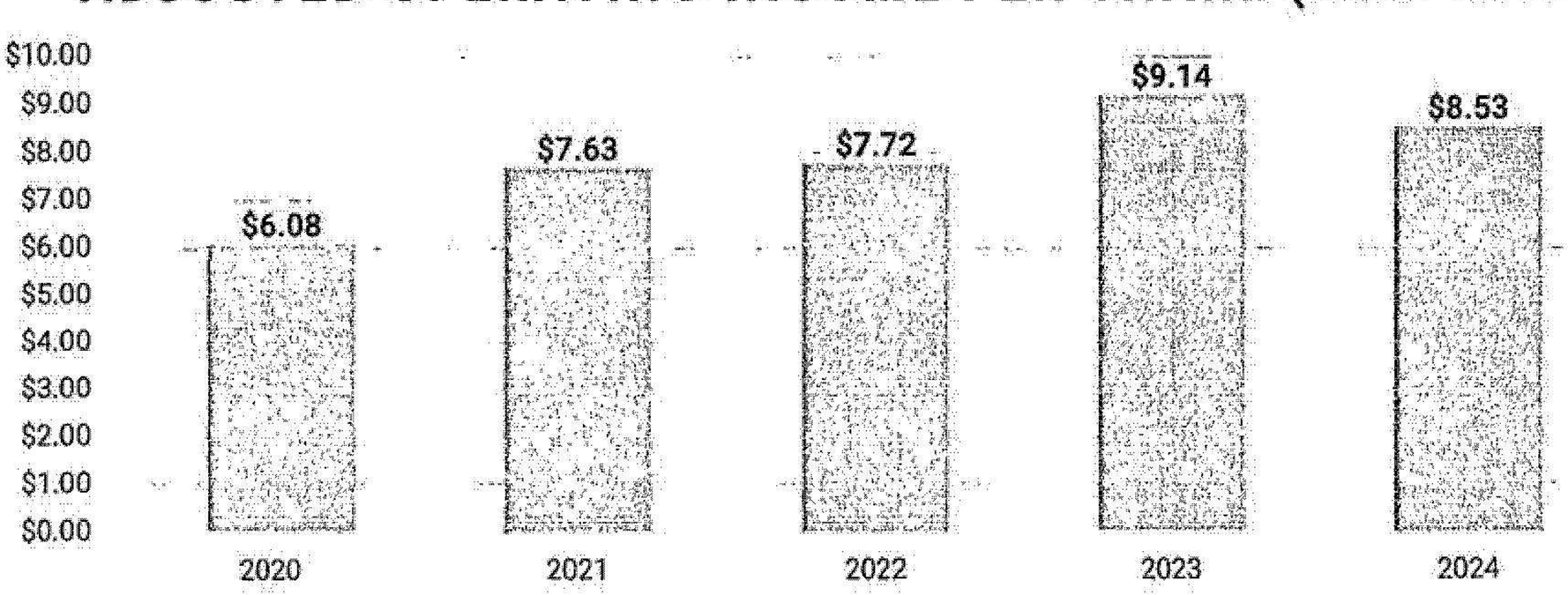
REVENUES



ADJUSTED OPERATING INCOME (NON-GAAP)



ADJUSTED OPERATING INCOME PER SHARE (NON-GAAP)



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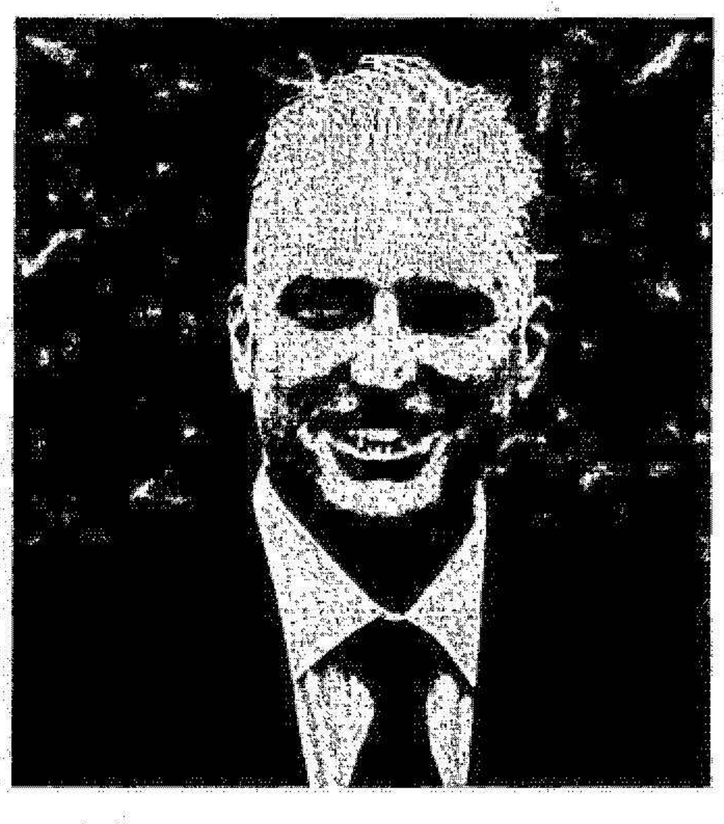
Dear Shareholders,



Thank you for your continued support of Mesa. Together, we are on an inspiring journey to **Protect the Vulnerable®** by designing and manufacturing targeted solutions for some of the more critical challenges in the life sciences tools space. In doing so we support the health and safety of people across the globe every day. I'm proud of our impact on the world to date and am eager to bring new innovations to market to make the world a heathier place.

Looking back at fiscal year 2024, we navigated a challenging end market environment across the biopharmaceutical and genomics verticals while maintaining our financial model. Strategically we completed the acquisition of GKE-GmbH, and through improved product quality and on time delivery made the daily lives of our direct customers a little easier. I'm grateful every day for my over 700 colleagues and the passion they bring to support our purpose. Their efforts today will deliver a bright future for Mesa.

With market conditions becoming increasingly challenging through the calendar year, our team's execution and focus enabled us to protect the bottom line. Despite a decline in revenues, our management team worked to contain costs, resulting in an increase in both gross profit and adjusted operating income (excluding unusual items)* as a percentage of revenues. In addition, we reduced potential future dilution by repurchasing $74 million of our outstanding Convertible Notes and expanding our credit facility to $200 million to ensure that our future cash needs will be met.

One of the most significant milestones of the year was the acquisition of GKE-GmbH, a leading provider of chemical, biological, and cleaning process indicators. This acquisition, which was completed in the third quarter of our fiscal year, strengthens our Sterilization and Disinfection Control (SDC) division's product capabilities, deepens our access to the healthcare market and expands our global footprint. GKE brings to Mesa a portfolio of high-quality products, a loyal customer base, and a talented team of professionals. We are excited to welcome GKE to the Mesa family. GKE is an acquisition within our SDC division, and we expect the combined businesses to rapidly create additional value for our collective customers.

We are committed to providing our customers with the best solutions for their most challenging needs, while maintaining the highest standards of quality and compliance. Our success is driven by our lean-based system for sustainably improving our operations, which we refer to as the Mesa Way. Through this approach, we are committed to our process:

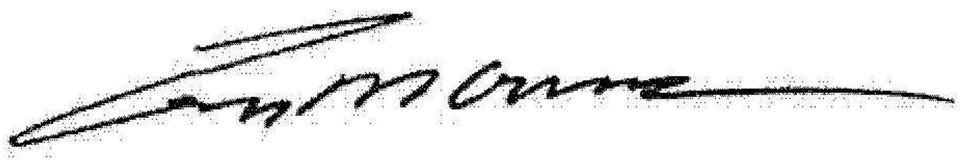
- Drive a customer focused strategy
- Measure at the point of impact
- Stretch for improvement

- Problem solve
- Experiment

Using our process, we are committed to creating a culture of excellence and innovation, where our employees are empowered and engaged. We are proud of our team and the work they do every day to ensure the safety and efficacy of products and services that impact human health and well-being.

On behalf of our global team, I would like to thank you once again for your continued support and confidence in Mesa. We are optimistic about the future and what we will accomplish in fiscal year 2025.

Sincerely,



Gary Owens

President and Chief Executive Officer, Mesa Laboratories, Inc.

**Adjusted operating income is a non-GAAP measure. Refer to the inside back cover of this annual report for our non-GAAP reconciliation.*

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FORWARD-LOOKING STATEMENTS

This Report on Form 10-K contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The forward-looking statements in this Report on Form 10-K do not constitute guarantees of future performance. Investors are cautioned that statements in this Report on Form 10-K which are not strictly historical statements, including, without limitation, express or implied statements or guidance regarding current or future financial performance and position, management's strategy, plans and objectives for future operations or acquisitions, product development and sales, product research and development, regulatory approvals, selling, general and administrative expenditures, intellectual property, development and manufacturing plans, availability of materials and products, adequacy of capital resources and financing plans constitute forward-looking statements, competitive factors, tax rates and cost savings. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which the Company operates, and management's beliefs and assumptions. In addition, other written and oral statements that constitute forward-looking statements may be made by the Company or on the Company's behalf. Words such as "expect," "anticipate," "intend," "plan," "seek," "believe," "could," "estimate," "may," "target," "project," or variations of such words and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated, including those discussed in Item 1A. "Risk Factors," and elsewhere in this report. We disclaim any obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

Part I

ITEM 1. BUSINESS

In this Annual Report on Form 10-K, Mesa Laboratories, Inc., a Colorado corporation, together with its subsidiaries is collectively referred to as "we," "us," "our," the "Company," or "Mesa." Mesa was organized in 1982 as a Colorado corporation.

General

We are a global leader in the design and manufacture of life sciences tools and critical quality control solutions for regulated applications in the pharmaceutical, healthcare, and medical device industries. Mesa offers products and services to help our customers ensure product integrity, increase patient and worker safety, and improve the quality of life throughout the world. We have manufacturing operations in the United States and Europe, and our products are marketed by our sales personnel in North America, Europe and Asia Pacific, and by independent distributors in these areas as well as throughout the rest of the world. We prefer markets in which we can establish a strong presence and achieve high gross profit margins.

We are headquartered in Lakewood, Colorado and our common stock is listed for trading on the Nasdaq Global Market ("Nasdaq") under the symbol MLAB.

Our fiscal year ends on March 31. References in this Annual Report on Form 10-K ("annual report") to a particular "fiscal year," "year" or "year-end" mean our fiscal year.

Strategy

We strive to create stakeholder value and further our purpose of Protecting the Vulnerable® by growing our business both organically and through acquisitions, by improving our operating efficiency, and by continuing to hire, develop and retain top talent. As a business, we commit to our purpose of Protecting the Vulnerable® every day by taking a customer-focused approach to developing, building and delivering our products and services. By delivering the highest quality products and services possible, we are committed to protecting the communities we serve.

Our revenues come from product sales, which include consumables and hardware; as well as services, which include discrete and ongoing maintenance, calibration, and testing services. We grow our revenues organically by expanding our customer base and our product offerings, increasing sales volumes, and implementing price increases, as well as inorganically through acquisitions.

Our acquisition strategy is focused on businesses that complement our existing portfolio and those that expand our global presence further into life sciences tools and critical quality control solutions markets for regulated applications.

We focus on improving our operating efficiency through the *Mesa Way*, which is our customer-centric, lean based system for sustainably improving and operating the manufacturing and administrative aspects of our high-margin, niche businesses. The *Mesa Way* is based on four pillars:

- **M**easure what matters: We use our customers' perspectives to measure what matters most and to set high standards for performance. We manage to leading indicators whenever possible, which drives us to proactively avoid problems before they are apparent to our customers.
- **E**mpower Teams: We move decision making as close to the customer as possible and provide real-time communication forums to align the whole organization toward surpassing customer expectations.
- **S**ustainably Improve: We leverage a common and proven set of lean-based tools to identify and prioritize opportunities and to enable change to be embraced and implemented.
- **A**lways Learn: We ensure that improvements are maintained, enabling us to raise performance expectations and repeat the cycle of improvement. Equally, this cycle strengthens the Mesa team by providing endless learning opportunities for our employees, and helps us become an employer of choice in our communities.

We hire, develop, and retain top talent capable of taking on new challenges using a team approach to continuously improve our products, our services, and ourselves, resulting in long-term value creation for our stakeholders.

Our Segments

We report our financial performance in four segments, or divisions: (1) Sterilization and Disinfection Control, (2) Clinical Genomics, (3) Biopharmaceutical Development, and (4) Calibration Solutions. Unallocated corporate expenses and other business activities are reported within Corporate and Other.

Sterilization and Disinfection Control

Our Sterilization and Disinfection Control division manufactures and sells biological, chemical and cleaning indicators used to assess the effectiveness of sterilization, decontamination, disinfection and cleaning processes, including steam, hydrogen peroxide, ethylene oxide, radiation, and other processes in the pharmaceutical, medical device, and healthcare industries. The division also provides testing and laboratory services, mainly to the dental and pharmaceutical industries.

Biological indicators contain spores of certain microorganisms that provide defined resistance to specified sterilization processes. In use, biological indicators are exposed to a sterilization process and then tested to determine the presence of surviving organisms. We grow the microbiological spores used in our biological indicator products from raw materials and apply them to convenient carriers such as small pieces of filter paper or stainless steel discs for sale. To ensure our biological indicators accurately assess the effectiveness of sterilization, we undertake extensive quality control steps during manufacture to ensure the spores are well-characterized in terms of purity, the population of spores, and the spores' resistance to sterilization following placement on or in the target carrier.

We offer a variety of product formats which allow our biological indicators to be used in many types of processes and environments. Our biological indicator products include inoculated carriers such as spore strips or discs which require post-processing transfer to a growth media; self-contained indicators, which have the growth media already pre-packaged in crushable ampoules; process challenge devices ("PCDs"), which increase the resistance of the biological indicators; and growth media. Our simple spore strips are used most often in small table-top steam sterilizers in dental offices, while our more complex self-contained biological indicators, which may be used with or without PCDs, are frequently used by medical device manufacturers to assure sterility in complex ethylene oxide sterilization processes. We also offer testing services in which customers return used dental sterilization spore strips to our microbiological laboratory for testing.

Chemical indicators use a chemical reaction, generally evaluated by a color change, to assess sterilization conditions. Type 1 process indicators measure whether direct exposure to a sterilization process has occurred. Type 2 specific-use indicators test under a specific procedure, such as testing for air removal in a pre-vacuum steam sterilization cycle. Type 3 single-variable indicators test a single critical variable in a sterilization process, for example, whether a given temperature has been attained. Type 4 multivariable indicators measure two or more critical variables in a sterilization process and change color only, for example, when exposed to a given temperature for a specified period of time in a steam sterilization process. Type 5 integrating indicators respond to all critical process parameters. Type 6 emulating indicators respond to all critical process parameters for a specified sterilization cycle. Biological indicators and chemical indicators are often used together to monitor processes.

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Cleaning indicators are used to assess the effectiveness of cleaning processes, including in washer-disinfectors and ultrasonic cleaners in healthcare settings. Cleaning is the critical first step performed prior to disinfection and sterilization. Debris left on an instrument may interfere with microbial inactivation and can compromise disinfection or sterilization processes. Our cleaning indicator products are manufactured either by inoculating a test soil onto a stainless-steel coupon or printing an ink, imitating a test soil, onto a plastic substrate. Test soils and inks are designed to mimic the challenge of removing blood and tissue from surgical instruments and evaluates the effectiveness of our customers' cleaning processes.

Our Bozeman, Montana and Waldems and Munich, Germany locations manufacture our Sterilization and Disinfection Control division products, which include, among others, our EZTest®, Apex®, GKE Clean-Record® Indicators, Simicon cleaning and disinfecting indicators, PCDs and other products. Our Bozeman, Montana facility provides sterility assurance testing services to dental offices in the United States and Canada. Sterilization and disinfection control products are disposable and are used on a routine basis, thus product sales are less sensitive to general economic conditions. We generate sales to end users through our direct sales personnel and independent distributors. Customers include industrial users involved in pharmaceutical and medical device manufacturing, hospitals, dental offices, and contract sterilization providers. Our sterilization and disinfection control products are used in highly regulated industries and compete on the basis of quality, flexibility, cost effectiveness and suitability for intended use.

Clinical Genomics

Our Clinical Genomics division develops, manufactures and sells highly sensitive, low-cost, high-throughput genetic analysis tools and related consumables and services that enable clinical research labs and contract research organizations to perform genomic testing for a broad range of research applications in several therapeutic areas.

Using Clinical Genomics' MassARRAY® system and our proprietary consumables, including chips, panels, and chemical reagent solutions, our customers can analyze DNA samples for inherited genetic disease testing, pharmacogenetics, oncology testing, infectious disease testing, doping and toxicology testing, and other highly differentiated applications for use in research. The MassARRAY® system couples mass spectrometry with end-point polymerase chain reaction ("PCR") methods, enabling highly multiplexed reactions under universal cycling conditions to provide accurate, sensitive, rapid genetic analysis.

The MassARRAY® system is differentiated in the market by its ability to target up to 50 specific DNA variants in a single PCR reaction and run up to 384 samples on one SpectroCHIP® array, up to eight times in a full workday, with the flexibility to process additional samples overnight. The system allows for the testing of hundreds of mutations, including SNPs, insertions, deletions, translocations, copy number variation, and methylation makers, all in a single, efficient workflow. Using time-of-flight mass spectrometry, genetic variants are distinguished by analysis of their individual mass, eliminating the need for fluorescence. The system's integrated software provides a user-friendly interface to generate reports that identify targets and review spectra.

In addition to the MassARRAY® system and related consumable products, Clinical Genomics also sells services, including equipment maintenance contracts and custom laboratory services.

About 70% of our Clinical Genomics revenues are from consumables used on a routine basis; sales of these products are less sensitive to general economic conditions. Approximately 20% of our Clinical Genomics revenues are from more discretionary hardware products that are more sensitive to general economic conditions. The remainder of Clinical Genomics revenues relate to services and support agreements.

Clinical Genomics sells its products and services predominantly to clinical research labs and contract research organizations, including large specialty, reference, and pathology labs, as well as to a variety of academic, hospital, and government facilities. The majority of revenues are derived from customers in the United States and China. Our Clinical Genomics products are manufactured in San Diego, California, primarily by assembling purchased subcomponents designed to our specifications into finished goods, and by processing and mixing reagents. Our Clinical Genomics products generate revenues through direct sales, and also through independent distributors in certain regions.

Biopharmaceutical Development

Our Biopharmaceutical Development division develops, manufactures, and sells automated systems for protein analysis (immunoassays) and peptide synthesis solutions. Protein analysis and peptide synthesis solutions accelerate the discovery, development, and manufacture of biological therapies, among other applications. Customers include biopharmaceutical research, development, and manufacturing teams at biopharmaceutical companies and their contract research organization partners, as well as academic research and development laboratories.

The Biopharmaceutical Development division sells two types of products: (1) protein analysis solutions, which are used to test for the existence or concentration of specific proteins in a sample, and (2) peptide synthesis solutions, which automate the synthesis of peptides from amino acids; both are primarily used in biopharmaceutical research, discovery and development, and bioprocessing applications. The division also sells service agreements to maintain instruments sold by the division.

Our Biopharmaceutical Development division develops and manufactures Gyrolab® xPand and Gyrolab xPlore™ hardware and software, as well as Gyrolab Bioaffy® consumable microfluidic disks ("CDs"), and Gyrolab kits and Rexxip® buffers for protein analysis in Uppsala, Sweden, while PurePep® Chorus and Symphony® instruments for peptide synthesis are developed and manufactured in Tucson, Arizona. Our PurePep® EasyClean products, a green chemistry solution to purify peptides, is a consumables product line within our peptide synthesis business.

Most of the products manufactured in Sweden are typically invoiced in U.S. dollars or euros, whereas the costs to produce the products are incurred in Swedish krona. As a result, the Biopharmaceutical Development segment is susceptible to changes in foreign currency. For a discussion of risks related to our non-U.S. operations and foreign currency exchange, refer to Item 1A. *Risk Factors*, "Foreign currency exchange rates may adversely affect our financial statements."

In our fiscal year 2024, about 42% of our Biopharmaceutical Development revenues were from consumables used on a routine basis; sales of these products are less sensitive to general economic conditions. Approximately 32% of revenues were from more discretionary hardware purchases that are more sensitive to general economic conditions. The remainder of the division's sales relate to service and support agreements. Historically, hardware has comprised a greater portion of the division's revenues; softening demand for capital equipment across the biopharmaceutical industry resulted in a mix weighted more heavily toward our consumables during fiscal year 2024. We generate sales to end users through direct sales as well as through independent foreign distributors. Marketing activities include industry conferences, user meetings, educational webinars, and all forms of digital marketing, in addition to market sensing and capturing user requirements for new product roadmaps.

The Biopharmaceutical Development division's market success is primarily dependent upon creating innovative, high quality products that customers choose based on available features, cost-effectiveness, and performance. We believe we are one of the leading world-wide suppliers of protein analysis and peptide synthesis equipment to the biologics discovery and development markets. We further believe that enhancements of our product offerings and new product development driven by our research and development team, the recognized quality of our products and support, and the ability to continue to bring novel, cutting edge products and solutions to the market will allow us to remain competitive in the growing markets we serve.

Protein Analysis

We develop, manufacture, and market protein analysis equipment and consumable CDs, kits, and buffers that enable the detection and quantification of a target protein in a biological or bioprocess sample. Gyrolab technology is widely used across human and non-human applications, mainly for therapy development and bioprocess design. Customers, primarily pharmaceutical and biotech companies and their contract research organization partners developing protein-based therapies, use our consumable CDs to deposit their samples for mixing with application specific reagents. The CDs and reagents are loaded into one of our instruments for processing and analysis. Our proprietary software then facilitates the design of experiments, interprets results, provides useful data analysis for assay optimization and decision making, and supports end user regulatory compliance. Our protein analysis products accelerate the development and processing of assays to obtain accurate results for pre-clinical and clinical studies as well as for upstream and downstream bioprocessing of biological therapies, thus meeting critical data and time requirements. Our analytical protein technologies provide superior data consistency and accuracy while reducing labor and the attendant variability of more manual analysis methods.

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Peptide Synthesis

Our peptide synthesis solutions enable customers to automate the chemical synthesis of peptides used in the creation of peptide therapies, biomaterials, cosmetics, and general research. Our peptide synthesizers and related consumables, including our peptide purification consumables line, facilitate the ability to efficiently produce more complex and longer peptides with higher purity. Our synthesizers are designed to support regulatory compliance for end users. Customers of our peptide synthesizers include commercial and academic biopharmaceutical laboratories, as well as contract manufacturers of peptides.

Calibration Solutions

Our Calibration Solutions division develops, manufactures, sells and services quality control products using principles of advanced metrology to enable customers to measure and calibrate critical parameters in applications such as environmental and process monitoring, dialysis, gas flow, air quality, and torque testing, primarily in medical device manufacturing, pharmaceutical manufacturing, laboratory, and hospital environments. Generally, our Calibration Solutions products are used for quality control, safety validation, and regulatory compliance. Our Lakewood, Colorado and Hanover, Germany facilities manufacture our Calibration Solutions products, which include continuous monitoring systems, dialysate meters and consumables, data loggers, gas flow calibration and air sampling equipment, and torque testing systems represented largely by the DialyGuard®, ViewPoint®, DataTrace®, DryCal®, and BGI brands.

Our Calibration Solutions products are manufactured by assembling the products from purchased components and calibrating the final products. Service demand is driven by customers' quality control and regulatory environments, which require products to be recalibrated or recertified periodically. We generate sales through our direct sales personnel and independent distributors.

Continuous Monitoring

Our continuous monitoring products are used to monitor various environmental parameters such as temperature, humidity, and differential pressure to ensure that critical storage and processing conditions are maintained. Continuous monitoring systems are used in controlled environments such as refrigerators, freezers, warehouses, laboratory incubators, clean rooms, and a number of other settings. Continuous monitoring systems consist of wireless sensors that are placed in controlled environments which communicate with cloud and local servers to transmit and store data continuously. A critical function of our systems is the ability to provide local alarms and notifications via e-mail, text, or telephone if established environmental conditions are exceeded. Among the important competitive differentiators of our continuous monitoring systems are (1) their high degree of reliability and up-time; (2) a large variety of sensor types to meet the needs of most applications; (3) a skilled, distributed installation and service team; and (4) a full-featured and 21 CFR Part 11 (Electronic records; Electronic signatures) validated software program, providing extensive reporting and alarm capability. We also offer support agreements and provide annual sensor recalibrations.

We have a strong competitive position in North America but do not yet have meaningful presence in international markets. Key markets for our continuous monitoring systems are hospitals, pharmaceutical and medical device manufacturers, blood banks, pharmacies, and laboratory environments.

Dialysate Meters and Consumables

Our dialysis medical meters are used to test various parameters of dialysis fluid (dialysate) and the proper calibration and operation of dialysis machines. Each meter measures some combination of temperature, pressure, pH, conductivity and flow to ensure that the dialysate has the proper composition to promote the transfer of waste products from the blood to the dialysate. The meters provide a digital readout verifying whether a dialysis machine is working within prescribed limits and delivering properly prepared dialysate. We manufacture two styles of medical meters; those designed for use by dialysis machine manufacturers and biomedical technicians, and those used primarily by dialysis clinicians. The meters for technicians are characterized by exceptional accuracy, stability and flexibility, and are used by the industry as the primary standard for the calibration of dialysis machines. The meters designed for use by dialysis clinicians are known primarily for their ease of use, and they incorporate a built-in syringe sampling system. These meters are used as the final quality control check on the dialysate just prior to starting treatment.

In addition to dialysate meters, we market a line of standard consumable solutions for use in dialysis clinics for calibration of our meters. These standard solutions are regularly consumed by dialysis clinics, and thus, along with the calibration services that we also provide, are less impacted by general economic conditions than sales of meters.

Customers that utilize our dialysate products include dialysis facilities, medical device manufacturers, and biomedical service companies. With technological advancements in dialysis machines that include built-in calibrators, our meters designed for clinicians are subject to considerable competition in the market. Refer to Item 1A. *Risk Factors,* "Changes to dialysis

methods and equipment capabilities may decrease demand for our dialysis products and negatively impact our financial statements."

Data Loggers
Our data loggers are self-contained, wireless, high precision instruments used in critical manufacturing and quality control processes in the pharmaceutical, medical device, food, and tool industries. They are used to measure temperature, humidity and pressure inside a process or a product during manufacture. In addition, data loggers can be used to validate the proper operation of laboratory or manufacturing equipment, either during installation or for annual re-certifications. The products consist of individual data loggers, a personal computer ("PC") interface, software, and various accessories. Customers typically purchase a large number of data loggers along with a single PC interface and software package. In practice, the user programs the loggers to collect environmental data at pre-determined time intervals, places the data loggers into the product or process to be tested, and then collects stored process data from the data logger either through the PC interface or wirelessly via a radio link. The user can then prepare tabular and graphical reports using the software. Unique aspects of our data loggers are their ability to operate at elevated temperatures and in explosive environments, which are important differentiating factors in the marketplace. We face competition in data logger sales from several other companies, some of which have well-established commercial organizations, particularly in Europe.

Gas Flow Calibration and Air Sampling Equipment
We manufacture a variety of instruments and equipment for gas flow calibration and environmental air sampling. Our gas flow calibration instruments provide the precise standards required by laboratories and industry for the design, development, manufacture, installation and calibration of various gas flow meters and air sampling devices. Our flow calibrators are used by professionals in many industries, including (1) industrial hygienists and environmental technicians, (2) calibration and research laboratories, (3) manufacturers who design, develop and manufacture gas flow metering devices, and (4) industrial engineering and manufacturing companies that utilize gas flow metering devices. We see expanded opportunities in gas flow calibration as markets that heavily use and measure process gas are growing. There is competition in gas flow calibration; however, our products are distinguished by their unique dry piston technology, accuracy and industry certifications.

In the air sampling area, our technology is used primarily for the determination of particulate concentrations in air as a measure of urban or industrial air pollution, and for industrial hygiene assessments. The primary products include air samplers, particle separators and pumps. While both the public and private sector continue to focus on air quality and its impact on the environment and the health of populations, technological advances in real-time monitoring have made the traditional air sampling market more limited. In the environmental area, our particle samplers were some of the first on the market and they were recognized early-on as "reference samplers" by the U.S. Environmental Protection Agency. This product has a competitive advantage in the market because our particle separation cyclones utilize the "federal reference method" for the measurement of PM2.5 in ambient air and are sold to many manufacturers of ambient particulate measurement instrumentation.

Torque Testing Systems
Our automated torque testing systems are durable and reliable motorized cap torque analyzers that measure the amount of force required to open a container. The primary advantages of our torque instruments are their high accuracy and long-term consistency of measurement. Industries utilizing these instruments include pharmaceutical and beverage and food processing companies. Given the niche nature of this product, there is a relatively low level of competition for this product line; however, the growth of this line is limited by the growth of new manufacturing facilities and packaging regulations in pharmaceutical manufacturing. Torque products are used by many of the same customers that purchase our data loggers, offering channel synergy opportunities.

Corporate and Other
Corporate and other consists of unallocated corporate expenses and other business activities.

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Other Matters Relating to our Business as a Whole

Acquisitions

Year ended March 31, 2024 Acquisition
We acquired 100% of the outstanding shares of GKE GmbH and SAL GmbH on October 16, 2023, and upon approval by applicable Chinese regulators, we acquired 100% of the outstanding shares of Beijing GKE Science & Technology Co. Ltd. ("GKE China," and, together with GKE GmbH and SAL GmbH, "GKE"), effective December 31, 2023 (the "GKE acquisition"). Total consideration for the acquisition was $87,187, net of cash and financial liabilities but inclusive of working capital adjustments. Of the total acquisition price, approximately $9,300, at March 31, 2024 exchange rates, will be held back for a period of 18 months from the acquisition closing date as security against potential indemnification losses. GKE develops, manufactures and sells a highly competitive portfolio of chemical sterilization indicators, biologics, and process challenge devices to protect patient safety across global healthcare markets. GKE is included in our Sterilization and Disinfection Control ("SDC") division, and GKE's strengths in biologic indicators are complementary to SDC's strengths in biologic indicators, as chemical and biologic indicators are used in the same sterility validation workflows. Additionally, GKE's healthcare-focused commercial capabilities in Europe and Asia greatly expand our reach in the healthcare markets in those geographies. We are working to obtain regulatory 510(k) clearance on certain GKE products for sale in the United States, which would further expand organic revenues growth opportunities from the GKE business. See Note 4. "Significant Transactions" in Item 8. *Financial Statements and Supplementary Data* for further information.

Year ended March 31, 2023 Acquisition
On November 17, 2022, we acquired substantially all of the assets and certain liabilities of Belyntic GmbH's peptide purification business ("Belyntic" or the "Belyntic acquisition") for a total cash price of $6,450, of which $4,950 was paid on the date of acquisition. The remaining $1,500 is due to the Belyntic sellers as patent applications are approved (see Note 13. "Commitments and Contingencies" in Item 8. *Financial Statements and Supplementary Data*). The business complements our existing peptide synthesis business, part of the Biopharmaceutical Development segment, by adding a consumables line that can be used with the instruments we sell. These PurePep® EasyClean products are an environmentally conscious chemistry solution to purify peptides.

Year Ended March 31, 2022 Acquisition
On October 20, 2021, we completed the acquisition of 100% of the outstanding shares of Agena Bioscience, Inc. ("Agena" or "the Agena acquisition") for adjusted cash consideration of $300,793. Agena is a leading clinical genomics tools company that develops, manufactures, markets and supports proprietary instruments and related consumables that enable genetic analysis for a broad range of research applications. The acquisition of Agena moved our business toward the life sciences tools sector and expanded our market opportunities, particularly in Asia. Agena's operations comprise our Clinical Genomics segment.

Manufacturing and Materials
Most of the components, raw materials, and other supplies used in our product lines are available from a number of different suppliers. We generally maintain multiple sources of supply, but we are dependent on sole or limited sources for certain items, particularly in our Biopharmaceutical Division. We continue to emphasize reviewing our supply base and designs for limited source suppliers that might affect our ability to supply critical products to our customers. We also continue to work with our suppliers to understand existing and potential future supply chain conditions. See further discussion within Item 1A. *Risk Factors,* "We face numerous manufacturing and supply chain risks. In addition, our reliance upon sole or limited sources of supply for certain materials, components and services could cause production interruptions, delays and inefficiencies."

Major Customers
No customer represented more than 10% of our accounts receivable or revenues for fiscal year 2024. Typically, no individual customer represents more than 10% of our consolidated accounts receivable or revenues.

Backlog
We define backlog as firm orders from customers for products and services where the order will be fulfilled within the next 12 months. Backlog as of March 31, 2024 and 2023 was approximately $25.5 million and $38.1 million, respectively. The decrease in backlog is primarily due to decreases in the Clinical Genomics division attributable to lower customer orders in the fourth quarter of fiscal year 2024 compared to the fourth quarter of fiscal year 2023 and, to a lesser extent, abated supply chain issues in our Calibration Solutions division during fiscal year 2024 which allowed us to fulfill previously outstanding orders, partially offset by the acquisition of GKE. Changes in our backlog are somewhat dependent upon the timing of large, recurring customer orders, which may be recognized to revenue over a period of up to twelve months, typically.

Research and Development

Research and development ("R&D") activities are primarily directed towards innovating new products and improving the quality and performance of our existing products or altering our current products to accommodate use of raw materials that are more readily available for purchase in our supply chain. Other R&D efforts seek to improve manufacturing efficiencies.

Intellectual Property

We own numerous patents, trademarks, and other proprietary rights, many of which are important to the various facets of our business. Where appropriate, we seek patent or other intellectual property protection for inventions and developments made by our personnel that are incorporated into our products or otherwise fall within our fields of interest. There can be no assurance, however, that any patent or other intellectual property will provide adequate protection for the technology, system, product, brand, service or process it covers. In addition, the process of preparing, applying for, obtaining and protecting patents and other intellectual property can be long and expensive, with no assurance that a patent or other intellectual property will ultimately issue. We rely upon trade secrets, technical know-how and continuing technological innovation to develop and maintain our proprietary position. Our products and services are sold under various trade names, trademarks and brand names. We consider our trade names, trademarks and brand names to be valuable in the marketing of our products in each segment. We do not believe that the loss of any one patent or other proprietary right would have a material adverse effect on our overall business or on any of our reporting segments.

Regulatory Matters

Our operations are global and are affected by complex state, federal and international laws relating to healthcare, environmental protection, antitrust, anti-corruption, marketing, fraud and abuse, import and export control, product safety and efficacy, employment, privacy, government contracts acquisition regulations, and other areas.

We are required to comply with certain International Standard Organization ("ISO") standards, United States Pharmacopeia standards and Food and Drug Administration ("FDA") requirements in order to sell some of our products. Our biological indicators are developed and manufactured according to ISO 11138 (Sterilization of health care products – Biological indicators) and our chemical indicators are developed and manufactured according to ISO 11140 (Sterilization of health care products – Chemical indicators), under a quality system that complies with ISO 13485:2016 (Medical devices – Quality management systems – Requirements for regulatory purposes and, as applicable, 21 CFR 820 (Quality system regulation). Specific Calibration Solutions products are compliant under ISO 13485:2016, ISO 17025:2017, and certain 21 CFR 820 regulations. Our Biopharmaceutical Division's Uppsala, Sweden and Tucson, Arizona facilities are ISO 9001:2015 certified. Clinical Genomics and GKE GmbH operate quality management systems which comply with the requirements of ISO 13485:2016. SAL GmbH operates a testing lab and quality management system in accordance with ISO 17025:2017 in Waldems, Germany.

Several products in the Sterilization and Disinfection Control, Calibration Solutions, and Clinical Genomics divisions are classified by the FDA as medical devices subject to the provisions of the Federal Food, Drug and Cosmetic Act, which requires any company proposing to market a medical device to notify the FDA of its intention at least 90 days before doing so. Some of our facilities are subject to FDA regulations and inspections, which may be time-consuming and costly. This includes ongoing compliance with the FDA's current Good Manufacturing Practices regulations that require, among other things, the systematic control of design, manufacture, packaging, storage and transportation of products. Failure to comply with these practices renders the product adulterated and could subject us to an interruption of manufacturing and sales of these products, and possible regulatory action by the FDA.

On April 29, 2024 the FDA announced amendments to their regulations and announced a policy to phase out, over the course of four years, its general enforcement discretion approach for lab developed tests ("LDTs"). We are still assessing the impact the regulatory changes will have on our results of operations, which may impact certain future U.S. revenues in our Clinical Genomics division.

The manufacture and sale of medical devices is also regulated by some states. Although there is substantial overlap between state regulations and the regulations of the FDA, compliance with some state laws may require additional cost or effort; however, we do not anticipate that complying with state regulations will create any significant issues or burdens.

Foreign countries also have laws regulating medical devices sold in those countries, which require additional resources for compliance. The time required to obtain approval from countries' regulating bodies can be lengthy and resource consuming, particularly as each country's requirements may differ.

We are subject to data privacy and security laws, regulations, and customer-imposed controls in numerous jurisdictions as a result of having access to and processing confidential, personal or sensitive data in the course of our business, including the

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EU General Data Protection Regulation which imposes strict requirements on how we collect, transmit, process and retain personal data.

Government Contracts

Although we transact business with various U.S. government agencies, no government contract or aggregate contracts are of such magnitude that a renegotiation of profits or termination of the contracts at the election of the government would have a material adverse effect on our financial results.

Environmental Matters

As a global corporate citizen, we recognize the importance of the environment to a healthy, sustainable future for our business, our customers, and our communities. We are committed to minimizing the environmental impacts of our business operations, and we actively evaluate ways to promote rigorous sustainability standards in our operations and products, including efforts to conserve water and energy and to reduce waste. More information about our environmental, social, and governance ("ESG") efforts is included in our ESG brochure, which is available on our website at www.mesalabs.com/esg. The contents of our ESG brochure are not incorporated by reference into this annual report on Form 10-K.

Human Capital Management

Our people are our greatest asset, and we are proud to outline the material aspects of our human capital program. As a company, our vision is to Protect the Vulnerable® and we believe that our vision is achieved in large part through the strength of our workforce. Every day, our talented employees strive to implement lean based tools to find ways to continuously improve our products and services so that we may better serve our customers and create value for all our stakeholders. We recruit top talent from all backgrounds using a combination of industry expert recruiters and recruiting tools to reach a diverse pool of candidates across race, gender, disability, and veteran statuses. We support employees with compensation, benefits and development programs aimed at ensuring employees are productive and engaged.

Employees

As of March 31, 2024, we had 736 employees (approximately 500 in the U.S.), of whom 345 are employed for manufacturing and quality assurance, 103 for research and development and engineering, 196 for sales and marketing, and 92 for administration. As our overall headcount has grown, we have continued to attract and retain high-performing, diverse employees at all levels of the organization. Our voluntary employee turnover decreased approximately 6.8 percentage points during fiscal year 2024 compared to fiscal year 2023, signaling improved employee satisfaction and engagement.

Talent

We seek to attract, develop and retain the best talent throughout Mesa. In recent years, we have invested heavily in our talent acquisition and development processes. We've implemented standardized assessment processes for candidate selection, created frameworks for formalized development and career paths, and developed mentoring systems. We've also strengthened our succession planning processes with annual talent reviews and actions.

Diversity and Inclusion

We are committed to diversity and inclusion ("D&I"), and we are always working to improve in this area. We continue to evolve our talent acquisition process to focus on diversity. We make efforts to work with vendors and to consider candidates for employment from underrepresented categories. Our global cloud-based human capital management platform enables us to more accurately track employee representation and identify how we can better enhance our diversity around the world.

Employee Engagement

We have established an engagement process where we leverage external expertise to develop a meaningful survey to assess what matters most to our employees. We develop plans and communication strategies to address our key findings through a collaborative process with our employee teams. Our goal is to drive consistent year over year improvement in engagement, which we believe will drive long-term career progression and company results. In addition to our engagement surveys, we utilize a variety of channels to facilitate open and direct communication with our employees, including: (i) quarterly town hall meetings with our executive team; (ii) internally maintained websites; and (iii) an anonymous whistleblower hotline that is advertised to our employees.

Total Rewards
We are intentional in providing fair and equitable compensation to all of our employees. Our compensation and benefits are competitive to market and create incentives to attract and retain employees. In determining merit increases, we evaluate individual performance—including measuring an individual's contribution to company goals and performing semi-annual performance reviews—to align financial incentives with individual contributions. Our compensation package includes market-competitive pay, cash bonuses, stock-based compensation to certain levels of employees, health care and retirement benefits, paid time off, paid caregiver leave, and 401(K) matching, among other benefits. Our total rewards program:

- Enables effective business operations and performance by offering comprehensive total rewards that attract, retain, and motivate our employees and promote their overall wellbeing; and
- Positions total direct compensation in a competitive range of the applicable market median in each jurisdiction, differentiated based on tenure, skills, and performance, and designed to attract and retain the best talent.

Health, Safety and Wellness
The health, safety and wellness of all employees is a top priority at Mesa:

- We deeply embed our environmental, health and safety functions within our operations and business teams to ensure top priority and focus.
- We sponsor a variety of health and wellness programs designed to enhance the physical and mental well-being of our employees around the world; and
- Our Employee Assistance Program provides employees and their families access to mental health, stress management and other support resources essential to navigating life changes and challenges.

Available Information
We are subject to the reporting and other information requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"). We make available, free of charge, on or through our website at www.mesalabs.com under the link "Financials" in the Investor Relations section, our annual report on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, and other information. Information on our website is not incorporated into this annual report on Form 10-K and is not a part of this report. The Securities and Exchange Commission ("SEC") also maintains a website at www.sec.gov containing reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our code of ethics and Board of Directors committee charters and policies are also posted on the Investor Relations section of our website. The information on our website is not part of this or any other report Mesa files with, or furnishes to, the SEC.

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ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Annual Report on Form 10-K and other documents we filed with the SEC, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks and uncertainties described below are those that we have identified as material, but these are not the only risks and uncertainties facing us. Our business is also subject to general risks and uncertainties that affect many other companies, such as market conditions, economic conditions, geopolitical events, changes in laws, regulations or accounting rules, fluctuations in interest rates, terrorism, wars or conflicts, major health concerns, natural disasters or other disruptions of expected business conditions. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impair our business, including our results of operations, liquidity and financial condition.

Business and Strategic Risks

Conditions in the global economy, the markets we serve, and financial markets may adversely affect our business, financial statements, and access to capital markets.

Our business is sensitive to general economic conditions. Slow or disrupted global economic growth, heightened inflation, volatility in the currency and credit markets, labor availability constraints, reduced levels of capital expenditures, changes or anticipation of potential changes in government fiscal, tax, trade and monetary policies (including as a result of upcoming elections in the U.S.), changes in capital requirements for financial institutions, government deficit reduction and budget negotiation dynamics, sequestration or government shut-downs, austerity measures, sovereign debt defaults, continuing elevated interest rates, and other challenges that adversely affect the global economy could adversely affect us and our distributors, customers and suppliers, including by:

- reducing demand for our products and services, limiting the financing available to our customers and suppliers, increasing order cancellations and resulting in longer sales cycles and slower adoption of new technologies;
- increasing the difficulty in collecting accounts receivable and the risk of excess and obsolete inventories;
- increasing price competition in our served markets;
- supply interruptions, which could disrupt our ability to produce our products;
- increasing the risk of impairment of goodwill and other long-lived assets, and the risk that we may not be able to fully recover the value of other assets such as tax assets;
- increasing the risk that counterparties to our contractual arrangements will become insolvent or otherwise unable to fulfill their contractual obligations, which could increase the risks identified above; and
- adversely impacting market sizes and growth rates.

If growth in the global economy or in any of the markets we serve slows for a significant period, if there is significant deterioration in the global economy or such markets or if improvements in the global economy do not benefit the markets we serve, our business and financial results could be adversely affected. We cannot predict the likelihood, duration or severity of any disruption in financial markets or any adverse economic conditions in the U.S. and other countries.

Our growth could suffer if the markets into which we sell our products and services decline, do not grow as anticipated or experience volatility.

Our growth depends in part on the growth of the markets which we serve, and visibility into our markets is limited (particularly for markets into which we sell through distribution). Our quarterly revenues and profits depend substantially on the volume and timing of orders received during the quarter, which are difficult to forecast. Any decline or lower than expected growth in our served markets could diminish demand for our products and services, which would adversely affect our financial results. Certain of our businesses' demand depends on customers' capital spending budgets as well as government funding policies and interest rates, and matters of public policy and government budget dynamics as well as product and economic cycles can affect the spending decisions of these entities. Demand for our products and services is also sensitive to changes in customer order patterns, which may be affected by announced price changes, marketing or promotional programs, new product introductions, changes in distributor or customer inventory levels, or other factors. Any of these factors could adversely affect our growth and results of operations in any given period.

We face competition and if we are unable to compete effectively, we may experience decreased demand and market share resulting in decreased revenues. Even if we compete effectively, we may be required to reduce prices for our products and services resulting in decreased profit margins.

The markets for our current and potential products are competitive. Because of the range of products and services we sell and the variety of markets we serve, we encounter a wide variety of competitors, including several that possess both larger sales forces and greater capital resources.

In order to compete effectively, we must maintain relationships with key customers, continue to grow our business by establishing relationships with new customers, develop new products and services to maintain and expand our brand recognition, and penetrate new markets, including in high growth markets. Our failure to compete effectively or pricing pressures resulting from competition may adversely impact our results of operations.

Changing industry trends may affect our results of operations.

Various changes within the industries we serve may limit future demand for our products and may include mergers within key industries we serve, making us more dependent on fewer, larger customers for our sales; decreased product demand driven by changes in customers' regulatory environments or standard industry practices; price competition for key products; and new competitor products that may result in customers discontinuing new orders.

Our growth depends in part on the timely development, commercialization, and customer acceptance of new and enhanced products and services based on technological innovation.

Our growth depends on the acceptance of our products and services in the marketplace, the penetration achieved by the companies to which we sell, and our ability to introduce new and innovative products that meet the needs of the various markets we serve. We can offer no assurance that we will be able to continue to introduce new and enhanced products, that the products we introduce, or have introduced, will be widely accepted by the marketplace, or that our direct sales team or independent distributors will successfully penetrate our various markets. Our failure to introduce new and enhanced products or gain widespread acceptance of our products and services could adversely affect our financial results. If we fail to accurately predict future customer needs and preferences, fail to produce viable technologies, or fail to protect the intellectual property of such technologies, we may invest heavily in research and development of products and services that do not lead to significant revenues, which could adversely affect our profitability. Even if we successfully innovate and develop new and enhanced products and services, we may incur substantial costs in doing so, and our profitability may suffer.

If we are unable to continue to hire and retain skilled personnel, we will have difficulty manufacturing and marketing our products.

Our success depends largely upon the continued service of our employees and our ability to attract, retain and motivate personnel, some of whom work in competitive labor markets, particularly Bozeman, Montana. Loss of key personnel or our inability to hire and retain personnel could materially adversely affect our manufacturing efforts, harm our ability to meet compliance requirements, and increase backlog.

Adverse changes in our relationships with, or the financial condition, performance, purchasing patterns or inventory levels of, distributors and other channel partners could adversely affect our financial statements.

We sell a significant number of products to distributors and other channel partners that have valuable relationships with customers and end-users. Some of these distributors and other partners also sell our competitors' products or compete with us directly. Adverse changes in our relationships with these distributors and other partners, or adverse developments in their financial condition, performance or purchasing patterns, could adversely affect our business and financial statements.

The levels of inventory maintained by our distributors and other channel partners, and changes in those levels, can also negatively impact our results of operations in any given period. In addition, the consolidation of distributors could adversely impact our business and financial statements. We cannot directly control the actions of our distributors. Our distributors may not comply with export laws or follow the terms of the distribution agreements which require compliance with export laws, which could have legal or financial implications for us.

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Our international operations subject us to a wide range of risks.

Our operations and sales outside of the United States have increased as a result of our strategic acquisitions and the continued expansion of our commercial organization. Risks related to these increased foreign operations include:

- fluctuations in foreign currency exchange rates, which may affect reported results from operations as well as actual costs;
- interruption in the transportation of materials to us and finished goods to our customers;
- differences in terms of sale, including longer payment terms than are typical in the United States;
- local product preferences and product requirements;
- trade protection measures, embargoes and import or export restrictions and requirements;
- unexpected changes in laws or regulatory requirements, including changes in labor or tax laws;
- capital controls and limitations on ownership and on repatriation of earnings and cash;
- changes in general economic and political conditions in countries where we operate, particularly as a result of ongoing economic instability within foreign jurisdictions;
- difficulty in staffing and managing widespread operations;
- differing labor or employment regulations;
- difficulties in implementing restructuring actions on a timely or comprehensive basis;
- differing protection of intellectual property; and
- greater uncertainty, risk, expense and delay in commercializing products in certain foreign jurisdictions, including with respect to product and other regulatory approvals.

International business risks have in the past and may in the future negatively affect our business and financial statements. A deterioration in diplomatic relations between the United States and any country where we conduct business could adversely affect our future operations and lead to a decline in profitability.

Our international operations are governed by the U.S. Foreign Corrupt Practices Act and similar anti-corruption laws outside the United States. Global enforcement of anti-corruption laws has increased in recent years. Our international operations, which often involve customer relationships with foreign governments, create the risk that there may be unauthorized payments or offers of payments made by employees, consultants, or distributors. Any alleged or actual violations of these laws may subject us to government investigations and significant criminal or civil sanctions and other liabilities, and negatively affect our reputation.

Operational Risks

A significant disruption in, or breach in security of, our information technology systems or data could adversely affect our business, reputation and financial statements.

We rely on information technology systems, some of which are provided or managed by third-parties, to process, transmit and store electronic information (including sensitive data such as confidential business information and personally identifiable data relating to employees, customers, and other business partners), and to manage or support a variety of critical business processes and activities (such as receiving and fulfilling orders, billing, collecting and making payments, shipping products, providing services and support to customers and fulfilling contractual obligations). In addition, some products or software we sell to customers may connect to our systems for maintenance or other purposes. These systems, products and services (including those we acquire through business acquisitions) may be damaged, disrupted or shut down due to attacks by computer hackers, computer viruses, ransomware, human error or malfeasance, power outages, hardware failures, telecommunication or utility failures, catastrophes or other unforeseen events, and in any such circumstances our system redundancy and other disaster recovery planning may be ineffective or inadequate. Attacks may also target hardware, software and information installed, stored or transmitted in our products after such products have been purchased and incorporated into third-party products, facilities or infrastructure. Security breaches of systems provided or enabled by us, regardless of whether the breach is attributable to a vulnerability in our products or services, could result in the misappropriation, destruction or unauthorized disclosure of confidential information or personal data belonging to us or to our employees, partners, customers, or suppliers. Our information technology systems have been subject to computer viruses, malicious codes, unauthorized access and other cyber-attacks and we expect the sophistication and frequency of such attacks to continue to increase. Unauthorized tampering, adulteration or interference with our products may also adversely affect product functionality and result in loss of data, risk to product safety and product recalls or field actions.

Any attacks, breaches or other disruptions or damage could interrupt our operations or the operations of our customers and partners, delay production and shipments, result in theft of our and our customers' intellectual property and trade secrets, damage customer, business partner, and employee relationships, and our reputation, or result in defective products or services, legal claims and proceedings, liability and penalties under privacy laws and increased costs for security and remediation, each of which could adversely affect our business, reputation and financial statements.

Further, a significant number of our employees work remotely, which exposes us to greater cybersecurity risks. Any inability to maintain reliable information technology systems and appropriate controls with respect to global data privacy and security requirements and prevent data breaches can result in adverse regulatory consequences, business consequences and litigation.

We face numerous manufacturing and supply chain risks. In addition, our reliance upon sole or limited sources of supply for certain materials, components and services could cause production interruptions, delays and inefficiencies.

We purchase materials, components and equipment from third parties for use in our manufacturing operations. Our results of operations could be adversely impacted if we are unable to adjust our purchases to reflect changes in customer demand and market fluctuations. Suppliers may extend lead times, limit supplies or increase prices. If we cannot purchase sufficient products at competitive prices and of sufficient quality on a timely enough basis to meet demand, product shipments may be delayed, our costs may increase, or we may breach our contractual commitments and incur liabilities.

In addition, some of our businesses purchase certain required products from sole or limited source suppliers for reasons of quality assurance, regulatory requirements, cost effectiveness, availability or uniqueness of design. If these or other suppliers encounter financial, operating or other difficulties or if our relationship with them changes, we might not be able to quickly establish or qualify replacement sources of supply. A shortage of components or key materials that comprise components used in our products could cause a significant disruption to our production schedule and have a substantial adverse effect on our financial condition or results of operations. The supply chains for our businesses could be disrupted in the future by supplier capacity constraints, supplier bankruptcy or exiting of the business for other reasons, decreased availability of key raw materials or commodities and external events such as natural disasters, public health problems, war, terrorist actions, governmental actions and legislative or regulatory changes. Any of these factors could result in production interruptions, delays, extended lead times and inefficiencies.

Our revenues and other operating results depend in large part on our ability to manufacture and assemble our products in sufficient quantities and in a timely manner. Any interruptions we experience in the manufacture or shipment of our products or changes to the way we manufacture products could delay our ability to recognize revenues in a particular period. In addition, we must maintain sufficient production capacity in order to meet anticipated customer demand, which carries fixed costs that we may not be able to offset if orders slow, which would adversely affect our operating margins. If we are unable to manufacture our products consistently, in sufficient quantities, and on a timely basis, our revenues, gross margins and our other operating results will be materially and adversely affected.

Because we cannot always immediately adapt our production capacity and related cost structures to changing market conditions, our manufacturing capacity may at times exceed or fall short of our production requirements. Any or all of these problems could result in the loss of customers, provide an opportunity for competing products to gain market acceptance, and otherwise adversely affect our financial condition.

Our financial results are subject to fluctuations in the cost and availability of components and commodities that we use in our operations.

Our manufacturing operations employ a wide variety of components and raw materials and other commodities, including metallic-based components, electronic components, chemicals, and plastics and other petroleum-based products. Prices for and availability of these components, and raw materials and other commodities have fluctuated significantly in the past, and more recently have increased. Any sustained interruption in the supply of these items could disrupt production, delay customer order fulfillments, and adversely affect our business. If we are unable to fully recover higher costs through price increases or offset these increases through cost reductions, or if there is a time delay between the increase in costs and our ability to recover or offset these costs, our margins and profitability could decline, and our financial results could be adversely affected.

In addition, transportation costs have increased, which may reduce our gross profit margins unless and until we are able to pass the cost increases along to our customers.

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Significant developments or uncertainties stemming from the U.S. administration, including changes in U.S. trade policies, tariffs and the reaction of other countries thereto could have an adverse effect on our business.

Changes, potential changes or uncertainties in U.S. social, political, regulatory and economic conditions or laws and policies governing foreign trade, manufacturing, and development and investment in the territories and countries where we or our customers operate, or governing the health care system, can adversely affect our business and financial results. For example, trade tensions between the United States and China remain high, and each country has continued to impose significant tariffs on a wide range of goods imported from the other country. China accounted for approximately 12% of our sales during the year ended March 31, 2024. These factors have adversely affected, and in the future could further adversely affect, our business and financial results.

Geopolitical and macroeconomic pressures in the markets in which we operate may adversely affect our financial results.

Geopolitical issues around the world can impact macroeconomic conditions and could have a material adverse impact on our financial results. For example, the ultimate impact of military conflicts (such as the conflict between Russia and Ukraine or the conflict in Israel and the surrounding areas) on fuel prices, inflation, the global supply chain and other macroeconomic conditions is unknown and could materially adversely affect global economic growth, disrupting discretionary spending habits and generally decreasing demand for our products and services. While our sales to Russia, Ukraine and Israel have historically produced an immaterial amount of revenues and profitability compared to the overall company, we cannot predict the impact that the conflict or any other global conflict may have on future financial results.

Violation of data privacy laws could adversely affect our business, reputation and financial statements.

If we are unable to maintain reliable information technology systems and appropriate controls with respect to global data privacy and security requirements and prevent data breaches, we may suffer adverse regulatory consequences, business consequences and litigation. As a multinational organization, we are subject to data privacy and security laws, regulations, and customer-imposed controls in numerous jurisdictions as a result of having access to and processing confidential, personal and/or sensitive data in the course of our business. The EU General Data Protection Regulation imposes strict requirements on how we collect and process personal data, including, among other things, a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances and significant fines for non-compliance. Data privacy laws in other jurisdictions, such as California and Colorado, also impose data privacy obligations. Government enforcement actions can be costly and interrupt the regular operation of our business, and data breaches or violations of data privacy laws can result in fines, reputational damage and civil lawsuits, any of which may adversely affect our business, reputation and financial statements. In addition, compliance with the varying data privacy regulations around the world may require significant expenditures and may require changes in our products or business models that reduce revenues.

Changes to dialysis methods and equipment capabilities may decrease demand for our dialysis products and negatively impact our financial statements.

Our Dialyguard product line accounts for approximately one-fourth of the revenues and one-third of the gross profit margin associated with our Calibration Solutions division. The majority of revenues in our Dialyguard business are associated with products used in dialysis clinics, while a smaller portion of our sales relate to in-home care. Technological advancements, such as dialysis machines that feature built-in dialysis calibration functionalities, have and may continue to adversely affect demand for our dialysis products.

We may be unable to efficiently manage our growth as a larger and more geographically diverse organization.

Our strategic acquisitions and the organic expansion of our commercial sales operations have increased the scope and complexity of our business. As a result, we face challenges inherent in efficiently managing a more complex business with an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits, and compliance programs. Our inability to manage successfully a substantially larger and geographically more diverse (including from a cultural perspective) organization could materially adversely affect our operating results and financial statements.

If we suffer loss to our facilities, supply chains, distribution systems or information technology systems due to a catastrophic event, our operations could be seriously harmed.

Our facilities, supply chains, distribution systems and information technology systems are subject to catastrophic loss due to fire, flood, earthquake, hurricane, pandemics and epidemics and other public health crises, war, terrorism or other natural or

human-made disasters. If any of these facilities, supply chains or systems were to experience a catastrophic loss, it could disrupt our operations, delay production and shipments, result in defective products or services, damage customer relationships and our reputation and result in legal exposure and large repair or replacement expenses. Our insurance coverage with respect to natural disasters is limited and is subject to deductible and coverage limits and may be unavailable or insufficient to protect us against such losses.

The health care industry and related industries that we serve have undergone, and are in the process of undergoing, significant changes in an effort to reduce costs, which could adversely affect our financial results.

Participants in the health care industry and related industries have implemented, and are implementing, significant changes in an effort to reduce costs. Many of the end-users to whom our customers supply products rely on government funding of and reimbursement for health care products and services and research activities. The U.S. Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the "PPACA"), health care austerity measures in other countries and other potential health care reform changes and government austerity measures have reduced and may further reduce the amount of government funding or reimbursement available to customers or end-users of our products and services and/or the volume of medical procedures using our products and services. For example, the Inflation Reduction Act of 2022 may subject certain products to government-established pricing, potentially impose rebates and subject manufacturers who fail to adhere to the government's interpretation of the law to penalties.

These changes as well as other impacts from market demand, government regulations, third-party coverage and reimbursement policies and societal pressures have started changing the way healthcare is delivered, reimbursed and funded and may cause participants in the health care industry and related industries that we serve to purchase fewer of our products and services, reduce the prices they are willing to pay for our products or services, reduce the amount of reimbursement and funding available for our products and services from governmental agencies or third-party payors, affect the acceptance rate of new technologies and products and increase our compliance and other costs. All of the factors described above could adversely affect our business and financial results.

The manufacture of many of our products is a highly exacting and complex process, and if we directly or indirectly encounter problems manufacturing products, our reputation, business and financial results could suffer.

The manufacture of many of our products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, natural disasters and environmental factors, and if not discovered before the product is released to market could result in recalls and product liability exposure. Because of the time required to approve and license certain regulated manufacturing facilities and other stringent regulations of the FDA and similar agencies regarding the manufacture of certain of our products, an alternative manufacturer may not be available on a timely basis to replace such production capacity. Any of these manufacturing problems could result in significant costs, liability, lost revenues, and loss of market share, as well as negative publicity and damage to our reputation that could reduce demand for our products.

Climate change, or legal or regulatory measures to address climate change and sustainability, may negatively affect us, and any actions we take or fail to take in response to such matters could damage our reputation.

Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our operations. Physical risk resulting from acute changes (such as hurricanes, tornados, wildfires or flooding) or chronic changes (such as droughts, heat waves or sea level changes) in climate patterns can adversely impact our facilities and operations and disrupt our supply chains and distribution systems. Concern over climate change can also result in new or additional legal or regulatory requirements designed to reduce greenhouse gas emissions, mitigate the effects of climate change on the environment (such as taxation of, or caps on the use of, carbon-based energy) and/or increase disclosures with respect thereto. Any such new or additional legal or regulatory requirements may increase the costs associated with, or disrupt, sourcing, manufacturing and distribution of our products, which may adversely affect our business and financial statements.

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Acquisition Risks

Any inability to consummate acquisitions at our historical rate and at appropriate prices could negatively impact our growth rate and stock price.

Our ability to grow revenues, earnings and cash flows at or above our historic rates depends in part upon our ability to identify and successfully acquire and integrate businesses at appropriate prices and realize anticipated synergies. We may not be able to consummate acquisitions at rates similar to the past, which could adversely impact our growth rate and our stock price. Promising acquisitions are difficult to identify and execute for a number of reasons, including high valuations, competition among prospective buyers, the availability of affordable funding in the capital markets, and the need to satisfy applicable closing conditions and obtain applicable antitrust and other regulatory approvals on acceptable terms. Changes in accounting or regulatory requirements, or instability in the credit markets, or global crises that prevent travelling or other activities necessary for acquisitions could also adversely impact our ability to consummate acquisitions.

Our acquisition of businesses could negatively impact our financial results.

Acquisitions involve a number of financial, accounting, managerial, operational, legal, compliance and other risks and challenges, including the following, any of which could adversely affect our business and our financial statements:

- any business, technology, service or product that we acquire could under-perform relative to our expectations and the price that we paid for it, or not perform in accordance with our anticipated timetable, or we could fail to make such business profitable;
- we may incur or assume significant debt in connection with our acquisitions which could cause a deterioration of our credit rating, result in increased borrowing costs and interest expense and diminish our future access to the capital markets;
- acquisitions could cause our results of operations to differ from our own or the investment community's expectations in any given period, or over the long-term;
- pre-closing and post-closing acquisition-related earnings charges could adversely impact our results of operations in any given period, and the impact may be substantially different from period to period;
- acquisitions could create demands on our management, operational resources and financial and internal control systems that we are unable to effectively address, or for which we may incur additional costs;
- we could experience difficulty in integrating personnel, operations, financial and other systems, and in retaining key employees and customers;
- we may be unable to achieve cost savings or other synergies anticipated in connection with an acquisition;
- we may assume by acquisition unknown liabilities, known contingent liabilities that become realized, known liabilities that prove greater than anticipated, internal control deficiencies or exposure to regulatory sanctions resulting from the acquired company's activities. The realization of any of these liabilities or deficiencies may increase our expenses, adversely affect our financial position or cause us to fail to meet our public financial reporting obligations;
- in connection with acquisitions, we may enter into post-closing financial arrangements such as purchase price adjustments, earn-out obligations and indemnification obligations, which may have unpredictable financial results; and
- as a result of our acquisitions, we have recorded significant goodwill and intangible assets on our balance sheets. If we are not able to realize the value of these assets, we may be required to incur charges relating to the impairment of these assets, which could materially impact our financial results. We incurred such a charge as of March 31, 2024 as described below in "We may be required to recognize additional impairment losses for our goodwill and other intangible assets."

The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and as a result we may face unexpected liabilities, or we may have acquisition agreements with no indemnification protection at all.

Certain of the acquisition agreements by which we have acquired companies require the former owners to indemnify us against certain liabilities related to the operation of the company before we acquired it. In most of these agreements, however, the liability of the former owners is limited, and certain former owners may be unable to meet their indemnification responsibilities. We cannot guarantee that these indemnification provisions will protect us fully or at all, and as a result we may face unexpected liabilities that could adversely impact our financial statements. In addition, we may enter into acquisition agreements that have no indemnification protection at all.

Future strategic transactions or acquisitions may require us to seek additional financing, which we may not be able to secure on favorable terms, or at all.

We actively evaluate various strategic transactions on an ongoing basis, and in order to complete such transactions, we may need to seek additional financing. We may not be able to secure such financing on favorable terms, or at all. In addition, future acquisitions may require the issuance of additional equity securities, which may result in dilution to our stockholders, or the issuance of debt securities, which may subject us to financial risks and limits on our operations.

Legal, Regulatory, Compliance, and Reputational Risks

We are subject to lawsuits and regulatory proceedings.

We have been a defendant in a number of lawsuits, and in the future may become a party to a variety of litigation and regulatory proceedings, including claims for damages arising out of the use of products or services and claims relating to intellectual property matters, employment matters, tax matters, commercial disputes, product liability, marketing matters, insurance coverage, competition and sales and trading practices, environmental matters, product retirement, personal injury, and acquisition or divestiture-related matters, as well as regulatory investigations or enforcement. We may also become subject to lawsuits as a result of past or future acquisitions or as a result of liabilities retained from, or representations, warranties or indemnities provided in connection with, divested businesses. Any of these lawsuits may include claims for compensatory damages, punitive and consequential damages or injunctive relief. The defense of these lawsuits may divert our management's attention, we may incur significant expenses in defending these lawsuits, and we may be required to pay damages or settlements or become subject to equitable remedies that could adversely affect our operations and financial results. Moreover, any insurance or indemnification rights that we may have may be insufficient or unavailable to protect us against such losses. In addition, developments in proceedings in any given period may require us to adjust loss contingency estimates that we have recorded in our financial statements, record estimates for liabilities or assets previously not susceptible of reasonable estimates or pay cash settlements or judgments. Any of these developments could adversely affect our financial results in any given period. We cannot make assurances that our liabilities in connection with litigation and other legal regulatory proceedings will not exceed our estimates or adversely affect our financial results and business. Please see Note 13. "Commitments and Contingencies" of the Notes to Consolidated Financial Statements contained in Item 8. *Financial Statements and Supplementary Data* for additional discussion.

Our reputation, ability to do business and prepare financial statements may be impaired by improper conduct by any of our employees, agents or business partners.

We cannot provide assurance that our internal controls and compliance systems will always protect us from acts committed by employees, agents or business partners of ours (or of businesses we acquire or partner with) that would violate U.S. and/or non-U.S. laws, including the laws governing payments to government officials, bribery, fraud, kickbacks and false claims, pricing, sales and marketing practices, conflicts of interest, competition, export and import compliance, money laundering and data privacy.

If we do not or cannot adequately protect our intellectual property, if third parties infringe our intellectual property rights, or if we or our customers are alleged to infringe upon others' intellectual property rights, we may suffer competitive injury or expend significant resources enforcing or defending our rights.

We own patents, trademarks, copyrights, trade secrets and other intellectual property and licenses to intellectual property owned by others, which in the aggregate are important to our business. The intellectual property rights that we obtain, however, may not be sufficiently broad or otherwise may not provide us a significant competitive advantage, and patents may not be issued for pending or future patent applications owned by or licensed to us. In addition, the steps that we and our licensors have taken to maintain and protect our intellectual property may not prevent it from being challenged, invalidated, circumvented or designed-around, particularly in countries where intellectual property rights are not highly developed or protected. In some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or for other business reasons, or countries may require compulsory licensing of our intellectual property. We also rely on nondisclosure and noncompetition agreements with employees, consultants and other parties to protect, in part, trade secrets and other proprietary rights. There can be no assurance that these agreements will adequately protect our trade secrets and other proprietary rights and will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information or that third parties will not otherwise gain access to our trade secrets or other proprietary rights. In addition, we or our customers may be alleged to infringe upon the intellectual property of third parties. Our failure to obtain or maintain intellectual property rights that convey competitive advantages, adequately protect our intellectual property, detect or prevent circumvention or unauthorized use of such

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property, and limit the cost of enforcing our intellectual property rights or defending against any allegation of infringement, could adversely impact our competitive position and results of operations.

We are subject to extensive regulation.

The process of obtaining and maintaining required regulatory approvals is lengthy, expensive and uncertain. We can offer no assurance that delays will not occur in the future that could have a significant adverse effect on our ability to introduce new products on a timely basis. Regulatory agencies periodically inspect our manufacturing facilities to ascertain compliance with "good manufacturing practices" and can subject approved products to additional testing and surveillance programs.

Failure to comply with applicable regulatory requirements can, among other things, result in fines, suspension of regulatory approvals, product recalls, operating restrictions and criminal penalties. If we fail to comply with regulatory requirements, it could have an adverse effect on our results of operations and financial condition. We, our representatives and the industries in which we operate may at times be under review and/or investigation by regulatory authorities. Compliance with applicable regulations may affect our returns on investment, require us to incur significant expenses or modify our business model or impair our flexibility in modifying product, marketing, pricing or other strategies. Our products and operations are also often subject to the rules of industrial standards bodies such as the International Standards Organization, and failure to comply with these rules could result in withdrawal of certifications needed to sell our products and services and otherwise adversely impact our business and financial statements.

Certain of our products are medical devices and other products subject to regulation by the U.S. FDA, by other federal and state governmental agencies, or by comparable agencies of other countries and regions. We cannot guarantee that we will be able to obtain regulatory clearance (such as 510(k) clearance) or approvals for new products or modifications to (or additional indications or uses of) existing products within our anticipated timeframe or at all, and if we do obtain such clearance or approval, it may be time-consuming, costly and subject to restrictions. Our ability to obtain such regulatory clearances or approvals will depend on many factors and the process for obtaining such clearances or approvals could change over time and may require the withdrawal of products from the market until such clearances are obtained. The global regulatory environment has become increasingly stringent and unpredictable. Several countries that did not have regulatory requirements for medical devices have established such requirements in recent years, and other countries have expanded, or plan to expand, their existing regulations.

Ensuring that our internal operations and business arrangements with third parties comply with applicable laws and regulations involves substantial costs. It is also possible that government authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law. Noncompliance with applicable laws and regulations can result in, among other things, fines, expenses, injunctions, civil penalties, recalls or seizures of products, total or partial suspension of production, failure to receive 510(k) clearance of devices, withdrawal of marketing approvals, reputational damage, business disruption, loss of customers, disbarment from selling to certain federal agencies, criminal prosecutions and other adverse effects. Further, defending against any such actions can be costly and time-consuming and may require significant personnel resources. Therefore, even if we are successful in defending against any such actions brought against us, our business may be negatively impacted.

Off-label marketing of our products could result in substantial penalties.

The FDA strictly regulates the promotional claims that may be made about approved or cleared products. In particular, any clearances we may receive only permit us to market our products for the uses indicated on the labeling cleared by the FDA. We may request additional label indications for our current products, and the FDA may deny those requests outright, require additional data to support any additional indications or impose limitations on the intended use of any cleared products as a condition of clearance. If the FDA determines that we have marketed our products for off-label use, we can be subject to fines, injunctions or other penalties. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider our business activities to constitute promotion of an off-label use, which could result in significant penalties, including, but not limited to, criminal, civil and administrative penalties, substantial monetary penalties, damages, fines, disgorgement, exclusion from participation in government healthcare programs, and/or the curtailment of our operations. Any of these events could significantly harm our business and financial results.

Certain modifications to our products may require new 510(k) clearances or other marketing authorizations and may require us to recall or cease marketing our products.

Once a medical device is permitted to be legally marketed in the United States pursuant to a 510(k) clearance, a manufacturer may be required to notify the FDA of certain modifications to the device. Manufacturers determine in the first instance

whether a change to a product requires a new 510(k) clearance or premarket submission, but the FDA may review any manufacturer's decision. The FDA may not agree with our decisions regarding whether new clearances are necessary. We have made modifications to our products in the past and have determined based on our review of the applicable FDA regulations and guidance that in certain instances new 510(k) clearances or other premarket submissions were not required. We may make similar modifications or add additional features in the future that we believe do not require a new 510(k) clearance. If the FDA disagrees with our determinations and requires us to submit new 510(k) notifications, we may be required to cease marketing or to recall the modified product until we obtain clearance, and we may be subject to significant regulatory fines or penalties.

Changes in governmental regulations may reduce demand for our products or services or increase our expenses.

We compete in markets in which we and our customers must comply with federal, state, and other jurisdictional regulations, such as regulations governing health and safety, food and drugs, privacy and electronic communications. We develop, configure and market our products and services to meet customer needs created by these regulations. These regulations are complex, change frequently, have tended to become more stringent over time and may be inconsistent across jurisdictions. Any significant change in any of these regulations (or in the interpretation or application thereof) could reduce demand for, increase our costs of producing or delay the introduction of new or modified products and services, or could restrict our existing activities, products and services. In addition, in certain of our international markets our growth depends in part upon the introduction of new regulations. In these markets, the delay or failure of governmental and other entities to adopt or enforce new regulations, the adoption of new regulations which our products and services are not positioned to address or the repeal of existing regulations, could adversely affect demand. In addition, regulatory deadlines may result in substantially different levels of demand for our products and services from period-to-period.

Product liability suits against us, product defects or unanticipated use or inadequate disclosure with respect to our products or services could adversely affect our business, reputation and our financial statements.

Manufacturing or design defects in, unanticipated use of, safety or quality issues (or the perception of such issues) with respect to, or inadequate disclosure of risks relating to the use of products and services that we make or sell, including items that we source from third parties, can lead to personal injury, property damage or other liability. These events could lead to recalls or safety alerts, the removal of a product or service from the market and product liability or similar claims being brought against us. Recalls, removals and product liability and similar claims, regardless of their validity or ultimate outcome, can result in significant costs, as well as negative publicity and damage to our reputation that could reduce demand for our products and services. Our product liability insurance may not adequately cover our costs arising from defects in our products or otherwise.

We are subject to export and import control laws and regulations that could impair our ability to compete in international markets or subject us to liability if we violate such laws and regulations.

We are subject to U.S. export controls and sanctions regulations that restrict the shipment or provision of certain products and services to certain countries, governments, and persons. While we take precautions to prevent our products and services from being exported in violation of these laws, we cannot guarantee that the precautions we take will prevent violations. If we are found to be in violation of U.S. sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us. We may also be adversely affected through other penalties, reputational harm, loss of access to certain markets, or otherwise.

Complying with export control and sanctions regulations may be time-consuming and may result in the delay or loss of sales opportunities or impose other costs. Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons or technologies targeted by such regulations, could result in our decreased ability to export or sell certain products to existing or potential customers in affected jurisdictions.

We are subject to laws and regulations governing government contracts.

We are subject to laws and regulations governing government contracts, and failure to address these laws and regulations or comply with government contracts could harm our business by leading to a reduction in revenues associated with these customers. We have agreements relating to the sale of our products to government entities and, as a result, we are subject to various statutes and regulations that apply to companies doing business with the government. We are also subject to investigation for compliance with the regulations governing government contracts. A failure to comply with these regulations could result in suspension of these contracts, criminal, civil and administrative penalties or debarment.

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Financial and Tax Risks

Foreign currency exchange rates may adversely affect our financial statements.

As a global company with substantial operations outside the U.S., sales and purchases in currencies other than the U.S. dollar expose us to fluctuations in foreign currencies relative to the U.S. dollar and may adversely affect our financial statements. Increased strength of the U.S. dollar increases the effective price of our products sold in U.S. dollars into other countries, which may require us to lower our prices or adversely affect sales to the extent we do not increase local currency prices. Decreased strength of the U.S. dollar could adversely affect the cost of materials, products and services we purchase overseas. Sales and expenses of our non-U.S. businesses are also translated into U.S. dollars for reporting purposes and the strengthening or weakening of the U.S. dollar could result in unfavorable translation effects. In addition, certain of our businesses may invoice customers in a currency other than their functional currency, and movements in the invoiced currency relative to the functional currency could also result in unfavorable translation effects. We also face exchange rate risk from our investments in subsidiaries owned and operated in foreign countries. We do not enter into hedging arrangements to mitigate any foreign currency exposure.

We may be required to recognize additional impairment losses for our goodwill and other intangible assets.

As of March 31, 2024, the net carrying value of our goodwill and other intangible assets totaled $293.8 million after recording impairment losses of $274.5 million related to certain goodwill and finite-lived intangible assets in our Clinical Genomics division and related to goodwill in our Biopharmaceutical Development division during the fourth quarter of our fiscal year ended March 31, 2024. In accordance with generally accepted accounting principles, we periodically assess such assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, loss of key customers, strategic shifts in our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of our assets, changes in the structure of our business, divestitures, market capitalization declines, or increases in associated discount rates may further impair our goodwill and other intangible assets in the future. Our Clinical Genomics and Biopharmaceutical Development divisions have a heightened risk of future impairments if actual results differ significantly from our estimates; impairment losses resulted in a 0% cushion between the fair and carrying values of impaired reporting units within our Clinical Genomics and Biopharmaceutical Development divisions as of our January 1, 2024 impairment testing date. The carrying values of our reporting units generally decline over time as we amortize intangibles assets. The goodwill associated with our Clinical Genomics division and our Biopharmaceutical Development division's two reporting units (Immunoassays and Peptides) as of March 31, 2024 was $16.9 million, $32.8 million, and $13.7 million, respectively. Future impairment losses could result from changes in any assumptions, inputs, exchange rates, market factors and/or increases in the weighted average cost of capital in the future. Assumptions used in goodwill and intangible asset impairment tests include unobservable Level 3 inputs that are subject to uncertainty. Any additional losses relating to such impairments would adversely affect our financial statements in the periods recognized.

The loss of key customers, or reductions in their demand for our products and services, could have a significant negative impact on our revenues, results of operations, and financial position.

Certain of our reporting segments sell to customers who individually comprise greater than 10% of segment revenues. Our business, financial condition or results of operations could be adversely affected by the loss of any such customers, or by a reduction in their purchases of our products and services due to downturns in their business, changes in their business strategies, reduced capital spending, unfavorable macroeconomic conditions, or other factors.

Changes in accounting standards could affect our reported financial results.

New accounting standards or pronouncements that may become applicable from time to time, or changes in the interpretation of existing standards and pronouncements, could have a significant effect on our reported results of operations for the affected periods.

We have identified material weaknesses in our internal control over financial reporting. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner or prevent fraud, which may adversely affect investor confidence in our financial reporting and adversely affect our business and operating results and the trading price for our common stock.

Under Section 404 of the Sarbanes-Oxley Act of 2002 and rules promulgated by the SEC, companies are required to conduct an annual comprehensive evaluation of their internal control over financial reporting. Further, each year our independent registered public accounting firm is required to attest to and report on the effectiveness of our internal control over financial

reporting. Management concluded that as of March 31, 2024, our internal control over financial reporting was not effective. As described in "Part II, Item 9A — Controls and Procedures," we identified three material weaknesses in the design and operation of our internal control over financial reporting whereby:

i. We did not have adequate supervision and review controls over complex technical accounting related to non-routine goodwill impairment transactions and related analyses.
ii. During the GKE acquisition's measurement period, Management selected a useful life over which to amortize acquired customer relationships, but there was evidence that a longer useful life may be appropriate.
iii. Certain controls related to change management and logical access controls related to our enterprise resource planning tool, part of our information technology general controls set, were not operating effectively for a portion of the year ended March 31, 2024.

The material weaknesses will only be considered remediated when we design and implement effective controls. See "Part II, Item 9A — Controls and Procedures," for our remediation plans.

We expect our remediation efforts to be effective, however, we can provide no assurance that they will be or that additional material weaknesses will not arise in the future. The existence of these material weaknesses and of any other ineffective controls over our financial reporting could have negative impacts including one or more of the following:

- Restatement of previously filed financial statements;
- Failure to meet our reporting deadlines (which among other consequences could result in a default of our outstanding debt obligations);
- Loss of investor confidence;
- Restrictions our ability to access capital markets;
- Expenditure of significant resources to correct the deficiencies;
- Negative impact on the trading price of our common stock.

Failure to comply with reporting requirements could also subject us to sanctions and/or investigations by the SEC, the Nasdaq Stock Market or other regulatory authorities. We have previously implemented several significant ERP modules and have acquired businesses that were subsequently required to adopt our systems of internal controls. The implementation of these systems represents a change in our internal control over financial reporting. If we fail to remedy any deficiencies or maintain the adequacy of our internal controls, we could be subject to regulatory scrutiny, civil or criminal penalties or shareholder litigation. In addition, failure to maintain adequate internal controls could result in financial statements that do not accurately reflect our operating results or financial condition.

Our failure to maintain appropriate environmental, social, and governance ("ESG") practices and disclosures could result in reputational harm, a loss of customer and investor confidence, and adverse business and financial results.

Governments, investors, customers, and employees are enhancing their focus on ESG practices and disclosures, and expectations in this area are rapidly evolving and increasing. While we monitor the various and evolving standards and associated reporting requirements, failure to adequately maintain appropriate ESG practices that meet stakeholder expectations may result in reputational harm, loss of business, reduced market valuation, an inability to attract customers, and an inability to attract and retain top talent.

Changes in our tax rates or exposure to additional income tax liabilities or assessments could affect our profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods.

We are subject to income taxes in the U.S. and in various non-U.S. jurisdictions. The amount of income taxes we pay is subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. tax authorities, such as those audits described elsewhere in this report. If audits result in payments or assessments different from our reserves, our future results may include unfavorable adjustments to our tax liabilities and our financial results could be adversely affected. Any further significant changes to the tax system in the United States or in other jurisdictions (including changes in the taxation of international income as further described below) could adversely affect our financial results.

Our ability to use net operating losses and tax credit carryforwards and certain built-in losses to reduce future tax payments is limited by provisions of the Internal Revenue Code, and it is possible that certain transactions or a combination of certain transactions may result in material additional limitations on our ability to use our net operating loss and tax credit carryforwards.

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Section 382 and 383 of the Internal Revenue Code of 1986, as amended, contain rules that limit the ability of a company that undergoes an ownership change, which is generally any change in ownership of more than 50% of its stock over a three-year period, to utilize its net operating loss and tax credit carryforwards and certain built-in losses recognized in years after the ownership change. These rules generally operate by focusing on ownership changes involving stockholders owning directly or indirectly 5% or more of the stock of a company and any change in ownership arising from a new issuance of stock by the company. Generally, if an ownership change occurs, the yearly taxable income limitation on the use of net operating loss and tax credit carryforwards and certain built-in losses is equal to the product of the applicable long-term, tax-exempt rate and the value of the company's stock immediately before the ownership change. We may be unable to offset our taxable income with losses, or our tax liability with credits, before such losses and credits expire and therefore would incur larger federal income tax liability. Federal net operating losses generated after December 31, 2017 are not subject to expiration and generally may not be carried back to prior taxable years except that, under the Coronavirus Aid, Relief, and Economic Security Act, net operating losses generated in 2018, 2019 and 2020 may be carried back five taxable years. Additionally, for taxable years beginning after March 31, 2021, the deductibility of such deferral net operating losses is limited to 80% of our taxable income in any future taxable year.

Changes in tax law relating to multinational corporations could adversely affect our tax position.

The U.S. Congress, government agencies in non-U.S. jurisdictions where we and our affiliates do business, and the Organization for Economic Co-operation and Development ("OECD") have recently focused on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," where profits are claimed to be earned for tax purposes in low-tax jurisdictions, or payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. The OECD has released several components of its comprehensive plan to create an agreed set of international rules for addressing base erosion and profit shifting. As a result, the tax laws in the United States and other countries in which we do business could change on a prospective or retroactive basis, and any such changes could adversely affect our business and financial results.

Our business is subject to sales tax in numerous states.

The application of indirect taxes, such as sales tax, is a complex and evolving issue. A company is required to collect and remit state sales tax from certain of its customers if that company is determined to have "nexus" in a particular state. The determination of nexus varies by state and often requires knowledge of each jurisdiction's tax case law. The application and implementation of existing, new or future laws could change the states in which we are required to collect and remit sales taxes. If any jurisdiction determines that we have "nexus" in additional locations that we have not contemplated, it could have an adverse effect on our financial results.

If global credit market conditions deteriorate, our financial performance could be adversely affected.

The cost and availability of credit are subject to changes in the global economic environment. If conditions in major credit markets deteriorate, our ability to obtain debt financing or the terms associated with that debt financing may be negatively affected, which could affect our results of operations.

Servicing our debt will require a significant amount of cash, and we may not have sufficient cash flow from our business or the ability to raise capital to repay the remaining principal amount of our 1.375% convertible senior notes due August 15, 2025 (the "2025 Notes") at maturity or repurchase the notes in the event of a fundamental change, or to repay borrowings under our revolving credit facility, term loan, swingline loan, and letters of credit (together referred to as the "Credit Facility"), or if we incur more debt.

We incurred significant indebtedness in the amount of $172.5 million in the form of the 2025 Notes which mature on August 15, 2025, unless earlier converted. See Note 15. "Subsequent Events" in Item 8. *Financial Statements and Supplementary Data* for further information regarding our partial repurchases of the 2025 Notes following our fiscal year ended March 31, 2024. We also have a Credit Facility, under which we have incurred significant indebtedness, and under which we could borrow additional amounts under that at any time, incurring more debt.

At our option, we may settle the 2025 notes in shares of our common stock, cash, or a combination thereof. Holders of the 2025 Notes also have the right to require us to repurchase all or a portion of their 2025 Notes upon the occurrence of a fundamental change (as defined in the applicable indenture governing the 2025 Notes) at a repurchase price equal to 100% of the principal amount of the 2025 Notes to be repurchased, plus accrued and unpaid interest, which could adversely affect our liquidity. In addition, if the 2025 Notes have not previously been converted or repurchased due to a decline in our share price,

we may elect to repay or we may be required to repay the 2025 Notes in cash upon maturity. Our ability to make required cash payments in connection with conversions of the 2025 Notes, to repurchase the 2025 Notes in the event of a fundamental change, to repay or refinance the 2025 Notes, and/or to make required payments or refinance the Credit Facility at maturity will depend on market conditions and our future performance, which are subject to economic, financial, competitive, and other factors beyond our control. Our debt and related debt service obligations could have negative consequences, including requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, reducing our flexibility in planning for or reacting to changes in our business and market conditions, and exposing us to interest rate risk on variable rate debt. We could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability within the next twelve months, which would result in a material reduction of our net working capital. In addition, our ability to repurchase or to pay cash upon conversion or at maturity of the 2025 Notes may be limited by law or regulatory authority. Our failure to repurchase Notes following a fundamental change as required by the applicable indenture would constitute a default under the indenture governing the Notes. A default under the indenture or agreements governing our future indebtedness, or failure to make required payments related to any of our indebtedness, could have a material adverse effect on our business, results of operations, and financial condition. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay indebtedness as required.

Additional stock issuances could result in significant dilution to our stockholders.

We may issue additional equity securities to raise capital, make acquisitions, or for a variety of other purposes. Additional issuances of our stock may be made pursuant to the exercise or conversion of new or existing convertible debt securities, stock options, or other equity incentive awards. We rely on equity-based compensation as an important tool in recruiting and retaining employees. The amount of dilution due to equity-based compensation of our employees and other additional issuances could be substantial. In addition, in March 2022 we entered a sales agreement with Jefferies LLC ("Jefferies") to sell shares of our common stock, from time to time, with aggregate gross sales proceeds up to $150.0 million through an at-the-market equity offering program under which Jefferies acts as our sales agent. Further, we may settle all or a portion of the 2025 Notes in shares or in cash. We include shares of common stock issuable upon conversion of the 2025 Notes in our diluted (loss) earnings per share to the extent such shares are not anti-dilutive. If we issue common stock or securities convertible into common stock for the above reasons, or any other reason, our common stockholders would experience additional dilution and, as a result, our stock price may decline.

Our stock price may be volatile, which may subject us to a securities class action litigation.

The trading price of our common stock price may be volatile and could be subject to wide fluctuations in price in response to various factors, many of which are beyond our control, including:

- general economic, industry and market conditions;
- actions by institutional or other large stockholders;
- the depth and liquidity of the market for our common stock;
- volume and timing of orders for our products;
- developments generally affecting life sciences tools companies;
- the announcement of new products or product enhancements by us or our competitors;
- changes in earnings estimates or recommendations by securities analysts;
- investor perceptions of us and our business, including changes in market valuations of life sciences tools companies generally; and
- our results of operations and financial performance.

In addition, the stock market in general, and the Nasdaq Stock Market and the market for products and devices sold into the pharmaceutical, medical and healthcare industries in particular, have experienced substantial price and volume volatility that is often seemingly unrelated to the operating performance of particular companies, which have resulted in decreased stock prices for many companies notwithstanding the lack of a fundamental change in their underlying business models or prospects. These broad market fluctuations may cause the trading price of our common stock to decline, regardless of our actual operating performance. In the past, securities class action litigation has at times been brought against a company after a period of volatility in the market price of its common stock. We may become involved in this type of litigation in the future. Any securities litigation claims brought against us could result in substantial expense and the diversion of management's attention from our business.

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Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 1C. CYBERSECURITY

Governance Related to Cybersecurity Risks

We recognize the importance of developing, implementing, and maintaining robust cybersecurity measures to safeguard our information systems and protect the confidentiality, integrity, and availability of our data.

Our Board of Directors has delegated its responsibility for oversight of cybersecurity risks to our Audit Committee. In accordance with its charter, our Audit Committee is responsible for governing management's review and assessment of our cybersecurity and other information technology risks, controls and procedures. Management's Business Information Services team provides the Audit Committee with quarterly updates on our cybersecurity program, detailing our monitoring and mitigation efforts. Mesa's Audit Committee has two members with prior work experience overseeing or assessing a cybersecurity function. The Audit Committee briefs the full Board on cybersecurity matters regularly. We have established procedures to keep management and the Audit Committee informed about security incidents that could significantly impact the business.

Our information security program is led by our Information Security Manager, who has over ten years of cybersecurity experience, who in turn reports to our Vice President of Information Services, who has over 25 years of experience in the industry. The Information Security Manager regularly meets with our Business Information Services team, and as applicable, appropriate executive and Board of Directors personnel, to review our cybersecurity posture, the broader cybersecurity landscape, any identified cybersecurity incidents, our monitoring of cybersecurity risks through continuous mitigation efforts, and any anticipated enhancements to our policies, procedures and controls.

Cybersecurity Risk Management and Strategy

Our cybersecurity program, guided by industry standards, encompasses processes for the identification, assessment, and management of cybersecurity risks. We carry out regular risk assessments, supported by external vendors, to evaluate our cybersecurity program, pinpoint areas for enhancement, and devise strategies to mitigate cybersecurity risks. We perform ongoing security testing and have implemented a vulnerability management process to address identified security risks based on severity. An external vendor provides us with quarterly vulnerability scans, annual penetration tests, security tabletops, and an enterprise-wide annual security assessment to assess and validate our physical, technical, external, and administrative controls. Third parties that access, process, store or transmit our information or that have access to our systems may have and be subject to additional cybersecurity controls.

We maintain cybersecurity policies that articulate Mesa's expectations and requirements with respect to topics such as acceptable use of technology and data, data privacy, risk management, education and awareness and event and incident management. Consistent with our position that cybersecurity is the responsibility of every Mesa team member, we regularly educate and share best practices to raise awareness of cybersecurity threats. Every year, associates in applicable job categories are required to take information security and protection training, and we conduct ongoing simulated testing to educate employees on phishing.

Our Information Security Manager and Business Information Services team oversee the day-to-day prevention, detection, mitigation, and resolution of cybersecurity risks, utilizing third-party security software and services. We also deploy processes and technologies to monitor security alerts from both internal and external sources, including information security research. In case of a confirmed security incident, we have a full incident response plan that includes engaging an incident handling team, guidance for determining materiality, and steps to respond, remediate, and recover from the security incident.

To date, risks from cybersecurity threats have not materially affected our business strategy, results of operations or financial condition. We can provide no assurance that there will not be cybersecurity incidents in the future or that such incidents will not materially affect us; however, based on available information as of the date of this annual report, we do not believe that such threats are reasonably likely to materially affect our business. We maintain a cybersecurity insurance policy and a retainer for third-party incident response services which may mitigate certain financial impacts of a cybersecurity incident, should one occur.

ITEM 2. PROPERTIES

As of March 31, 2024, we owned two facilities and both are material to our business: one in Lakewood, Colorado and the other in Bozeman, Montana. Both facilities are used for manufacturing and distribution, engineering, research and development, sales and marketing, and administration activities. Two of our four segments use the properties: Sterilization and Disinfection Control and Calibration Solutions. We have fourteen leased facilities used by our Sterilization and Disinfection Control (international), Clinical Genomics, and Biopharmaceutical Development divisions. The leased facilities are used for manufacturing, research and development, administration, and all other such business activities.

Item 3. LEGAL PROCEEDINGS

For information regarding legal proceedings, refer to Note 13. "Commitments and Contingencies" in our Consolidated Financial Statements included in Item 8. *Financial Statements and Supplementary Data*.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the Nasdaq Global Market ("Nasdaq") under the symbol "MLAB."

While we have paid dividends to holders of our common stock on a quarterly basis since 2003, the declaration and payment of future dividends will depend on many factors, including, but not limited to, our earnings, financial condition, business development needs and regulatory considerations, and is at the sole discretion of our Board of Directors. At this time, we expect to continue paying dividends commensurate with our historical practice.

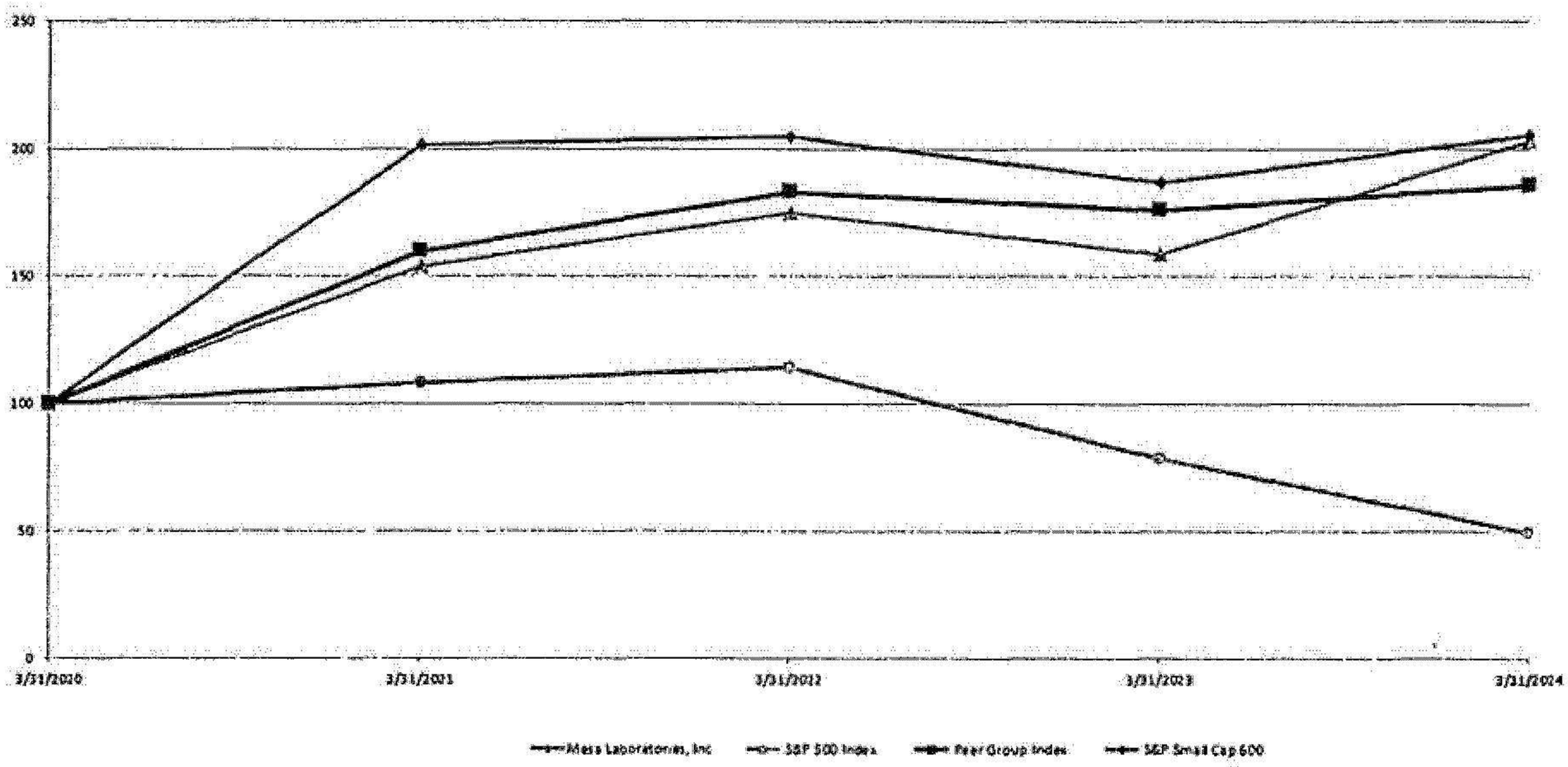
As of March 31, 2024, there were 60 holders of record of our common stock. This amount does not include "street name" holders or beneficial holders of our common stock, who hold their shares through banks, brokers or other financial institutions.

During the year ended March 31, 2024, we did not sell any equity securities that were not registered under the Securities Act of 1933, as amended.

On November 7, 2005, our Board of Directors adopted a share repurchase plan which allows for the repurchase of up to 300,000 of our common shares. This plan will continue until the maximum is reached or the plan is terminated by further action of the Board of Directors. We made no repurchases of our common stock during the years ended March 31, 2024, March 31, 2023, or March 31, 2022. As of March 31, 2024, 137,514 shares remained available to repurchase pursuant to the repurchase plan.

See Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* for information regarding securities authorized for issuance.

Set forth below is a line graph comparing, for the period March 31, 2020 through March 31, 2024, the cumulative total shareholder return on our common stock against the cumulative total return of (a) the S&P Composite Stock Index (b) the S&P Small Cap 600, and (c) a self-selected peer group, comprised of the following companies: Danaher Corp., Repligen Corp., Steris Corp., Utah Medical Products, Inc., Fortive Corp., Merit Medical Systems, Inc., Transcat Inc., Electro-Sensors, Inc., Onto Innovation Inc., Metler-Toledo International Inc., and Illumina, Inc. The graph shows the value on March 31 of each year, assuming an original investment of $100 in each on March 31, 2020 and reinvestment of cash dividends.



ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(dollars in thousands, unless specified)

Overview

We are a global leader in the design and manufacture of life sciences tools and critical quality control solutions for regulated applications in the pharmaceutical, healthcare, and medical device industries. We offer products and services to help our customers ensure product integrity, increase patient and worker safety, and improve the quality of life throughout the world. We have manufacturing operations in the United States and Europe, and our products are marketed by our sales personnel in North America, Europe and Asia Pacific, and by independent distributors in these areas as well as throughout the rest of the world. We prefer markets in which we can establish a strong presence and achieve high gross profit margins.

As of March 31, 2024, we managed our operations in four reportable segments, or divisions: Sterilization and Disinfection Control, Clinical Genomics, Biopharmaceutical Development, and Calibration Solutions. Each of our divisions are described further in "Results of Operations" below. Unallocated corporate expenses and other business activities are reported within Corporate and Other.

Corporate Strategy

We strive to create stakeholder value and further our purpose of Protecting the Vulnerable® by growing our business both organically and through acquisitions, by improving our operating efficiency, and by continuing to hire, develop and retain top talent. As a business, we commit to our purpose of Protecting the Vulnerable® every day by taking a customer-focused approach to developing, building, and delivering our products. We serve a broad set of industries, in particular the pharmaceutical, healthcare services, and medical device verticals, in which the safety, quality, and efficacy of products is critical. By delivering the highest quality products possible, we are committed to protecting the communities we serve.

Organic Revenues Growth
Organic revenues growth is driven by the expansion of our customer base, increases in sales volumes, new product offerings, and price increases, and may be affected positively or negatively by changes in foreign currency rates. Our ability to increase organic revenues is affected by general economic conditions, both domestic and international, customer capital spending trends, competition, and the introduction of new products. Our policy is to price our products competitively and, where possible, we pass along cost increases to our customers in order to maintain our margins. We typically evaluate costs and pricing annually with price increases effective January 1.

Inorganic Revenues Growth - Acquisitions
Over the past decade, we have consummated a number of acquisitions as part of our growth strategy. These acquisitions have allowed us to expand our product offerings and the industries we serve, globalize our company, and increase the scale at which we operate. In turn, this growth affords us the ability to improve our operating efficiency, extend our customer base, and further the pursuit of our purpose: Protecting the Vulnerable®.

During fiscal year 2024, we completed the acquisition of GKE. GKE develops, manufactures and sells a highly competitive portfolio of chemical sterilization indicators, biologics, and process challenge devices to protect patient safety across global healthcare markets.

Improving Our Operating Efficiency
We maximize value in our existing businesses and those we acquire by implementing efficiencies in our manufacturing, commercial, engineering, and administrative operations. We achieve efficiencies using the four pillars that make up the *Mesa Way*, which is our customer-centric, lean-based system for continuously improving and operating the manufacturing and administrative aspects of our high-margin, niche businesses. The *Mesa Way* is focused on: Measuring What Matters using our customers' perspective and setting high standards for performance; Empowering Teams to improve operationally and exceed customer expectations; Sustainably Improving using lean-based tools designed to help us identify and prioritize the biggest opportunities; and Always Learning so that performance continuously improves.

Gross profit is affected by many factors including our product mix, manufacturing efficiencies, costs of products and labor, foreign currency rates, and price competition. Historically, as we have integrated our acquisitions and taken advantage of manufacturing efficiencies, our gross profit percentages for some products have improved. There are, however, differences in gross profit percentages between product lines, and ultimately the mix of sales will continue to impact our overall gross profit.

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Hire, Develop, and Retain Top Talent
At the center of our organization are talented people who are capable of taking on new challenges using a team approach. It is our exceptionally talented workforce that works together and uses our lean-based tool set to find ways to continuously and sustainably improve our products, our services, and ourselves, resulting in long-term value creation for our stakeholders.

General Trends
We are a global company with multinational operations. During our fiscal year 2024, approximately 51% of our revenues were earned outside of the United States. Since we serve a number of industries across a variety of global markets, we may be affected by world-wide, regional, or industry-specific economic or political factors, trends and costs associated with a global labor force, and increasing regulation. However, our diversity in industry, geography, and product and service offerings may limit the impact of changes in specific industry trends or local economic changes in our consolidated operating results. We actively monitor trends affecting industries we operate in, including by monitoring key competitors and customers and by staying abreast of changes to local economies and how they may affect our operations.

Overall, supply chain disruptions, labor shortages and resulting manufacturing difficulties that impacted business operations in fiscal year 2023 largely abated during fiscal year 2024, facilitating organic revenues growth in our Sterilization and Disinfection and Calibration Solutions divisions.

During fiscal year 2024, we completed the acquisition of GKE, which develops, manufactures and sells a highly competitive portfolio of chemical sterilization indicators, biologics, and process challenge devices to protect patient safety across global healthcare markets. GKE's healthcare-focused commercial capabilities in Europe and Asia greatly expand our reach in the healthcare markets in those geographies. We are working to obtain regulatory 510(k) clearance on certain GKE products for sale in the United States, which would further expand organic revenues growth opportunities from the GKE business. We began consolidating the results of GKE's operations into our financial statements in the third quarter of our fiscal year.

Several challenging macroeconomic factors existed during fiscal year 2024:

- Softening of discretionary capital asset purchases across the life sciences tools market, with some abatement during the fourth quarter of fiscal year 2024, contributing to declines in our organic revenues growth in our Biopharmaceutical Development and Clinical Genomics divisions.
- Economic slowdowns in China (partially attributable to the local government executing initiatives that may dissuade customers from making capital purchases of any kind) impacted our revenues, particularly in our Clinical Genomics division.
- High interest rates resulting in expensive capital negatively impacting customer purchases and our overall profitability, particularly our Clinical Genomics and Biopharmaceutical Development divisions.

In response to decreased revenues growth, we took steps to preserve our financial model, implementing reductions in force and other cost savings initiatives in our Clinical Genomics and Biopharmaceutical Development divisions. We expect to realize incremental cost savings of approximately $4,000 from these initiatives in fiscal year 2025, of which approximately $900 will benefit cost of revenues and $3,100 will benefit operating expenses; however, the majority of these savings may be offset by higher performance-based payments such as bonus and sales commissions if we meet internal revenue growth targets. Management's efforts, coupled with the GKE acquisition, have allowed us to slightly increase our consolidated gross profit margin as a percentage of revenues. Overall, excluding impairment, our operating expenses remained flat during fiscal year 2024 compared to fiscal year 2023, despite the acquisition of GKE in fiscal year 2024.

A weakening or strengthening of foreign currencies against the United States dollar ("USD") increases or decreases our reported revenues, gross profit margins, and operating expenses, and impacts the comparability of our results between periods.

Results of Operations
Our results of operations and year-over-year changes are discussed in the following section. The tables and discussion below should be read in conjunction with the accompanying Consolidated Financial Statements and the notes thereto appearing in Item 8. *Financial Statements and Supplementary Data* (in thousands, except percent data). Refer to Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended March 31, 2023, filed on May 30, 2023, for a comparison of results of operations for the years ended March 31, 2023 and March 31, 2022.
During the fourth quarter of fiscal year 2024 we recorded total impairment losses of $274,533 related to goodwill in our Clinical Genomics and Biopharmaceutical Development divisions and related to intangible assets in our Clinical Genomics division as discussed further in "Impairment" below. In fiscal year 2025, we expect a net decrease in non-cash amortization

expense of approximately $3,700 within costs of revenues and $6,800 within operating expenses in the Clinical Genomics division due to impairment losses reducing the carrying values of intangible assets.

Results by reportable segment are as follows:

	Revenues		Organic Revenues Growth (non-GAAP) (a)		Gross Profit as a % of Revenues	
	Year Ended March 31, 2024	Year Ended March 31, 2023	Year Ended March 31, 2024	Year Ended March 31, 2023	Year Ended March 31, 2024	Year Ended March 31, 2023
Sterilization and Disinfection Control	$ 75,124	$ 64,609	1.9%	9.4%	71%	72%
Clinical Genomics	52,588	62,299	(15.6%)	(12.9%)	51%	52%
Biopharmaceutical Development	40,712	47,365	(14.3%)	3.8%	62%	64%
Calibration Solutions	47,763	44,807	6.6%	(4.4%)	58%	54%
Reportable segments	**$ 216,187**	**$ 219,080**	**(5.6%)**	**0.6%**	**62%**	**61%**

(a) Organic revenues growth is a non-GAAP measure of financial performance. See "Non-GAAP Reconciliations" below for further information and for a reconciliation of organic revenues growth to total revenues growth.

Our consolidated results of operations are as follows:

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Revenues	$ 216,187	$ 219,080	$ 184,335	(1%)	19%
Gross profit	133,250	133,693	109,090	-%	23%
Operating expenses (excluding impairment losses)	130,792	130,373	104,388	-%	25%
Impairment losses	274,533	-	-	100%	-%
Operating (loss) income	(272,075)	3,320	4,702	(8,295%)	(29%)
Net (loss) income	$ (254,246)	$ 930	$ 1,871	(27,438%)	(50%)

Reportable Segments

Sterilization and Disinfection Control

Our Sterilization and Disinfection Control division manufactures and sells biological, chemical and cleaning indicators used to assess the effectiveness of sterilization, decontamination, disinfection and cleaning processes in the pharmaceutical, medical device, and healthcare industries. The division also provides testing and laboratory services, mainly to the dental and pharmaceutical industries. Sterilization and Disinfection Control products are disposable and are used on a routine basis.

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Revenues	$ 75,124	$ 64,609	$ 59,044	16%	9%
Gross profit	53,302	46,520	43,720	15%	6%
Gross profit as a % of revenues	71%	72%	74%	(1%)	(2%)

Sterilization and Disinfection Control revenues increased 16% for fiscal year 2024 compared to fiscal year 2023. The acquisition of GKE contributed $9,289 of revenues and $5,357 of gross profit to the Sterilization and Disinfection Control division during the year. GKE's gross profit as a percentage of revenues was 58% during fiscal year 2024, including $1,229 of amortization of the non-cash inventory step-up related to purchase accounting.

Excluding GKE, revenues in the Sterilization and Disinfection control division increased 2% in fiscal year 2024 compared to fiscal year 2023. Excluding $1,229 of amortization of the non-cash inventory step-up related to the GKE acquisition during

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fiscal year 2024, the Sterilization and Disinfection Control division's gross profit margin percentage was 73%. Fiscal year 2024 benefited from price increases and higher revenues on a partially fixed cost base.

Clinical Genomics

The Clinical Genomics division develops, manufactures and sells highly sensitive, low-cost, high-throughput genetic analysis tools and related consumables and services that enable clinical research labs and contract research organizations to perform genomic testing for a broad range of research applications in several therapeutic areas, such as screenings for hereditary diseases, pharmacogenetics, oncology related applications, and toxicology research.

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Revenues	$ 52,588	$ 62,299	$ 32,840	(16%)	90%
Gross profit	27,078	32,485	11,941	(17%)	172%
Gross profit as a % of revenues	51%	52%	36%	(1%)	16%

Clinical Genomics revenues decreased 16% in fiscal year 2024 compared to fiscal year 2023, largely due to the loss of Sema4 as a customer in the third quarter of fiscal year 2023, as well as China's economic slowdown. Also contributing to the decline was the persistently high cost of capital, which strained our customers' ability to purchase the division's hardware. Excluding the loss of revenues to Sema4, revenues from our Clinical Genomics division would have been 9% lower during fiscal year 2024 compared to fiscal year 2023. We expect revenues in the Clinical Genomics division to remain flat in fiscal year 2025 as we begin executing a new strategy to cultivate sustainable long-term growth.

Gross profit percentage for the Clinical Genomics division decreased one percentage point for fiscal year 2024 compared to fiscal year 2023, primarily due to lower revenues on a partially fixed cost base, and to a lesser extent, unfavorable product mix, particularly decreases in sales of high-margin consumables products, partially offset by a decrease in non-cash amortization expense of $1,227 following the impairment of acquired intangible assets in fiscal 2024. We expect costs of revenues in the Clinical Genomics division to decrease by approximately $3,700 in fiscal year 2025 as a result of lower non-cash amortization expense subsequent to the impairment in fiscal 2024. During the fourth quarter of fiscal 2024, we appointed a new General Manager to oversee the Clinical Genomics division, with a goal of establishing business processes that will support long-term growth.

Biopharmaceutical Development

Our Biopharmaceutical Development division develops, manufactures and sells automated systems for protein analysis (immunoassays) and peptide synthesis solutions. Immunoassays and peptide synthesis solutions accelerate the discovery, development, and manufacture of biotherapeutic therapies, among other applications.

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Revenues	$ 40,712	$ 47,365	$ 45,579	(14%)	4%
Gross profit	25,400	30,340	28,605	(16%)	6%
Gross profit as a % of revenues	62%	64%	63%	(2%)	1%

Biopharmaceutical Development's revenues decreased 14% for fiscal year 2024 compared to fiscal year 2023, primarily due to continued softening demand for capital equipment, including our instruments, in the biopharmaceutical industry, with some abatement during the fourth quarter of fiscal year 2024. The decrease was partially offset by an increase in revenues from consumables and services, as well as price increases. Despite adverse macroeconomic factors, revenues from the division's consumables and services grew 10% compared to the prior year period.

Biopharmaceutical Development's gross profit percentage decreased two percentage points during fiscal year 2024 as a result of lower overall revenues on a partially fixed cost base, partially offset by favorable product mix.

Calibration Solutions
The Calibration Solutions division develops, manufactures and sells quality control products using principles of advanced metrology to enable customers to measure and calibrate critical parameters in applications such as environmental and process monitoring, dialysis, gas flow, air quality and torque testing, primarily in medical device manufacturing, pharmaceutical manufacturing, laboratory, and hospital environments.

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Revenues	$ 47,763	$ 44,807	$ 46,872	7%	(4%)
Gross profit	27,547	24,388	24,989	13%	(2%)
Gross profit as a % of revenues	58%	54%	53%	4%	1%

Calibration Solutions revenues increased 7% for fiscal year 2024 compared to fiscal year 2023, largely due to the abatement of production difficulties and supply constraints that limited our ability to manufacture ordered quantities of certain products during the first three quarters of fiscal year 2023. This abatement has allowed us to return to normal operations and growth during fiscal year 2024, driving orders growth, along with a reduction of past due backlog.

The Calibration Solutions division's gross profit percentage increased four percentage points in fiscal year 2024 compared to fiscal year 2023, primarily due to increased revenues on a partially fixed cost base.

Corporate and Other
Corporate and Other consists of unallocated corporate expenses and other business activities. Unallocated corporate expenses were $77, $40, and $165 for fiscal years 2024, 2023, and 2022, respectively, and were recorded in cost of revenues in the Consolidated Statements of Operations.

Operating Expense
Excluding impairment losses of $274,533, operating expenses for fiscal year 2024 were approximately flat compared to fiscal year 2023. Lower costs resulting from decreases in intangible asset amortization expense following impairment losses that reduced asset carrying values, lower bonus accruals, and lower stock compensation expense attributable to both performance outcomes and the timing of award grants during the year were partially offset by operating expenses incurred by GKE during fiscal year 2024, acquisition and integration costs related to GKE, and increased marketing efforts.

Selling Expense
Selling expense is driven primarily by labor costs, including salaries and commissions; accordingly, it may vary with sales levels.

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Selling expense	$ 38,625	$ 37,439	28,310	3%	32%
As a percentage of revenues	18%	17%	15%	1%	2%

Selling expense increased 3% for fiscal year 2024, primarily as a result of increased marketing efforts and implementation of a new customer management software in certain divisions, partially offset by lower commissions on lower revenues and lower recruiting and training costs in fiscal 2024. Excluding the GKE acquisition, selling expense would have increased 2% in fiscal year 2024 compared to fiscal year 2023.

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General and Administrative Expense

Labor costs, non-cash stock-based compensation and amortization of intangible assets drive the substantial majority of general and administrative expense.

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
General and administrative, other than impairment of finite-lived intangible assets and goodwill	$ 72,867	$ 72,444	$ 60,311	1%	20%
As a percentage of revenues	34%	33%	33%	1%	-%
General and administrative expenses that affect the comparability of years presented:					
General and administrative amortization of intangible assets, excluding GKE	19,284	22,025	18,000	(12%)	22%
General and administrative expense related to GKE operations	3,416	-	-	NA	NA
Costs incurred related to acquisitions and integrations of acquirees	2,235	1,142	1,244	96%	(8%)
Total general and administrative expenses that affect the comparability of years presented	24,935	23,167	19,244	8%	20%
Total general and administrative expenses, excluding expenses that affect the comparability of years presented	$ 47,932	$ 49,277	$ 41,067	(3%)	20%

General and administrative expenses, other than impairment of finite-lived intangible assets and goodwill, increased 1% for the year ended March 31, 2024; excluding amounts impacting comparability as presented in the table above, expense would have decreased approximately 3% in fiscal 2024 compared to fiscal 2023, largely due to the effect of our ongoing cost containment efforts which reduced personnel related costs, as well as lower bonus expense due to performance, and lower stock-based compensation expense attributable to both performance outcomes and the timing of award grants during fiscal year 2024.

Impairment

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Impairment of finite-lived intangible assets	$ 117,641	$ -	$ -	NA	NA
Impairment of goodwill	156,892	-	-	NA	NA
Total impairment losses	$ 274,533	$ -	$ -		
As a percentage of revenues	127%	-%	-%	127%	0%

Impairment losses were recorded in our Clinical Genomics and Biopharmaceutical Development divisions in fiscal year 2024. The impairment losses are primarily the result of higher weighted average cost of capital, which decreases the fair value of businesses, as well as downward revisions of expected future performance compared to the expectations that existed at the time of our most-recent quantitative impairment analyses, specifically due to the effects of:

- decreased spending on capital equipment in the biopharmaceutical and pharmaceutical markets as a whole;
- persistent economic uncertainty in China throughout our fiscal year 2024;
- persistently high interest rates decreasing our customers' purchases of capital equipment.

We also appointed a new general manager to lead the Clinical Genomics division. Immediately, new division management began restructuring the division, eliminating 17 positions, and began to implement an updated business strategy, which resulted in a downward revision of financial expectations for the coming years, particularly the next 1.5 – 2 years as we adjust our business strategy to better support long-term growth. See Note 6. "Goodwill and Intangible Assets, Net" in Item 8. *Financial Statements and Supplementary Data* for further information.

Research and Development Expense

Research and development expense is predominantly comprised of labor costs and third-party consultants.

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Research and development expense	$ 19,300	$ 20,490	$ 15,767	(6%)	30%
As a percentage of revenues	9%	9%	9%	-%	-%

Research and development expenses for fiscal year 2024 decreased 6% compared to fiscal year 2023, primarily due to our cost containment efforts in fiscal year 2024, including a reduction in force related to our Biopharmaceutical Development division during the second quarter of fiscal year 2024, lower third-party consulting costs, and lower bonus accruals in fiscal year 2024.

Nonoperating Expense, Net

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Nonoperating expense, net	$ 3,573	3,709	1,128	(4%)	229%

Nonoperating expense, net for fiscal year 2024 is composed primarily of interest expense and amortization of the debt issuance costs associated with the 2025 Notes and the Credit Facility. Interest expense related to the Credit Facility was approximately $909 higher in fiscal year 2024 compared to fiscal year 2023 due to higher outstanding balances for a portion of fiscal year 2024 related to borrowings used to fund the GKE acquisition, as well as higher interest rates. Increases in interest expense were partially offset by net unrealized foreign currency gains of approximately $1,440 resulting from the movement of the euro against the U.S. dollar related to a U.S. dollar denominated intercompany loan we issued to our wholly owned subsidiary, Mesa Germany GmbH, during fiscal year 2024 to fund the purchase of GKE.

Income Taxes

	Year Ended March 31,			Percentage Change	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Income tax (benefit) expense	$ (21,402)	$ (1,319)	$ 1,703	1,523%	(177%)
Effective tax rate	8%	339%	48%	(331%)	291%

Our income tax rate varies based upon many factors, but in general we anticipate that on a go-forward basis, our effective tax rate will be approximately 25%, plus or minus the impact of excess tax benefits and deficiencies associated with share-based payment awards to employees (please see Note 12. "Income Taxes" within Item 8. *Financial Statements and Supplementary Data*) and purchase price accounting for any future acquisitions. The change in our effective tax rate during fiscal year 2024 is primarily due to impairment losses recorded in fiscal year 2024 and the related tax impacts and resulting valuation allowance established. Tax benefits and deficiencies associated with share-based payment awards to our employees have caused and, in the future, may cause large fluctuations in our realized effective tax rate based on timing, volume, and the nature of stock options exercised under our share-based payment program.

Net (Loss) Income

Net (loss) income varies with the changes in revenues, gross profit, and operating expenses. Net loss in fiscal year 2024 reflects, respectively, $274,533, $27,341, $4,233, and $11,936 of non-cash impairment losses on goodwill and finite-lived intangible assets, non-cash amortization of intangible assets acquired in a business combination, non-cash depreciation, and non-cash stock-based compensation expense.

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Non-GAAP Reconciliations

Adjusted operating income (which excludes the non-cash impact of amortization of finite-lived intangible assets acquired in a business combination, depreciation, stock-based compensation, and impairment of goodwill and finite-lived intangible assets) and organic revenues growth (reported revenues growth excluding the impact of revenues growth from recent acquisitions) are used by management as supplemental performance measures in order to compare current financial performance to historical performance, to assess the ability of our assets to generate cash, and to evaluate potential acquisitions.

Adjusted operating income and organic revenues growth should not be considered alternatives to, or more meaningful than, net (loss) income, operating (loss) income, reported revenues growth, cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP as measures of operating performance or liquidity.

The following table sets forth our reconciliation of operating (loss) income to adjusted operating income, a non-GAAP measure:

	Year Ended March 31,		
	2024	**2023**	**2022**
Operating (loss) income	$ (272,075)	$ 3,320	$ 4,702
Amortization of intangible assets acquired in a business combination	27,341	28,821	21,806
Depreciation of long-lived assets	4,233	4,313	3,262
Stock-based compensation	11,936	12,538	11,391
Impairment losses on goodwill and finite-lived intangible assets	274,533	-	-
Adjusted Operating Income (non-GAAP)	$ 45,968	$ 48,992	$ 41,161

The following table sets forth our reconciliation of total revenues growth to organic revenues growth, a non-GAAP measure:

	Total Revenues Growth		Impact of Acquisitions		Organic Revenues Growth (non-GAAP)	
	Year Ended March 31, 2024	**Year Ended March 31, 2023**	**Year Ended March 31, 2024**	**Year Ended March 31, 2023**	**Year Ended March 31, 2024**	**Year Ended March 31, 2023**
Sterilization and Disinfection Control	16.3%	9.4%	(14.4%)	-%	1.9%	9.4%
Clinical Genomics	(15.6%)	89.7%	-%	(102.6%)	(15.6%)	(12.9%)
Biopharmaceutical Development	(14.3%)	3.9%	-%	(0.1%)	(14.3%)	3.8%
Calibration Solutions	6.6%	(4.4%)	-%	-%	6.6%	(4.4%)
Total Company	(1.3%)	18.8%	(4.3%)	(18.2%)	(5.6%)	0.6%

Liquidity and Capital Resources

Our sources of liquidity include cash generated from operations, cash and cash equivalents on hand, cash available from our Credit Facility and the Open Market Sale Agreement℠ described below, and potential additional equity and debt offerings. We believe that cash flows from operating activities and potential cash provided by borrowings from our Credit Facility or funds from our Open Market Sale Agreement℠, when necessary, will be sufficient to meet our ongoing short-term and long-term operating requirements, scheduled principal and interest payments on debt, dividend payments, and anticipated capital expenditures.

Our more significant uses of resources have historically included acquisitions, payments on debt principal and interest obligations, long-term capital expenditures, and quarterly dividends to shareholders. We had $28,214 and $32,910 of cash and cash equivalents as of March 31, 2024 and 2023, respectively. Working capital is the amount by which current assets exceed current liabilities. We had working capital of $65,040 and $75,616 on March 31, 2024 and 2023, respectively.

As of March 31, 2024, aggregate principal of $172,500 was outstanding under our 2025 Notes and $50,500 was outstanding under the Credit Facility. During the third quarter of fiscal year 2024, we borrowed a total of $71,000 under the Credit Facility to fund the majority of the GKE acquisition, and we repaid $20,500 against that outstanding balance during the third and fourth quarters of fiscal year 2024. Subsequent to March 31, 2024, we repaid an additional $7,500.

Subsequent to our fiscal year end, in April 2024 we amended the terms of the Credit Facility. The amended Credit Facility has been modified to:

(i) Extend the maturity of the Credit Facility to April 2029;
(ii) Allow proceeds from the Credit Facility to be used to redeem some or all of the Company's 2025 Notes;
(iii) Include a $75,000 senior secured term loan facility, which is subject to principal amortization payments; and
(iv) Make certain changes to the financial covenants.

In April 2024, we used the proceeds from the term loan to fund repurchases of $75,000 in aggregate principal amount of the 2025 Notes for an aggregate cash purchase price of $71,410, including accrued and unpaid interest. We expect to settle the remaining $97,500 aggregate principal amount of the 2025 Notes in cash upon maturity using cash from operations and borrowings under the Credit Facility's revolving line of credit.

We will be required to make quarterly principal payments on the $75,000 term loan borrowings as follows: $938 each quarter from June 30, 2024 to March 31, 2026; $1,406 each quarter from June 30, 2026 to March 31, 2028; and $1,875 each quarter from June 30, 2028 to March 31, 2029. The remaining unpaid balance will be due at maturity in April 2029; however, we anticipate that we will have the ability to refinance outstanding debt at that time, if necessary. We believe cash from operations will be sufficient to make all required quarterly principal payments and interest payments on our outstanding debt obligations.

At the interest rate in effect at the time of borrowing under the term loan, we would expect to incur interest expense of approximately $10,500 per year on borrowings of $50,500 under the revolving credit facility and $75,000 under the term loan. We expect to pay annual cash interest of approximately $1,350 related to the remaining 2025 Notes until maturity.

We maintain relationships and cash deposits at multiple banking institutions across the world in an effort to diversify and reduce risk of loss related to concentrations of cash deposits.

In April 2022, we entered into an Open Market Sale Agreement℠ pursuant to which we may issue and sell, from time to time, shares of our common stock with an aggregate value of up to $150,000. We have not sold any shares under this agreement to date.

We routinely evaluate opportunities for strategic acquisitions. Future material acquisitions may require that we obtain additional capital, assume additional third-party debt or incur other long-term obligations. We believe we have the ability to issue more equity or debt in the future in order to finance our acquisition and investment activities; however, additional equity or debt financing, or other transactions, may not be available on acceptable terms, if at all.

We may from time to time repurchase or take other steps to reduce our debt. These actions may include retirements or refinancing of outstanding debt, privately negotiated transactions or otherwise. The amount of debt that may be retired, if any, could be material and would be decided at the sole discretion of our Board of Directors and would depend on market conditions, our cash position, and other considerations.

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Dividends

We have paid regular quarterly dividends since 2003. We declared and paid dividends of $0.16 per share each quarter of the years ended March 31, 2024, 2023, and 2022.

In April 2024, our Board of Directors declared a quarterly cash dividend of $0.16 per share of common stock, payable on June 14, 2024, to shareholders of record at the close of business on May 31, 2024.

Cash Flows

Our cash flows from operating, investing, and financing activities were as follows:

	Year Ended March 31,		
	2024	2023	2022
Net cash provided by operating activities	$ 44,133	$ 27,983	$ 39,223
Net cash (used in) investing activities	(81,306)	(9,494)	(305,225)
Net cash provided by (used in) financing activities	32,836	(33,328)	52,576

Cash flows from operating activities for the year ended March 31, 2024 provided $44,133. We generated $23,085 more cash from working capital in fiscal year 2024 than in fiscal year 2023, primarily due to lower purchases of inventories in fiscal year 2024 compared to fiscal year 2023 when we were building safety stock to mitigate potential supply chain issues, and due to collections on receivables that were outstanding during the prior fiscal year. Net (loss) income and non-cash adjustments totaled $38,160 for fiscal year 2024 compared to $45,095 for fiscal year 2023. Cash used in investing activities was higher during fiscal year 2024 compared to fiscal year 2023 due to cash expended on the GKE acquisition, partially offset by corresponding costs related to the acquisition of Belyntic in fiscal year 2023. Cash provided by financing activities primarily resulted from a $71,000 draw on the Credit Facility partially offset by $33,500 repaid on previously outstanding balances and on the drawn amount, compared to $36,000 repaid on the Credit Facility in fiscal year 2023.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States, which require management to make estimates, judgments, and assumptions that affect the amounts reported in our Consolidated Financial Statements and accompanying notes. We believe that the following are the more critical judgment areas in the application of accounting policies that currently affect our financial condition and results of operations. Management has discussed the development, selection, and disclosure of critical accounting policies and estimates with the Audit Committee of our Board of Directors. While our estimates and assumptions are based on our knowledge of current events and circumstances and actions we may take in the future, actual results may ultimately differ from these estimates and assumptions. For a discussion of our significant accounting policies, see Note 1. "Description of Business and Summary of Significant Accounting Policies" in Item 8. *Financial Statements and Supplementary Data.*

Purchase Accounting for Acquisitions

We account for all business combinations in which we obtain control over another entity using the acquisition method of accounting, which requires most assets (both tangible and intangible) and liabilities to be recognized at fair value at the date of acquisition. The excess of the purchase price over the fair value of acquired assets less liabilities is recognized as goodwill. We determine fair value using widely accepted valuation techniques, primarily discounted cash flow and market multiple analyses. These types of analyses require us to make and monitor assumptions and estimates regarding industry and economic factors, the profitability of future business strategies, discount rates and expected cash flow. For all material acquisitions, we engage external valuation specialists to aid management in preparing our fair value models. Certain adjustments to the assessed fair values of acquired assets or liabilities made subsequent to the acquisition date but within a one-year measurement period are recorded as adjustments to goodwill. Any adjustments subsequent to the measurement period are recorded within earnings. We expense all costs as incurred related to an acquisition, such as legal and advisory fees, in general and administrative expenses.

Results of operations of acquired companies are included in our Consolidated Financial Statements from the date of the acquisition forward. If actual results are not consistent with our assumptions and estimates, or if our assumptions and estimates change due to new information, we may be exposed to further impairment losses, as described under "Acquired Intangible Assets, Impairment Testing" below. For the fiscal years ended March 31, 2024, 2023 and 2022, we acquired businesses for total net purchase prices of $87,187, $6,140, and $300,793, respectively.

Acquired Intangible Assets, Impairment Testing

Our business acquisitions typically result in the recognition of goodwill and other intangible assets, which affect the amount of future period amortization expense and impairment losses we may incur. During fiscal year 2024, we recorded impairment losses totaling $274,533 related to goodwill in our Clinical Genomics and Biopharmaceutical Development divisions and to finite-lived intangible assets in our Clinical Genomics division as described in Note 6. "Goodwill and Intangible Assets, Net" in Item 8. *Financial Statements and Supplementary Data.* Should the fair values of our reporting units or finite-lived intangible assets decline because of reduced operating performance, market declines, or other indicators of impairment, or as a result of changes in the discount rates, additional charges for impairment may be necessary.

Intangible assets with finite lives are amortized over their useful lives using the straight-line method, and amortization expense is recorded within cost of revenues or general and administrative expense in the Consolidated Statements of Operations. Impairment assessments over finite-lived intangibles are conducted if events or conditions indicate that asset carrying amounts may not be recoverable. Events or conditions indicating potential impairment include but are not limited to changes in the competitive landscape, any internal decisions to pursue new or different technology strategies, losses of significant customers, or significant changes in business performance or in the markets and industries we serve, including adverse changes in the prices paid for our products or changes in the size of the markets for our products. If impairment indicators are present, we determine whether the carrying value of the underlying intangible asset or asset group is recoverable through undiscounted estimated future cash flows. If the asset or asset group is not found to be recoverable, we estimate the asset's fair value using Level 3 inputs and discounted cash flow models and recognize impairment losses as necessary. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining useful life.

Goodwill is not subject to amortization. We test goodwill for impairment on an annual basis during the fourth quarter of each year as of January 1st, or more frequently if events and circumstances indicate it is more likely than not that the fair value of a given goodwill reporting unit is less than its carrying value. Events that would indicate impairment and trigger interim impairment assessments include but are not limited to: adverse current or expected economic, market, or industry-specific conditions, including a decline in our market capitalization; adverse changes or expected changes in business climate or in the operational performance of the business; adverse changes in legal factors; and adverse actions or assessments by a regulator. We monitor for indications of impairment throughout the year and perform qualitative and quantitative impairment tests as necessary based on quarterly preliminary assessments of our performance and any challenging circumstances and events. Our annual impairment tests typically begin with a qualitative assessment, and further quantitative assessments are performed if we determine it is more likely than not that the fair value is greater than the carrying amount. We also perform quantitative assessments of reporting units at least every five years, irrespective of whether any indicators exist that suggest a reporting unit may be impaired. Estimates of fair value require assumptions related to revenue and operating income growth rates, discount rates, weighted average cost of capital, and other factors. Different assumptions from those made in our analysis could materially affect projected cash flows and our evaluation of goodwill and finite-lived intangible assets for impairment.

As detailed in Note 6, "Goodwill and Intangible Assets, Net" within in Item 8, *Financial Statements and Supplementary Data*, we performed quantitative impairment tests of the Clinical Genomics division and both reporting units within the Biopharmaceutical Development division during fiscal year 2024. As a result, we recorded impairment losses related to goodwill and finite-lived intangible assets in the Clinical Genomics division and impairment losses related to goodwill in the Immunoassays reporting unit of the Biopharmaceutical Development division. Impaired reporting units were written down to their respective fair values, resulting in approximately zero excess fair value over carrying amount as of our testing date on January 1, 2024. The fair value of the Peptides reporting unit within our Biopharmaceutical Development division exceeded carrying value by approximately 36% as of our testing date, and no impairment losses were recorded for this reporting unit. The Clinical Genomics and Biopharmaceutical Development divisions have a heightened risk of future impairment losses if actual results differ significantly from our estimates, including if any changes in assumptions, inputs, market factors and/or increases in the weighted average cost of capital occur in the future. The Clinical Genomics division had $16,940 of goodwill as of March 31, 2024. The Biopharmaceutical Development division had $46,515 of goodwill as of March 31, 2024. The fair values of the Clinical Genomics and Biopharmaceutical Development divisions as a whole were $58,900 and $119,000, respectively, as of the date of our annual impairment testing.

Stock-based Compensation

We recognize compensation expense for equity awards over the vesting period based on the fair value of the awards at grant date. We use the Black-Scholes-Merton valuation model ("Black-Scholes") to estimate the fair value of our stock options. The Black-Scholes model requires assumptions to be made regarding our stock price volatility, the expected life of awards, and expected dividend rates. The volatility assumption and the expected life assumptions are based on our historical data. Compensation expense related to performance share awards is based in part on the estimated probability of

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achieving performance goals associated with particular levels of payout. We determine the probability of achievement of future levels of performance by comparing the relevant performance level with our internal estimates of future performance. Those estimates are based on a number of assumptions, and different assumptions may result in different conclusions regarding the probability of achieving future levels of performance relevant to the payout levels for the awards. Valuations for awards containing market conditions are prepared using a lattice model. Had we arrived at different assumptions of stock price volatility or expected lives of our options, or different assumptions regarding the probability of our achieving future levels of performance with respect to performance share awards, our stock-based compensation expense and results of operations could have been different.

Income Taxes

Our provision for income taxes requires the use of estimates in determining the timing and amounts of deductible and taxable items, including impacts on effective tax rates, deferred tax items and valuation allowances based on management's interpretation and application of complex tax laws and accounting guidance. We establish reserves for uncertain tax positions for material, known tax exposures relating to deductions, transactions and other matters involving uncertainty as to the measurement and recognition of the item. While we believe that our reserves are adequate, issues raised by a tax authority may be finally resolved at an amount different than the related reserve and could materially increase or decrease our income tax provision in the current and/or future periods.

Recent Accounting Standards and Pronouncements

For a discussion of the new accounting standards impacting the Company, refer to Note 1. "Description of Business and Summary of Significant Accounting Policies" in Item 8. *Financial Statements and Supplementary Data.*

Contractual Obligations

We are party to many contractual obligations that involve commitments to make payments to third parties in the ordinary course of business.

On a consolidated basis, at March 31, 2024, we had contractual obligations for open purchase orders of approximately $18,400 for routine purchases of supplies and inventory, of which the substantial majority are payable in less than one year. See "Liquidity and Capital Resources" for information related to future required debt payments. For a description of our contractual obligations and other commercial commitments as of March 31, 2023, see our Annual Report on Form 10-K for the fiscal year ended March 31, 2023, filed with the Securities and Exchange Commission on May 30, 2023.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have no derivative instruments and minimal exposure to commodity market risks.

Foreign Currency Exchange Rates

We face exchange rate risk from transactions with customers in countries outside the United States and from intercompany transactions between affiliates. Transactional exchange rate risk arises from the purchase and sale of goods and services in currencies other than our functional currency or the functional currency of the applicable subsidiary. We also face translational exchange rate risk related to the translation of financial statements of our foreign operations into U.S. dollars, our functional currency. Costs incurred and sales recorded by subsidiaries operating outside of the United States are translated into U.S. dollars using exchange rates effective during the respective period. As a result, we are exposed to movements in the exchange rates of various currencies against the U.S. dollar. Our Biopharmaceutical Development division is particularly susceptible to currency exposures since it incurs a substantial portion of its expenses in Swedish Krona, while most revenue contracts are in U.S. dollars and euros. Therefore, when the Swedish Krona strengthens or weakens against the U.S. dollar, operating profits are increased or decreased, respectively. The effect of a change in currency exchange rates on our international subsidiaries' assets and liabilities is reflected in the accumulated other comprehensive income component of stockholders' equity.

A hypothetical 10 percent increase in currency exchange rates compared to the U.S. dollar (U.S. dollar strengthening) would have resulted in an estimated $410 after tax decrease in net loss over a one-year period, excluding the impact of non-recurring impairment losses recorded in the euro, Swedish krona, and Chinese yuan in fiscal year 2024. Actual changes in market prices or rates may differ from hypothetical changes.

Interest Rates

Our Credit Facility bears interest at either a base rate or a SOFR rate, plus an applicable spread. Based on our interest rate and balances outstanding as of March 31, 2024, we estimate that if interest rates increased 1 percentage point, we would incur approximately $505 of additional interest expense per year. Our risk with respect to interest rates has increased subsequent to the end of fiscal year 2024 due to our additional borrowings under the Credit Facility's term loan of $75,000 as of April 5, 2024, with an interest rate of 8.4% as of the date of the borrowing.

Inflation Risk

Inflation generally impacts us by increasing our costs of labor, materials, and freight. The rates of inflation experienced in recent years have not had a significant direct impact on our financial results, as inflationary cost increases have been offset by annual price increases. However, any price increases imposed may lead to declines in sales volume if competitors do not similarly adjust prices. Additionally, inflationary pressures may impact our customers' ability to purchase our products and services. We cannot reasonably estimate our ability to successfully recover any inflation cost increases into the future.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Mesa Laboratories, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Mesa Laboratories, Inc. (the Company) as of March 31, 2024, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for the year ended March 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and the results of its operations and its cash flows for the year ended March 31, 2024, 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 March 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Our report dated June 28, 2024 expressed an opinion that the Company had not maintained effective internal control over financial reporting as of March 31, 2024, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

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 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 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 the financial statements are free of material misstatement, whether due to error or fraud. Our audit 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 audit 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 audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Intangible Assets Acquired in the GKE Business Combination

As described in Note 4 to the financial statements, the Company acquired 100% of the outstanding shares of GKE for consideration of $87.2M during the year ended March 31, 2024. The transaction was accounted for as a business combination using the acquisition method of accounting. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values, including intangible assets acquired primarily related to customer relationships and trademarks and trade name. The customer relationships were valued using a multi-period excess earnings income approach (a form of the income approach) that discounted expected future cash flows to fair value which utilize assumptions related to revenue projections, free cash flows and discount rates. The trademarks and trade name were valued using a relief from royalty method which utilizes assumptions related to revenue projections and royalty rates.

We identified the fair value of these intangible assets as a critical audit matter because auditing management's significant assumptions, including revenue projections, free cash flows, royalty rates, attrition rates and discount rates, in developing the estimates required a high degree of auditor judgment and increased audit effort, including the use of valuation specialists to assist in performing related procedures and evaluating the audit evidence obtained.

Our audit procedures related to the significant assumptions used by management in estimating the fair value of certain intangible assets included the following, among others:

- Assessing the reasonableness of management's revenue projections and free cash flows by:
  - Comparing the assumptions to the subsequent performance of the acquired company;
  - Evaluating the consistency of the assumptions with external market and industry data, and;
  - Comparing the revenue projections to historical company data to the extent practical.
- Evaluating the reasonableness of management's selection of comparable entities with similar operations and economic characteristics used in the determination of significant assumptions.
- Evaluating the reasonableness of the selected attrition rates based on company specific and external market and industry data.
- With the assistance of our valuation specialists, we assessed the Company's valuation methodologies and significant assumptions by evaluating the reasonableness of the discount rates and royalty rates by comparing the underlying source information to publicly available market data and verifying the accuracy of the calculations.

Goodwill and Intangible Asset Impairments

As described in Notes 1 and 6 to the financial statements, the Company recognized impairment losses on goodwill and intangible assets of $156.9M and $117.6M, respectively, during the year ended March 31, 2024.

Management tests for goodwill impairment at the reporting unit level on an annual basis during the last quarter of its fiscal year as of January 1st, or more frequently if facts, events and circumstance indicate it is more likely than not that the fair value of a given reporting unit is less than its carrying value. Management estimates fair values in connection with quantitative impairment evaluations based on discounted cash flow and market multiple models which utilize assumptions related to revenue projections, estimated gross margins, discount rates and market multiples. Based on management's testing, the Company recognized $118.7M and $38.2M of goodwill impairment within the Company's Clinical Genomics reporting unit and within reporting units within the Biopharmaceutical Development segment, respectively.

Impairment assessments of finite-lived intangible assets are conducted if events or conditions indicate that the asset groups carrying amounts may not be recoverable. If impairment indicators are present, management determines whether the carrying value of the asset group is recoverable through undiscounted estimated future cash flows. If the asset group is determined not to be recoverable, management estimates the asset groups and individual assets fair value based on discounted cash flow and market multiples which utilize assumptions related to revenue projections, estimated gross margins, discount rates, attrition rates and royalty rates. Based on management's testing, the Company identified $117.6M of intangible asset impairment within the Clinical Genomics segment.

We identified goodwill and intangible asset impairment assessments as a critical audit matter because auditing management's assessments, including the significant assumptions, involved a high degree of auditor judgment and increased audit effort, including the use of valuation specialists to assist in performing related procedures and evaluating the audit evidence obtained.

Our audit procedures related the goodwill and intangible asset impairment assessments included the following, among others:

- Assessing the reasonableness of management's forecast of future revenues and gross margins by comparing the future revenue growth rates and gross margins to historical company data and evaluating consistency with external market and industry data.
- Evaluating the reasonableness of management's selection of comparable entities with similar operations and economic characteristics.
- Evaluating the reasonableness of the selected attrition rates based on company specific and external market and industry data.
- With the assistance of our valuation specialists, we evaluated the reasonableness of the Company's valuation methodologies and significant assumptions by:

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- Evaluating the reasonableness of the discount rate, royalty rates and market multiples of comparable companies by comparing the underlying source information to publicly available market data and verifying the accuracy of the calculations.
- Evaluating the appropriateness of the valuation methods used by management, testing their mathematical accuracy, and evaluating the allocation of fair value methods used in the analysis.
- Evaluating the reasonableness of the valuation of the reporting units based on a market capitalization reconciliation.

/s/ RSM US LLP

We have served as the Company's auditor since 2023.

Los Angeles, California

June 28, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Mesa Laboratories, Inc.

Opinion on the Internal Control Over Financial Reporting

We have audited Mesa Laboratories, Inc.'s (the Company) internal control over financial reporting as of March 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, because of the effect of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of March 31, 2024, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the accompanying consolidated balance sheet of Mesa Laboratories, Inc. as of March 31, 2024, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for the year ended March 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements) of the Company, and our report dated June 28, 2024, expressed an unqualified opinion.

As described in Management's Annual Report on Internal Control Over Financial Reporting, management has excluded GKE GmbH, SAL GmbH, and Beijing GKE Science & Technology Co. Ltd. (together, "GKE") from its assessment of internal control over financial reporting as of March 31, 2024 because GKE was acquired by the Company in a business combination in the third quarter of fiscal year 2024. We have also excluded GKE from our audit of internal control over financial reporting. GKE consists of wholly owned subsidiaries whose total assets and net income represent approximately 25% and 4%, respectively, of the related consolidated financial statement amounts as of and for the year ended March 31, 2024.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment.

Management did not have adequate supervision and review controls over the complex accounting for significant and unusual transactions. Specifically, the supervision and review of the accounting for goodwill impairment and acquisitions, including the work performed by external advisors, was not designed to operate at a sufficient level of precision.

Management did not have adequate supervision and review controls over the determination of the useful lives of recently acquired intangible assets. Specifically, management selected a useful life for an acquired asset that was not consistent with the economic life used to value the asset.

Certain controls regarding user access and change management to the Company's enterprise resource planning tool, a part of the information technology general controls ("ITGC"), were not operating effectively. This material weakness extended to automated and manual business process controls across the financial reporting and business transaction cycles which rely upon the affected ITGCs.

These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated June 28, 2024 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 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 U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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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, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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/ RSM US LLP

Los Angeles, California

June 28, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Mesa Laboratories, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Mesa Laboratories, Inc. (the "Company") as of March 31, 2023, the related consolidated statements of operations, comprehensive (loss), stockholders' equity, and cash flows for each of the years in the two-year period ended March 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The Company's management is responsible for these financial statements. 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.

/s/ Plante & Moran, PLLC

We served as the Company's auditor from 1986 to 2023.

Denver, Colorado

May 30, 2023

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Mesa Laboratories, Inc.
Consolidated Balance Sheets
(In thousands, except share amounts)

	March 31, 2024	March 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 28,214	$ 32,910
Accounts receivable, less allowances of $1,321 and $849, respectively	39,055	42,551
Inventories	32,675	34,642
Prepaid expenses and other	9,408	8,872
Total current assets	109,352	118,975
Noncurrent assets		
Property, plant and equipment, net	31,766	28,149
Deferred tax asset	1,292	1,076
Other assets	10,538	10,373
Customer relationships, net	85,383	152,189
Intellectual property, net	15,701	46,400
Other intangibles, net	12,668	18,226
Goodwill	180,096	286,444
Total assets	$ 446,796	$ 661,832
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 6,041	$ 6,134
Accrued payroll and benefits	9,935	9,433
Unearned revenues	15,478	15,694
Other accrued expenses	12,858	12,098
Total current liabilities	44,312	43,359
Noncurrent liabilities		
Deferred tax liability	19,780	34,028
Acquisition-related holdbacks	8,792	1,537
Other long-term liabilities	6,821	6,156
Credit facility	50,500	13,000
Convertible senior notes, net of debt issuance costs	171,198	170,272
Total liabilities	301,403	268,352
Stockholders' equity		
Common stock, no par value; authorized 25,000,000 shares; issued and outstanding, 5,394,491 and 5,369,466 shares, respectively	343,642	332,076
(Accumulated deficit) retained earnings	(183,494)	74,199
Accumulated other comprehensive (loss)	(14,755)	(12,795)
Total stockholders' equity	145,393	393,480
Total liabilities and stockholders' equity	$ 446,796	$ 661,832

See accompanying notes to consolidated financial statements.

Mesa Laboratories, Inc.
Consolidated Statements of Operations
(In thousands, except per share data)

	Year Ended March 31,		
	2024	**2023**	**2022**
Revenues			
Product	$ 176,796	$ 180,520	$ 149,422
Service	39,391	38,560	34,913
Total revenues	216,187	219,080	184,335
Cost of revenues			
Cost of products	57,200	60,937	54,747
Cost of services	25,737	24,450	20,498
Total cost of revenues	82,937	85,387	75,245
Gross profit	133,250	133,693	109,090
Operating expense			
Selling	38,625	37,439	28,310
General and administrative, other than impairment of finite-lived intangible assets and goodwill	72,867	72,444	60,311
Research and development	19,300	20,490	15,767
Impairment of finite-lived intangible assets	117,641	-	-
Impairment of goodwill	156,892	-	-
Total operating expense	405,325	130,373	104,388
Operating (loss) income	(272,075)	3,320	4,702
Nonoperating expense			
Interest expense and amortization of debt issuance costs	5,697	4,770	3,885
Other (income), net	(2,124)	(1,061)	(2,757)
Total nonoperating expense, net	3,573	3,709	1,128
(Loss) earnings before income taxes	(275,648)	(389)	3,574
Income tax (benefit) expense	(21,402)	(1,319)	1,703
Net (loss) income	$ (254,246)	$ 930	$ 1,871
Net (loss) earnings per share			
Basic	$ (47.20)	$ 0.17	$ 0.36
Diluted	$ (47.20)	$ 0.17	$ 0.35
Weighted-average common shares outstanding			
Basic	5,386	5,321	5,212
Diluted	5,386	5,361	5,335

See accompanying notes to consolidated financial statements.

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Mesa Laboratories, Inc.
Consolidated Statements of Comprehensive (Loss)
(In thousands)

	Year Ended March 31,		
	2024	**2023**	**2022**
Net (loss) income	$ (254,246)	$ 930	$ 1,871
Other comprehensive (loss)			
Foreign currency translation adjustments	(1,960)	(16,461)	(12,450)
Comprehensive (loss)	$ (256,206)	$ (15,531)	$ (10,579)

See accompanying notes to consolidated financial statements.

Mesa Laboratories, Inc.
Consolidated Statements of Stockholders' Equity
(In thousands, except share amounts)

	Common Stock				
	Number of Shares	Amount	(Accumulated Deficit) Retained Earnings	AOCI*	Total
March 31, 2021	5,140,568	$ 317,652	$ 72,459	$ 16,116	$ 406,227
Exercise of stock options and vesting of restricted stock units	128,337	8,027	-	-	8,027
Tax withholding on restricted stock units	(3,278)	(875)	-	-	(875)
Dividends paid, $0.64 per share	-	-	(3,339)	-	(3,339)
Stock-based compensation expense	-	11,391	-	-	11,391
Foreign currency translation	-	-	-	(12,450)	(12,450)
Cumulative adjustment due to adoption of ASU 2020-06	-	(22,735)	5,684	-	(17,051)
Net income	-	-	1,871	-	1,871
March 31, 2022	5,265,627	313,460	76,675	3,666	393,801
Exercise of stock options and vesting of restricted stock units	108,737	6,997	-	-	6,997
Tax withholding on restricted stock units	(4,898)	(919)	-	-	(919)
Dividends paid, $0.64 per share	-	-	(3,406)	-	(3,406)
Stock-based compensation expense	-	12,538	-	-	12,538
Foreign currency translation	-	-	-	(16,461)	(16,461)
Net income	-	-	930	-	930
March 31, 2023	5,369,466	332,076	74,199	(12,795)	393,480
Exercise of stock options and vesting of restricted stock units	30,418	358	-	-	358
Tax withholding on restricted stock units	(5,393)	(728)	-	-	(728)
Dividends paid, $0.64 per share	-	-	(3,447)	-	(3,447)
Stock-based compensation expense	-	11,936	-	-	11,936
Foreign currency translation	-	-	-	(1,960)	(1,960)
Net (loss)	-	-	(254,246)	-	(254,246)
March 31, 2024	5,394,491	$ 343,642	$ (183,494)	$ (14,755)	$ 145,393

*Accumulated Other Comprehensive (Loss) Income.

See accompanying notes to consolidated financial statements.

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Mesa Laboratories, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended March 31,		
	2024	**2023**	**2022**
Cash flows from operating activities:			
Net (loss) income	$ (254,246)	$ 930	$ 1,871
Adjustments to reconcile net (loss) income to net cash from operating activities:			
Depreciation of property, plant and equipment	4,233	4,313	3,262
Amortization of acquisition-related intangibles	27,341	28,821	21,806
Stock-based compensation expense	11,936	12,538	11,391
Impairment loss on goodwill and finite-lived intangible assets	274,533	-	-
Non-cash interest and debt amortization	926	907	1,029
Deferred taxes	(28,421)	(3,494)	128
Amortization of step-up in inventory basis	1,229	-	7,462
Other	629	1,080	(534)
Cash from changes in operating assets and liabilities:			
Accounts receivable, net	4,940	(2,121)	(6,752)
Inventories	2,563	(10,182)	(1,045)
Prepaid expenses and other assets	211	(510)	(3,606)
Accounts payable	(97)	(1,545)	1,370
Accrued liabilities and taxes payable	(1,236)	(3,360)	255
Unearned revenues	(408)	606	2,586
Net cash provided by operating activities	44,133	27,983	39,223
Cash flows from investing activities:			
Acquisitions, net of cash acquired and holdback liabilities	(78,739)	(4,950)	(300,793)
Purchases of property, plant and equipment	(2,567)	(4,544)	(4,432)
Net cash (used in) investing activities	(81,306)	(9,494)	(305,225)
Cash flows from financing activities:			
Proceeds from the issuance of debt	71,000	-	70,000
Repayment of debt	(33,500)	(36,000)	(21,000)
Dividends paid	(3,447)	(3,406)	(3,339)
Proceeds from the exercise of stock options	358	6,997	8,027
Payment of tax withholding obligation on vesting of restricted stock	(728)	(919)	(875)
Other financing, net	(847)	-	(237)
Net cash provided by (used in) financing activities	32,836	(33,328)	52,576
Effect of exchange rate changes on cash and cash equivalents	(359)	(1,597)	(1,093)
Net (decrease) in cash and cash equivalents	(4,696)	(16,436)	(214,519)
Cash and cash equivalents at beginning of period	32,910	49,346	263,865
Cash and cash equivalents at end of period	$ 28,214	$ 32,910	$ 49,346
Cash paid for:			
Income taxes	$ 4,591	$ 1,356	$ 3,048
Interest	$ 4,648	$ 3,485	$ 2,762
Supplemental non-cash activity:			
Acquisition-related consideration held back against potential indemnification losses	$ 8,448	$ -	$ -
Contingent consideration from new acquisitions	$ -	$ 1,190	$ -

See accompanying notes to consolidated financial statements.

Note 1. Description of Business and Summary of Significant Accounting Policies

Description of Business

In this Annual Report on Form 10-K, Mesa Laboratories, Inc., a Colorado corporation, together with its subsidiaries is collectively referred to as "we," "us," "our," the "Company," or "Mesa."

We are a global leader in the design and manufacture of life sciences tools and critical quality control solutions for regulated applications in the pharmaceutical, healthcare, and medical device industries. We offer products and services to help our customers ensure product integrity, increase patient and worker safety, and improve the quality of life throughout the world. We have manufacturing operations in the United States and Europe, and our products are marketed by our sales personnel in North America, Europe and Asia Pacific, and by independent distributors in these areas as well as throughout the rest of the world. We prefer markets in which we can establish a strong presence and achieve high gross profit margins.

As of March 31, 2024, we managed our operations in four reportable segments, or divisions:

- *Sterilization and Disinfection Control* - manufactures and sells biological, chemical and cleaning indicators which are used to assess the effectiveness of sterilization, decontamination, disinfection and cleaning processes, including steam, hydrogen peroxide, ethylene oxide, radiation, and other processes in the medical device, pharmaceutical and healthcare industries. The division also provides testing and laboratory services, mainly to the dental and pharmaceutical industries.

- *Clinical Genomics* - develops, manufactures and sells highly sensitive, low-cost, high-throughput genetic analysis tools and related consumables and services that enable clinical research labs and contract research organizations to perform genomic testing for a broad range of research applications in several therapeutic areas, such as screenings for hereditary diseases, pharmacogenetics, oncology related applications, and toxicology research.

- *Biopharmaceutical Development* - develops, manufactures and sells automated systems for protein analysis (immunoassays) and peptide synthesis solutions. Protein analysis and peptide synthesis solutions accelerate the discovery, development, and manufacture of biotherapeutic therapies, among other applications.

- *Calibration Solutions* - develops, manufactures and sells quality control products using principles of advanced metrology to enable customers to measure and calibrate critical parameters in applications such as environmental and process monitoring, dialysis, gas flow, air quality and torque testing.

Unallocated corporate expenses and other business activities are reported within Corporate and Other.

Principles of Consolidation and Basis of Presentation

Our Consolidated Financial Statements are prepared in accordance with the rules and regulations of the Securities and Exchange Commission and in accordance with accounting principles generally accepted in the United States ("GAAP"), and include our accounts and those of our wholly owned subsidiaries after elimination of all intercompany accounts and transactions.

Management Estimates

The preparation of our Consolidated Financial Statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our Consolidated Financial Statements and accompanying notes. Actual results could differ from our estimates under different assumptions or conditions.

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Summary of Significant Accounting Policies

Foreign Currency
Exchange rate adjustments resulting from foreign currency transactions are recognized in net earnings, whereas effects resulting from the translation of financial statements are reflected as a component of accumulated other comprehensive income within stockholders' equity. Assets and liabilities of subsidiaries operating outside the United States with a functional currency other than the U.S. dollar are translated into U.S. dollars at period end exchange rates, and revenue and expense accounts are translated at weighted average period rates.

Fair Value Measurements
Fair value is the price we would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. We determine fair value based on the following input hierarchy:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or that can be corroborated with observable market data.

Level 3: Unobservable inputs supported by little or no market activity. Pricing models, discounted cash flow methodologies, and other similar techniques involving significant management judgment or estimation typically require unobservable inputs.

Assets recognized or disclosed at fair value in the Consolidated Financial Statements on a nonrecurring basis are measured at fair value if determined to be impaired or if purchased pursuant to our acquisition of a business, including items such as inventory, property and equipment, operating lease assets, goodwill, and other intangible assets. Fair values assigned to assets acquired and liabilities assumed in acquisitions, except deferred revenues and certain other exceptions as defined by applicable accounting guidance, are measured using Level 3 inputs.

Revenue Recognition
Our revenues come from product sales, which include consumables and hardware, and services, which include discrete and ongoing maintenance, calibration, and testing services. Revenues are recognized when or as we satisfy our performance obligations under the terms of a contract, which occurs when control of the promised products or services transfers to our customers. We recognize the amount of consideration we expect to receive in exchange for transferring products or services to our customers (the transaction price) as revenue. For all revenue contracts, prices are fixed at the time of purchase and no price protections or variables are offered. The significant majority of our revenues and related receivables are generated from contracts with customers that are 12 months or less in duration.

We generally recognize revenues as follows:

Product sales: Our performance obligations related to product sales generally consist of the promise to sell tangible goods to distributors or end users. Control of these goods is typically transferred upon shipment, at which time our obligation to the customer is satisfied and revenue is recognized. Purchase orders typically provide evidence of an arrangement for product sales. Products sold include an assurance-type warranty which is accounted for as part of accrued warranty expense.

Services: We generate service revenues from discrete and ongoing maintenance, calibration, and testing services performed with respect to our physical products. For discrete services, our obligation to complete specified work is satisfied and revenue is recognized upon performance of the service. Obligations arising from ongoing service contracts in which we promise to stand ready to provide maintenance or other services on an as-needed basis for a certain period of time are satisfied by completing any services that are contractually required during the contract period, if requested by the customer, or simply by the passage of time if no services are requested. For ongoing service contracts, revenue is recognized on a straight-line basis over the life of the contract in a faithful depiction of our obligation to provide services over the contract period. Evidence of a service arrangement may be in the form of a formal contract or a purchase order.

Collectability is reasonably assured through our customer review process, and payment is typically due within 60 days or less.

We expense commission costs (typically our only significant incremental cost to obtain a contract) as incurred and to account for shipping and handling costs as fulfillment costs. The substantial majority of our contracts have original durations of one

year or less, and we have elected not to disclose the expected timing or allocated transaction prices of future performance obligations such as obligations to perform maintenance and repair services. Additionally, we have elected to not assess whether a significant financing component exists when the period between when we perform our performance obligation and when the customer remits payment is one year or less. None of our contracts contained financing components as of or for the fiscal years ended March 31, 2024 or 2023.

Contracts with customers may contain multiple obligations. For such arrangements, the transaction price is allocated to each obligation based on the estimated relative standalone selling prices of the promised products or services underlying each obligation. Standalone selling prices are based on the price at which the product or service would be sold separately. If the standalone selling price is not observable through past transactions, we estimate the standalone selling price considering available information such as market conditions and internally approved pricing guidelines. In limited circumstances, for obligations with highly variable or unobservable standalone selling prices, we may assign standalone prices to obligations based on the residual transaction price after all observable standalone selling prices have been determined. Discounts may be approved at the time of purchase and are included within a contract's fixed transaction price. Discounts are typically allocated to obligations included in the contract based on the standalone values of such obligations. All expected and actual consideration from customers is included in the transaction price.

Shipping and Handling
Payments made by customers to us for shipping and handling costs are included in revenues on the Consolidated Statements of Operations, and our expenses are included in cost of revenues. We account for shipping and handling costs arising from contracts with customers as fulfillment costs. Shipping and handling for inventory and materials we purchase is included as a component of inventory on the Consolidated Balance Sheets and is expensed to cost of revenues when products are sold.

Unearned Revenues
Certain of our products may be sold with associated time-based service contracts whereby we provide repairs, technical support, parts, and various analytical or maintenance services. In the event these contracts are paid in advance by the customer, the associated amounts are recorded as an unearned revenue liability and recognized as revenue ratably over the term of the service period, generally one year. Prepayments from customers with respect to other products and services are likewise recorded as unearned revenue liabilities and are recognized to revenue when earned.

Accrued Warranty Expense
We typically provide assurance-type limited product warranties on our products and, accordingly, accrue for estimates of related warranty expenses.

Accounts Receivable and Allowance for Credit Losses
All trade accounts receivable are reported at net realizable value on the accompanying Consolidated Balance Sheets, adjusted for any write-offs and net of allowances for credit losses. Allowances for credit losses represent our best estimate and current expectation of future credit losses from trade accounts. We estimate credit losses based on historical information, current and expected future economic and market conditions, and reviews of the current status of customers' trade accounts receivable. In circumstances in which we become 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. To mitigate credit risk, we consider the creditworthiness of new and existing customers, establish credit limits, and regularly review outstanding balances and payment histories. We may require pre-payments from customers under certain circumstances and may limit future purchases until payments are made on past due amounts.

We do not believe our trade accounts receivable represent significant concentrations of credit risk due to our diversified portfolio of individual customers and geographical areas.

Differences may arise between estimated and actual losses, which could materially affect the provision for credit losses and, therefore, net earnings. We recorded $790, $736, $304 and of expense associated with credit losses for the years ended March 31, 2024, 2023, and 2022, respectively.

Cash Equivalents
We classify any highly liquid investments with maturities of three months or less at the date of purchase as cash equivalents; no cash equivalents are included on our Consolidated Balance Sheets as of March 31, 2024 or 2023.

Inventories
Inventories are stated at the lower of cost or net realizable value. Inventory is recorded to cost of products upon sale using a weighted average costing methodology. Inventories purchased as part of a business combination are recorded at fair value.

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Our work in process and finished goods inventories include the costs of raw materials, labor and overhead, which are estimated based on trailing twelve months of expense and standard labor hours for each product. We evaluate labor and overhead costs annually unless specific circumstances necessitate a mid-year evaluation for specific items.

We monitor inventory costs relative to selling prices and perform physical cycle count procedures on inventories throughout the year to determine if a lower of cost or net realizable value reserve is necessary. We estimate and maintain an inventory reserve as needed for such matters as excess or obsolete inventory, shrinkage, and scrap. This reserve may fluctuate as our assumptions change due to new information, discrete events, or changes in our business such as entering new markets or discontinuing a specific product; however, once inventory is written down, a new cost basis is established that is not subsequently written back up in future fiscal years.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation, except for assets acquired in acquisitions, which are recorded at fair value. Expenditures for major renewals and improvements that extend the life of the asset are capitalized, while expenditures for minor replacements, maintenance, and repairs are expensed as incurred.

Depreciation is calculated using the straight-line method over the assets' estimated useful lives. Upon asset retirement or disposal, accounts are relieved of cost and accumulated depreciation, and any related gain or loss is reflected in our results of operations. In some cases, particularly with respect to business consolidation or closure activities, accelerated depreciation may be required for the revised remaining useful lives of assets designated to be abandoned in the future.

At least annually, we evaluate and adjust as necessary the estimated useful lives of property, plant and equipment. Any changes in estimated useful lives are recorded prospectively. Estimated useful lives of significant classes of depreciable assets are as follows:

Category	**Useful Lives in Years**
Buildings and building improvements	40 (or less)
Manufacturing equipment	7 (or less)
Office, lab and other equipment, furniture and fixtures	7 (or less)
Computer equipment	3 (or less)
Leasehold improvements	Lesser of the economic life or the remaining term in the respective lease

Land is not depreciated and construction in progress is not depreciated until placed in service, at which time it is assigned a useful life consistent with the nature of the asset.

Leases

We determine whether contractual arrangements contain a lease at the inception of the arrangement. If a lease is identified in an arrangement, we recognize a right-of-use asset ("ROU") and liability on our Consolidated Balance Sheets and determine whether the lease should be classified as a finance or operating lease. We do not have any finance leases; our operating leases have remaining terms between two months and twelve years as of March 31, 2024. We do not recognize assets or liabilities for leases with original durations of less than 12 months, and our short-term leases are not material.

A contract is a lease or contains one when (1) the contract contains an explicitly or implicitly identified asset and (2) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract in exchange for consideration. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent our right to use an underlying asset and are based upon the calculation of operating lease liabilities, adjusted for prepayments. Adjustments would also be made for accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets, none of which are present in any of our current lease contracts. When readily determinable, the discount rate used to calculate the lease liability is the rate implicit in the lease, otherwise we use our incremental borrowing rate based on the information available at lease commencement. When we acquire a business, we generally retain the acquiree's classification of its leases, and we evaluate ROU assets and liabilities in accordance with ASC 842.

Our leases typically contain rent escalations over the lease term. We recognize expense for these leases on a straight-line basis over the lease term. Lease expense is recorded in cost of revenues or selling, general and administrative, or research and development expense on our Consolidated Statements of Operations, depending on the nature of use of the underlying asset. Many of our leases include one or more renewal or termination options exercisable at our discretion, which are included in

the determination of the lease term if we are reasonably certain to exercise the option. Renewal terms typically allow us to extend lease terms between 1 and 3 years. We have also entered into lease agreements that have variable payments related to certain indexes. Variable lease payments are recognized in the period in which those payments are incurred. All non-lease components are readily identifiable in our lease contract. We account for non-lease components separately from the lease component to which it is related.

Acquired Intangible Assets, Impairment Testing

Our goodwill and other intangible assets result from acquisitions of existing businesses. Intangible assets affect the amount of future amortization expense and possible impairment losses we may incur.

Intangible assets with finite lives are amortized over their useful lives using the straight-line method, and amortization expense is recorded within cost of revenues or general and administrative expense in the Consolidated Statements of Operations. Impairment assessments are conducted if events or conditions indicate that the carrying value of an asset or asset group may not be recoverable. Events or conditions indicating potential impairment include but are not limited to changes in the competitive landscape, any internal decisions to pursue new or different technology strategies, losses of significant customers, or significant changes in business performance or in the markets and industries we serve, including adverse changes in the prices paid for our products or changes in the size of the markets for our products. If impairment indicators are present, we determine whether the carrying value of the underlying intangible asset or asset group is recoverable through undiscounted estimated future cash flows. If the asset or asset group is not found to be recoverable, we estimate the asset's fair value using Level 3 inputs and discounted cash flow models and recognize impairment losses as necessary. If the estimate of an intangible asset's remaining useful life is changed in response to impairment testing, the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining useful life.

Acquired intangible assets deemed to have finite lives are amortized on a straight-line basis over their useful lives, generally ranging from three to fifteen years. We determine the useful lives of finite intangible assets based on the specific facts and circumstances related to each asset, and we evaluate the appropriateness of assigned useful lives at least annually. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, our long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and economic factors such as competition or specific market conditions.

Goodwill is not subject to amortization. We test goodwill for impairment as of January 1st each year, or more frequently if events and circumstances indicate it is more likely than not that the fair value of a given goodwill reporting unit is less than its carrying value. Events that could indicate impairment and that would trigger interim impairment testing include but are not limited to: adverse current or expected economic, market, or industry-specific conditions, including a decline in our market capitalization; sustained adverse changes or expected changes in business climate or in the operational performance of the business; adverse changes in legal factors; and adverse actions or assessments by a regulator. We monitor for indications of impairment throughout the year and perform qualitative and quantitative impairment tests as necessary based on quarterly preliminary assessments of our performance. Our annual impairment tests typically begin with a qualitative assessment, and further quantitative assessments are performed if we determine it is more likely than not that the fair value of a reporting unit is greater than the carrying amount. We also perform quantitative assessments of reporting units at least every five years, irrespective of whether any indicators exist that suggest a reporting unit may be impaired.

The fair value measurements used in testing intangible assets for impairment are typically based on discounted cash flow projection and market multiple models, using Level 3 inputs. See "Fair Value Measurements" for a description of input levels. Significant assumptions include, among others, the weighted average cost of capital, expected revenues growth, expected cash outflows, and terminal growth rates. In certain cases, management uses other market information when available to estimate fair value. Impairment losses are recognized through earnings and represent excess carrying value over estimated fair value.

During the fourth quarter of fiscal 2024, we recorded impairment losses related to goodwill and intangible assets totaling $274,533 in our Clinical Genomics and Biopharmaceutical Development divisions. See Note 6. "Goodwill and Intangible Assets, Net."

Research & Development Costs

We conduct research and development activities for the purpose of developing new products and enhancing the functionality, effectiveness, reliability, and accuracy of existing products. Research and development costs are expensed as incurred. Research and development expense is predominantly comprised of labor costs and third-party consultants, but we may from time to time purchase in-process research and development with the intention of developing a saleable product.

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Convertible Debt

Our convertible 1.375% Convertible Senior Notes due 2025 (the "2025 Notes") do not have material embedded derivatives and are recorded as long-term liabilities in our Consolidated Balance Sheets as of March 31, 2024. When the 2025 Notes are within one year of maturity, or when the criteria necessary for conversion as described in Note 8. "Indebtedness" have been met, the 2025 Notes will be reclassified as short-term liabilities. We may settle the 2025 Notes in shares of common stock or in cash, as the case may be. We apply the if-converted method to calculate the potentially dilutive impact of the 2025 Notes on net (loss) earnings per share. Debt issuance costs are amortized to bring the carrying value of the 2025 Notes to face using the effective interest method over the life of the indenture governing the 2025 Notes.

Stock-based Compensation

We issue shares in the form of stock options and full-value awards as part of employee and non-employee director compensation pursuant the Amended and Restated Mesa Laboratories, Inc. 2021 Equity Incentive Plan (the "2021 Equity Plan"). Our shareholders approved an amendment to the 2021 Equity Plan during fiscal year 2024, increasing the number of shares that can be issued under the plan from 330 shares to 660 shares. Some shares are fully vested and outstanding under our Mesa Laboratories, Inc. 2014 Equity Plan.

The Equity Plans are administered by the Compensation Committee of the Board of Directors, which has the authority to grant equity awards, or to delegate its authority under the plan to make grants (subject to certain legal and regulatory restrictions), including the authority to determine the individuals to whom awards will be granted, the type of awards and when the awards are to be granted, the number of shares to be covered by each award, the vesting schedule, and all other terms and conditions of the awards.

For purposes of counting the shares remaining under the 2021 Equity Plan, each share underlying a stock option or a full value award counts as one share used. We issue new shares of common stock upon the exercise of stock options and the vesting of time-based restricted stock units ("RSUs") and performance-based RSUs ("PSUs").

Stock options and service-based stock awards generally vest equally over a three year term and stock options generally expire after six years. Awards granted to non-employee directors generally vest one year from the grant date. We recognize stock-based compensation expense based on the fair value of stock awards at the grant date and recognize the expense over the related service period using a straight-line vesting expense schedule. The 2021 Equity Plan includes retiree provisions which result in the acceleration of stock-based compensation for expense for retiree-eligible participants. Compensation expense related to employees eligible to retire at grant date or during the award term is recognized on a straight-line basis between the grant date and the date of retirement eligibility, and the applicable retirees retain full rights to the awards upon retirement as per the plan provisions.

Expense for PSUs is recognized, net of estimated forfeitures, over the related service period using a straight-line vesting schedule when it is probable that performance goals will be achieved. Performance goals are determined by the Board of Directors and may include measures such as revenues growth and profitability targets. A portion of the PSUs include a market condition in the form of a relative total shareholder return "TSR" modifier, which adjusts the quantity of shares earned up or down by a maximum of 20% pursuant to a market-based measure of performance comparing Mesa's share price to a peer group over a three year period. Compensation expense on stock awards subject to performance conditions is recognized over the longer of the estimated performance goal attainment period or time vesting period. As of each reporting period, we estimate the number of PSUs expected to vest based on our current estimate of performance compared to the target metrics in the award documents and adjust for the relative TSR percentage, and if necessary, a cumulative-effect adjustment is recorded.

The grant date fair value of the PSUs with a relative TSR modifier is determined using the Monte Carlo simulation valuation model.

The fair value of RSUs and performance-based RSUs without a market condition are based on the closing price of Mesa's common stock on the award date, less the present value of expected dividends not received during the vesting period. RSUs we issue are equivalent to nonvested shares under the applicable accounting guidance.

The fair value of each granted stock option is estimated on the grant date using the Black-Scholes option pricing model. The assumptions used to calculate the fair value of granted options reflect market conditions and our historical experience. We estimate expected forfeitures using a dynamic forfeiture model based on company specific historical data when determining the amount of stock-based compensation costs to recognize each period. The expected life of options represents the estimated period of time until exercise and is based on historical experience of similar awards for similar subsets of our employee population, giving consideration to the contractual terms, vesting schedules, and expectations of future employee behavior.

Expected stock price volatility is based on the historical volatility of our own stock price over the period of time commensurate with the expected life of the award. The risk-free rate is based on the United States Treasury yield curve in effect at the time of grant for the estimated life of the stock option. The dividend yield assumption is based on our anticipated cash dividend payouts. To date, we have identified no instances in which an adjustment to our observable market price would be required compared to the closing price of Mesa's common stock on the award date as an input to our fair value calculations.

We allocate stock-based compensation expense to cost of revenues, selling, research and development, and general and administrative expense in the Consolidated Statements of Operations.

Net (Loss) Earnings Per Share

Basic net (loss) earnings per share ("EPS") is computed by dividing net income by the weighted-average number of common shares outstanding during the reporting period. Diluted (loss) earnings per share ("diluted EPS") is computed similarly to basic EPS, except it includes the effects of potential dilution that could occur if dilutive securities vested, were exercised or converted. Potentially dilutive securities include stock options, RSUs and PSUs (collectively "stock awards"), as well as common shares underlying the 2025 Notes. Potentially dilutive securities are excluded from the calculation of diluted EPS in the event they are subject to performance conditions that have not yet been achieved or if they would otherwise be antidilutive. Diluted EPS considers the impact of potentially dilutive securities except in periods in which there is a loss; in such cases the inclusion of the potential common shares would have an antidilutive effect. See Note 10. "Net (Loss) Earnings per Share" for EPS calculations for the years ended March 31, 2024, 2023 and 2022.

Income Taxes

Income tax expense includes U.S., state, local and international income taxes. Deferred tax assets and liabilities are recognized and reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis of existing assets and liabilities used for income tax purposes. The tax rate used to determine the deferred tax assets and liabilities is based on the enacted tax rate for the year and the manner in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

From time to time, we engage in transactions in which the tax consequences may be subject to uncertainty, such as acquisitions. Significant judgment is required in assessing and estimating the tax consequences of these transactions. We prepare and file tax returns based on interpretation of tax laws and regulations. In the normal course of business, our tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax, interest and penalty assessments by these taxing authorities. In determining our income tax provision for financial reporting purposes, we establish a reserve for uncertain tax income positions unless we determine it is not more likely than not that such positions would be sustained upon examination, based on their technical merits. That is, for financial reporting purposes, we only recognize tax benefits taken on the tax return that we believe are more likely than not of being sustained. There is considerable judgment involved in determining whether positions taken on the tax return are more likely than not of being sustained. We adjust our tax reserve estimates periodically because of ongoing examinations by, and settlements with, the various taxing authorities, as well as changes in tax laws, regulations and interpretations. The consolidated income tax provision of any given year includes adjustments to prior year income tax accruals that are considered appropriate and any related estimated interest. Our policy is to recognize, when applicable, interest and penalties on uncertain income tax positions as part of general administrative expense. (See Note 12. "Income Taxes").

Acquisition Related Contingent Consideration Liabilities

Acquisition related contingent consideration liabilities consist of estimated amounts due under various acquisition agreements and may be based on revenues growth, specified profitability growth metrics, or the attainment of milestones such as patent approvals. At each reporting period, we evaluate the expected future payments and any associated discount rates to determine the fair value of the contingent consideration. We adjust contingent consideration to fair value at each reporting period through general and administrative expenses in the Consolidated Statements of Operations. See Note 13. "Commitments and Contingencies" for information regarding existing contingent consideration liabilities as of March 31, 2024.

In addition to contingent consideration liabilities, we may hold back a portion of the purchase price related to an acquisition as security against potential indemnification losses. Such holdbacks relate to circumstances that existed as of the date of acquisition, and as such they are not considered contingencies; however, amounts ultimately paid related to holdbacks may differ from the estimates management makes upon acquisition, depending upon whether pre-acquisition liabilities are identified during the holdback period.

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Legal Contingencies
We are party to various claims and legal proceedings that arise in the normal course of business. We record an accrual for legal contingencies when we determine it is probable we have incurred a liability and can reasonably estimate the amount of the loss (See Note 13. "Commitments and Contingencies").

Purchase Accounting for Acquisitions
We account for all business combinations in which we obtain control over another entity using the acquisition method of accounting, which requires most assets (both tangible and intangible) and liabilities to be recorded at fair value at the date of acquisition. The excess of the purchase price over the fair value of acquired assets less liabilities is recognized as goodwill. We determine fair value using widely accepted valuation techniques, primarily discounted cash flow and market multiple analyses, which rely heavily on Level 3 inputs. These types of analyses require us to make and monitor assumptions and estimates regarding industry and economic factors, the profitability of future business strategies, discount rates and cash flow. For all material acquisitions, we engage external valuation specialists to aid management in preparing our fair value models. Certain adjustments to the assessed fair values of acquired assets or liabilities made subsequent to the acquisition date but within the measurement period are recorded as adjustments to goodwill. Any adjustments subsequent to the measurement period are recorded within earnings. We expense all acquisition related costs, such as legal and advisory fees, as incurred in general, and administrative expenses in the Consolidated Statements of Operations.

Results of operations of acquired companies are included in our Consolidated Financial Statements from the date of the acquisition forward. If actual results are not consistent with our assumptions and estimates, or if our assumptions and estimates change due to new information, we may be exposed to additional losses. For the years ended March 31, 2024, 2023 and 2022, we acquired businesses for total net purchase prices of $87,187, $6,140, and $300,793, respectively.

Business Consolidation Costs
We estimate liabilities for business closure activities by gathering detailed estimates of costs and, if applicable, asset sale proceeds, for each business consolidation initiative. For a typical business consolidation initiative, we estimate costs of employee severance, impairment of property and equipment and other assets including estimating net realizable value, if necessary, accelerated depreciation, termination payments for contracts and leases, and any other qualifying costs related to an exit plan. Such charges represent our best estimates; however, they require assumptions about plans that may change over time. The estimated costs are grouped by specific projects within the overall exit plan and are monitored at each reporting period. Any subsequent changes to the original estimates are recorded in current earnings.

Risks and Uncertainties
The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting periods. These estimates represent management's judgment about the outcome of future events. It is not possible to accurately predict the future impact of such events and circumstances. However, we have reviewed the estimates used in preparing the financial statements and have identified the following factors that have a reasonable possibility of being materially affected in the near term:

- Estimates regarding the recoverability of deferred tax assets and estimates regarding cash needs and associated indefinite reinvestment assertions.
- Estimates of the net realizable value of inventory.
- Estimates regarding future financial performance and other inputs into fair value estimates related to impairment tests for goodwill and intangible assets that could result in additional future impairment losses.

We do not believe that there are any significant risks that have not already been disclosed in the Consolidated Financial Statements.

Recently Issued Accounting Pronouncements
In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." ASU No. 2023-07 requires all annual disclosures currently required by Topic 280 to be included in interim periods and requires disclosure of significant segment expenses regularly provided to the chief operating decision maker ("CODM"), a description of other segment items by reportable segment, and applicable additional measures of segment profit or loss used by the CODM when allocating resources and assessing business performance. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 on a retrospective basis. We are currently assessing the effect the adoption of this standard will have on our consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." ASU No. 2023-09, which enhances the transparency, effectiveness and comparability of income tax disclosures by requiring consistent categories and greater disaggregation of information related to income tax rate reconciliations and the jurisdictions in which income taxes are paid. The guidance is effective for public business entities for fiscal years beginning after December 15, 2024 (our fiscal year 2026), with early adoption permitted. We are currently assessing the effect the adoption of this standard will have on our consolidated financial statements.

We have reviewed all recently issued accounting pronouncements and have concluded that, other than as described above, they are either not applicable to us or are not expected to have a significant impact on our consolidated financial statements.

Recently Adopted Accounting Pronouncements

There have been no accounting pronouncements applicable to us that we were required to adopt or that we have elected to adopt during fiscal year 2024.

Note 2. Revenue

We develop, manufacture, market, sell and maintain life sciences tools and quality control instruments and related consumables.

Hardware sales include physical products such as instruments used for molecular and genetic analysis, protein synthesizers, medical meters, wireless sensor systems, data loggers, and process challenge devices. Hardware may be offered with accompanying perpetual or annual software licenses, which in some cases are required for the hardware to function.

Consumables are typically used on a one-time basis and require frequent replacement in our customers' operating cycles. Consumables sold by our Clinical Genomics and Biopharmaceutical Development divisions, such as reagents used for molecular and genetic analysis or solutions used for protein synthesis, are critical to the ongoing use of our instruments. Consumables such as biological indicator test strips sold by our Sterilization and Disinfection Control division are used on a standalone basis.

Revenues from hardware and consumables are recognized upon transfer to the customer, typically at the point of shipment.

We also offer maintenance, calibration, and testing service contracts. These contracts result in revenues recognized over time, for example, when we are obligated to perform labor and replace parts on an as-needed basis over a contractually specified period, or at a point in time, upon completion of a specific, discrete service. In many cases, our contracts contain both revenues recognized over time and revenues recognized at a point in time.

We evaluate our revenues internally based on business division and the nature of goods and services provided.

The following tables present disaggregated revenues from contracts with customers for the years ended March 31, 2024, 2023 and 2022:

	Year Ended March 31, 2024				
	Sterilization and Disinfection Control (1)	Clinical Genomics	Biopharmaceutical Development	Calibration Solutions	Total
Consumables	$ 65,459	$ 36,086	$ 17,086	$ 2,345	$ 120,976
Hardware and Software	549	12,254	12,993	30,024	55,820
Services	9,116	4,248	10,633	15,394	39,391
Total revenues	$ 75,124	$ 52,588	$ 40,712	$ 47,763	$ 216,187

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	Year Ended March 31, 2023				
	Sterilization and Disinfection Control	Clinical Genomics	Biopharmaceutical Development	Calibration Solutions	Total
Consumables	$ 55,605	$ 43,374	$ 15,800	$ 3,062	$ 117,841
Hardware and Software	692	13,347	22,079	26,561	62,679
Services	8,312	5,578	9,486	15,184	38,560
Total revenues	$ 64,609	$ 62,299	$ 47,365	$ 44,807	$ 219,080

	Year Ended March 31, 2022				
	Sterilization and Disinfection Control	Clinical Genomics (2)	Biopharmaceutical Development	Calibration Solutions	Total
Consumables	$ 50,311	$ 22,271	$ 15,551	$ 3,675	$ 91,808
Hardware and Software	700	6,726	21,651	28,537	57,614
Services	8,033	3,843	8,377	14,660	34,913
Total revenues	$ 59,044	$ 32,840	$ 45,579	$ 46,872	$ 184,335

(1) Beginning October 16, 2023, revenues of $8,214 from GKE GmbH and SAL GmbH are included in the Sterilization and Disinfection Control division. Revenues of $1,075 from GKE China are included in the Sterilization and Disinfection Control division beginning on January 1, 2024.
(2) Revenues in the Clinical Genomics division represent transactions subsequent to the acquisition of Agena Bioscience, Inc. on October 20, 2021.

Contract Balances

Our contracts have varying payment terms and conditions. Some customers prepay for products and services, resulting in either unearned revenues or customer deposits, called contract liabilities. Short-term contract liabilities are included within unearned revenues in the accompanying Consolidated Balance Sheets, and long-term contract liabilities are included within other long-term liabilities in the accompanying Consolidated Balance Sheets. The significant majority of our revenues and related receivables and contract liabilities are generated from contracts with customers with original expected durations of 12 months or less. Contract liabilities will be recognized to revenue as we satisfy our obligations under the terms of the contracts.

A summary of contract liabilities is as follows:

Contract liabilities as of March 31, 2023	$ 16,098
Prior year liabilities recognized in revenues during the year ended March 31, 2024	(9,557)
Contract liabilities added during the year ended March 31, 2024, net of revenues recognized	9,145
Contract liabilities balance as of March 31, 2024	$ 15,686

Note 3. Fair Value Measurements

Our financial instruments generally consist of cash and cash equivalents, trade accounts receivable, obligations under trade accounts payable, and debt. Due to their short-term nature, the carrying values of cash and cash equivalents, trade accounts receivable, and trade accounts payable approximate fair value; they are classified within Level 1 of the fair value hierarchy.

The financial instruments that subject us to the highest concentration of credit risk are cash and accounts receivable. We maintain relationships and cash deposits at multiple banking institutions across the world in an effort to diversify and reduce risk of loss. Concentration of credit risk with respect to accounts receivable is limited to customers to whom we make significant sales. No customers accounted for more than 10% of total trade receivables as of March 31, 2024.

As of March 31, 2024, we had outstanding $172,500 aggregate principal of 1.375% convertible senior notes due August 15, 2025, which we refer to as our 2025 Notes. We estimate the fair value of the 2025 Notes using Level 2 inputs based on the

last actively traded price or observable market input preceding the end of the reporting period. The estimated fair value and carrying value of the 2025 Notes were as follows:

	March 31, 2024		March 31, 2023	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
2025 Notes	$ 171,198	$ 163,013	$ 170,272	$ 161,072

See Note 15. "Subsequent Events" for information related to our partial repurchase of the 2025 Notes in April 2024.

The Belyntic acquisition obligates us to pay contingent consideration of up to $1,500 cash upon regulatory approval of certain patent applications (see Note 13. "Commitments and Contingencies"). We estimate the fair value of the remaining contingent consideration using Level 3 inputs and a probability-weighted outcome analysis based on our expectations of patent approval leveraging our historical experience and expert input, and we adjust the estimated fair value at each reporting period through earnings. The fair value of the remaining contingent consideration was $571 as of March 31, 2024, of which $436 is recorded in Other accrued expenses and $135 is recorded in acquisition-related holdbacks on the accompanying Consolidated Balance Sheets.

Amounts recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis include the initial recognition and disclosure of most assets and liabilities purchased in business acquisitions and any related measurement period adjustments (see Note 4. "Significant Transactions"). Additionally, assets such as property and equipment, operating lease assets, goodwill and other intangible assets are adjusted to fair value if determined to be impaired. We recorded $274,533 of non-cash impairment losses to goodwill and other intangible assets during the fiscal year ended March 31, 2024 (see Note 6. "Goodwill and Intangible Assets, Net" for further information); no impairment losses were recorded during the years ended March 31, 2023 or March 31, 2022. Fair values of such assets and liabilities require measurement using Level 3 inputs.

There were no transfers between the levels of the fair value hierarchy during the fiscal years ended March 31, 2024 and 2023.

Note 4. Significant Transactions

Acquisition of GKE

We acquired 100% of the outstanding shares of GKE GmbH and SAL GmbH effective October 16, 2023, on which date we began including the entities as wholly owned subsidiaries in our consolidated financial statements. Upon approval by applicable Chinese regulators, we acquired 100% of the outstanding shares of Beijing GKE Science & Technology Co. Ltd. ("GKE China," and, together with GKE GmbH and SAL GmbH, "GKE"), effective December 31, 2023 (the "GKE acquisition"). GKE China is included as a wholly owned subsidiary in our Consolidated Balance Sheets as of December 31, 2023, and we began consolidating the results of its operations on January 1, 2024.

GKE develops, manufactures and sells a highly competitive portfolio of chemical sterilization indicators, biologics, and process challenge devices to protect patient safety across global healthcare markets. GKE is included in our Sterilization and Disinfection Control ("SDC") division, and GKE's strengths in chemical indictors are complementary to SDC's strengths in biologic indicators, as chemical and biologic indicators are used in the same sterility validation workflows. Additionally, GKE's healthcare-focused commercial capabilities in Europe and Asia greatly expand our reach in the healthcare markets in those geographies. We are working to obtain regulatory 510(k) clearance on certain GKE products for sale in the United States, which would further expand organic revenues growth opportunities from the GKE business.

Total consideration for the GKE acquisition was $87,187, net of cash and financial liabilities and inclusive of working capital adjustments. Of the total acquisition price, approximately $9,300 at March 31, 2024 exchange rates is being held back for a period of 18 months from acquisition closing as security against potential indemnification losses. We funded the acquisition through a combination of cash on-hand and a total of $71,000 borrowed under our line of credit (See Note 8. "Indebtedness").

Allocation of Purchase Price

We accounted for the GKE acquisition as a business combination using the acquisition method of accounting. Under the acquisition method of accounting, the acquiree's identifiable assets acquired and liabilities assumed are recorded at their

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acquisition date fair values and are consolidated with those of the acquirer. The multi-period excess earnings method, a form of the income approach, was used to value acquired customer relationships, while the relief from royalty method was used to value acquired intellectual property and trade names. The non-compete agreements were valued using a probability-weighted estimate of the expected economic impact that would occur in the absence of the agreements. Significant judgments and estimates are required when performing valuations, including, among other assumptions, internal rates of return, revenue growth rates, customer attrition rates, and royalty rates, all of which are considered Level 3 inputs. We worked with external valuation experts to prepare the valuation using information obtained during due diligence and from professional valuation databases and other sources. These estimates were based on assumptions that we believe to be reasonable; however, actual results may differ from these estimates.

The following table summarizes the allocation of the purchase price as of acquisition:

	Life (in years)	Amount
Cash and cash equivalents		$ 4,191
Accounts receivable (a)		2,252
Inventories (b)		4,730
Other current assets		176
Total current assets		11,349
Property, plant and equipment (c)		3,398
Other noncurrent assets		3,041
Intangible assets:		
Customer relationships (d)	12	34,708
Intellectual property (d)	7	3,208
Trade names (d)	10	5,412
Non-compete agreements (d)	3	743
Goodwill (e)		48,850
Total assets acquired		$ 110,709
Accounts payable		11
Deferred tax liability		13,901
Other current liabilities		2,746
Long-term liabilities		2,673
Total liabilities assumed		19,331
Total purchase price, net of cash acquired		$ 87,187

(a) Accounts receivable are expected to be collected. The carrying value of accounts receivable at acquisition approximates fair value.

(b) Includes $2,414 of inventory step-up, which we expect to amortize within approximately one year from the acquisition date. During the period from October 16, 2023 to March 31, 2024, $1,229 of inventory step-up amortization was recorded to cost of revenues.

(c) Includes $2,353 of fixed asset step-up, which will be amortized based on the underlying assets' expected lives. During the period from October 16, 2023 to March 31, 2024, $365 of property, plant and equipment step-up was recorded to depreciation expense.

(d) Acquired amortizable intangible assets are currently expected to be amortized on a straight-line basis over a weighted average period of 11.2 years. The identified intangible assets will be amortized on a straight-line basis over their useful lives, which approximates the pattern that assets' economic benefits are expected to be consumed. Amortization expense for customer relationships, trade names, and noncompete agreements will be expensed to general and administrative expense, and amortization expense for intellectual property will be expensed to cost of revenues. During the period from October 16, 2023 and March 31, 2024, $2,005 of amortization expense was recorded to general and administrative costs and $266 of amortization expense was recorded to cost of revenues in the Sterilization Disinfection Control division related to the GKE acquisition.

(e) Acquired goodwill of $48,850, all of which is allocated to the Sterilization Disinfection Control division, represents the value expected to arise from the benefits of expanded market opportunities, particularly in the healthcare industry, as well as expected synergies and GKE's assembled workforce, none of which qualify as amortizable intangible assets. The goodwill acquired is expected to be deductible for U.S. taxes with respect to GILTI; the goodwill is not expected to be deductible for foreign tax purposes.

Acquisition related costs such as legal and advisory fees were approximately $835 during fiscal year 2024; these costs are not included as a component of consideration transferred, but are expensed in the periods in which the costs are incurred and are reflected on the Consolidated Statements of Operations in general and administrative expenses.

GKE's operations contributed $9,289 to revenues and $1,046 of net income (including $2,271 of non-cash amortization expense related to acquired intangible assets and $1,229 of non-cash inventory step up expense) to our consolidated results during the twelve months ended March 31, 2024.

Supplemental unaudited pro-forma information
Combined revenues from Mesa and GKE for fiscal years 2024 and 2023 would have been approximately $229,260 and $241,360, respectively, had the GKE acquisition occurred at the beginning of our prior fiscal year on April 1, 2022.

It is impracticable for us to disclose pro-forma net earnings information regarding the combined results of the operations of Mesa and GKE as if the acquisition had occurred at an earlier date. Prior to acquisition, GKE was a privately owned company with financial statements prepared on a statutory, rather than GAAP, basis, using a different fiscal year end than Mesa's. Certain financial information cannot be recreated for accurate financial results. For example, prior to Mesa's ownership, GKE accounted for inventory at an unburdened rate and performed only annual inventory counts, such that we cannot accurately estimate cost of goods sold. Additionally, all transactions occurring between the three GKE entities, which are substantial, were accounted for at arms-length prior to acquisition; we eliminated intercompany transactions from a revenue perspective above, but we do not have sufficient historical detail to eliminate intercompany cost of revenues accurately. As presentation of pro-forma net earnings information would require extensive estimation and could not be sourced from sufficiently factual information reasonably aligned with GAAP, it is impracticable for us to disclose pro-forma net earnings information.

Belyntic, GmbH
On November 17, 2022, we acquired substantially all of the assets and certain liabilities of Belyntic GmbH's peptide purification business ("the Belyntic acquisition") for a total cash price of $6,450, of which $4,950 was paid on the date of acquisition. The remaining $1,500 becomes due to the Belyntic sellers as patent applications are approved (see Note 13. "Commitments and Contingencies"). The business complements our existing peptide synthesis business, part of the Biopharmaceutical Development segment, by adding a new consumables line that can be used with the instruments we sell. The new PurePep® EasyClean products are an environmentally conscious chemistry solution to purify peptides. During the twelve months ended March 31, 2024, we recorded certain measurement period adjustments to reclassify amounts from intangible assets into goodwill. Our preliminary purchase price allocation was finalized as of December 31, 2023.

Agena Bioscience, Inc.
On October 20, 2021, we completed the acquisition of 100% of the outstanding shares of Agena Bioscience, Inc. ("Agena" or "the Agena acquisition") for adjusted cash consideration of $300,793. Agena is a leading clinical genomics tools company that develops, manufactures, markets and supports proprietary instruments and related consumables that enable genetic analysis for a broad range of research applications. The acquisition of Agena moved our business toward the life sciences tools sector and expanded our market opportunities, particularly in Asia. Agena's operations comprise our Clinical Genomics segment.

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Note 5. Leases

We have operating leases for buildings and office equipment used in manufacturing and distribution, engineering, research and development, sales and marketing, and administration activities. The following table presents the lease balances within the Consolidated Balance Sheets related to our operating leases:

Lease Assets and Liabilities	Balance Sheet Location	March 31, 2024	March 31, 2023
Operating lease ROU asset	Other assets	$ 9,671	$ 8,693
Current operating lease liabilities	Other accrued expenses	2,986	2,868
Noncurrent operating lease liabilities	Other long-term liabilities	6,613	5,752

The components of lease costs, the weighted average remaining lease term and the weighted average discount rate were as follows:

	Year Ended March 31, 2024	2023
Operating lease expense	$ 3,453	$ 3,064
Variable lease expense	530	704
Total lease expense	$ 3,983	$ 3,768
Weighted average remaining lease term in years	4.6	3.3
Weighted average discount rate	4.1%	2.0%

Supplemental cash flow information related to leases was as follows:

	Year Ended March 31, 2024	2023
Cash paid for amounts included in the measurements of lease liabilities	$ 3,392	$ 3,017
Operating lease assets obtained in exchange for operating lease obligations	4,265	1,426

Increases in operating lease right of use assets and lease liabilities are primarily due to the acquisition of GKE.

As of March 31, 2024 maturities of lease liabilities are as follows for future years ending March 31:

2025	$ 3,306
2026	2,721
2027	2,169
2028	444
2029	413
Thereafter	1,792
Future value of lease liabilities	10,845
Less: imputed interest	1,246
Present value of lease liabilities	$ 9,599

The maturity schedule above does not include discounted future minimum lease payments for leases not yet commenced of approximately $7,633 for manufacturing, office and warehouse facilities used by our Biopharmaceutical Development division in Uppsala, Sweden. The lease has a term of 10 years and is expected to commence during the first quarter of fiscal year 2025.

Note 6. Goodwill and Intangible Assets, Net

Goodwill

Goodwill arises from the excess purchase price of acquired businesses over the fair value of acquired tangible and intangible assets, less assumed liabilities.

Changes in the carrying amount of goodwill were as follows:

	Sterilization and Disinfection Control	Clinical Genomics	Biopharmaceutical Development	Calibration Solutions	Total
March 31, 2022	$ 29,750	$ 135,914	$ 88,265	$ 37,237	291,166
Effect of foreign currency translation	(191)	49	(7,381)	(20)	(7,543)
Goodwill related to Belyntic acquisition	-	-	2,973	-	2,973
Measurement period adjustment, Agena acquisition	-	(152)	-	-	(152)
March 31, 2023	$ 29,559	$ 135,811	$ 83,857	$ 37,217	286,444
Effect of foreign currency translation	1,021	(130)	(32)	(6)	853
Impairment losses	-	(118,741)	(38,151)	-	(156,892)
Goodwill related to GKE acquisition	48,850	-	-	-	48,850
Measurement period adjustment, Belyntic Acquisition	-	-	841	-	841
March 31, 2024	$ 79,430	$ 16,940	$ 46,515	$ 37,211	$ 180,096

In the third quarter of fiscal year 2024, we completed the acquisition of GKE. See Note 4. "Significant Transactions" for further information.

During the fourth quarter of our fiscal year ended March 31, 2024, we recorded consolidated goodwill impairment losses of $156,892 related to our Clinical Genomics and Biopharmaceutical Development divisions.

For reporting units associated with our Clinical Genomics and Biopharmaceutical Development divisions, we performed quantitative impairment analyses over goodwill because declining revenues growth in both divisions indicated that the fair values of the businesses might have declined below their carrying values. We also performed quantitative impairment analyses on finite-lived intangible assets within those divisions. More information on the impairment losses is included in the "Impairment Losses" section below. We performed qualitative impairment tests over reporting units in our Sterilization and Disinfection Control and Calibration Solutions divisions and concluded that it was not more likely than not that the fair values of those businesses had declined below their carrying values.

Finite-Lived Intangible Assets

Other intangible assets were as follows:

	March 31, 2024			March 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 189,911	$ (104,528)	$ 85,383	$ 238,247	$ (86,058)	$ 152,189
Intellectual property	41,602	(25,901)	15,701	65,950	(19,550)	46,400
Other intangibles	19,559	(6,891)	12,668	24,793	(6,567)	18,226
Total	$ 251,072	$ (137,320)	$ 113,752	$ 328,990	$ (112,175)	$ 216,815

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Amortization expense for finite-lived intangible assets acquired in a business combination was as follows:

	Year Ended March 31,		
	2024	2023	2022
Amortization in cost of revenues	$ 6,052	$ 6,796	$ 3,806
Amortization in general and administrative	21,289	22,025	18,000
Total	$ 27,341	$ 28,821	$ 21,806

Other than amortization expense, the changes in finite-lived intangible assets from March 31, 2023 to March 31, 2024 primarily reflect impairment losses totaling $117,641 as further described below, additions of $44,071 related to purchase accounting for GKE as of the acquisition date, and foreign currency impacts. See Note 4. "Significant Transactions" for additional information related to our acquisition of GKE. All impairment losses related to finite-lived intangible assets were recorded in our Clinical Genomics division. Of the $117,641 impairment losses, $79,116 related to customer relationships, $28,531 related to patents and other technology-related propriety information, and $9,994 related to trademarks and trade names.

In addition to testing definite-lived intangible assets for impairment in our Clinical Genomics and Biopharmaceutical Development divisions, we also quantitatively tested trademarks and trade names which were previously identified as indefinite-lived intangible assets in our Biopharmaceutical Development division. We concluded the trademarks and trade names were not impaired; however, as of our impairment testing date on January 1, 2024, we have assigned a useful life of 10 years from the original acquisition date to these assets in response to increased pressures and risks in the biopharmaceutical industry resulting from macroeconomic influences. The trademarks and trade names will now amortize through October 2029, resulting in additional expected non-cash amortization expense of approximately $700 per year. We reassessed the remaining useful lives of our intangible assets in conjunction with our impairment testing and made no further material changes to our expectations of the remaining useful lives of our intangible assets because, while the value of certain assets has diminished since acquisition, the expected duration of their usefulness has not changed in response to the macroeconomic and other factors leading to the impairment losses.

The range of useful lives and weighted-average remaining useful lives of amortizable intangible assets as of March 31, 2024 were as follows:

Description	Approx. Est. Useful Life (Years)	Weighted Avg. Remaining Life (Years)
Customer Relationships	7 - 14	8.0
Intellectual Property	7 - 10	5.9
Other Intangibles	3 - 12	7.9

The following is estimated amortization expense for the years ending March 31:

Year	Amortization Expense
2025	$ 17,788
2026	16,988
2027	16,328
2028	15,735
2029	15,182

Impairment Losses

In conjunction with our annual impairment testing, we engaged external valuation specialists to aid in performing recoverability tests, and ultimately fair value tests, over intangible assets in our Clinical Genomics division and both reporting units (Immunoassays and Peptides) of our Biopharmaceutical Development division. Fair value testing was performed by weighting Gordon Growth and Exit Multiple discounted cash flow models and guideline public company

models (one-year forward multiples), relying on unobservable Level 3 inputs, including but not limited to, discount rates, expected useful lives, applicable competitors, and anticipated revenues growth and margins. Inputs were established through discussions between Management and our valuation specialists and are based on internal expectations for future performance, market indicators, and reputable valuation research resources. Impairment losses are recorded in either Impairment of finite-lived intangible assets or Impairment of goodwill in the accompanying Consolidated Statements of Operations. As of the date of our annual goodwill impairment testing, January 1, 2024, the total fair values of the Clinical Genomics and Biopharmaceutical Development divisions were $58,900 and $119,000, respectively. Impairment losses resulted in a 0% cushion between the fair and carrying values of our Clinical Genomics division and the Immunoassays reporting unit within our Biopharmaceutical Development division as of our January 1, 2024 impairment testing date. The fair value of the Peptides reporting unit within our Biopharmaceutical Development division exceeded carrying value by approximately 36% as of our testing date, and no impairment losses were recorded for this reporting unit. The goodwill associated with each of Clinical Genomics, Immunoassays, and Peptides reporting units as of March 31, 2024 was $16,940, $32,807, and $13,708, respectively. As such, the Clinical Genomics and Biopharmaceutical Development divisions are susceptible to further impairment losses in the future if actual results differ significantly from our estimates. Assumptions used in goodwill and intangible asset impairment tests include unobservable Level 3 inputs and estimates that are subject to uncertainty, such that there is a reasonable possibility that further impairment losses, which could be material to our consolidated financial statements, will occur in the Clinical Genomics and Biopharmaceutical Development divisions in the future.

We monitor each of our divisions for indicators of impairment on a quarterly basis. Several changes to the Clinical Genomics division occurred during the fourth quarter of fiscal year 2024 that were incorporated into our impairment analyses and contributed to the recognized impairment loss. First, we enacted changes in our management structure, whereby a new General Manager was assigned to lead the division. Immediately, the new manager began restructuring the division, eliminating 17 positions. Additionally, new division management began to implement an updated business strategy, which resulted in a downward revision of financial expectations for the coming years, particularly the next 1.5 – 2 years, but which will better position the division to achieve sustainable long-term growth. Additionally, in the fourth quarter of 2024, we lost two individually immaterial customer contracts as continued economic difficulties resulted in their bankruptcy. These internal changes, coupled with difficult macroeconomic conditions described further below ultimately contributed to the impairment losses recorded related to the Clinical Genomics division.

Throughout fiscal year 2024, we performed regular analyses comparing the results of the Biopharmaceutical Development division with our expectations at the time of purchase. Our analyses in the first three quarters of fiscal 2024 indicated that reporting units associated with the Biopharmaceutical Development division more likely than not were not impaired, in part because actual operating costs to date had been lower than were expected at acquisition. However, in the fourth quarter of fiscal year 2024, persistent difficult macroeconomic trends resulted in a downward revision of financial expectations for the coming years compared to when the division was acquired, ultimately resulting in a downward revision of previous forecasts of the division's results, particularly after the division failed to meet our revenue expectations during the fourth quarter.

Conditions that negatively impacted both the Clinical Genomics and the Biopharmaceutical Development division included:

- significant increases in discount rates used to value the reporting units due elevated risk-free rates and macroeconomic risk in the market;
- macroeconomic factors, particularly in the biopharmaceutical and pharmaceutical markets, including decreased spending on capital equipment and consolidation of some served customers;
- continued uncertainty in the wider macroeconomic environment, including persistently elevated interest rates compared to when the acquisitions were consummated; and,
- macroeconomic uncertainty in China, which resulted in lower than expected capital equipment purchases;
- continuing high interest rates limiting our customers' spend on capital equipment.

The nature of our Sterilization and Disinfection Control and Calibration Solutions divisions makes them less sensitive to existing macroeconomic conditions, particularly since the product lines offered by these divisions do not require our customers to initially invest in high-dollar capital equipment to the same degree as in our Clinical Genomics and Biopharmaceutical Development divisions.

Note 7. Supplemental Balance Sheet Information

Significant changes in balance sheet amounts below are primarily attributable to the acquisition of GKE and related step-up amounts under purchase accounting. See Note 4. "Significant Transactions" for details.

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Inventories consisted of the following:

	March 31, 2024	March 31, 2023
Raw materials	$ 18,335	$ 20,064
Work in process	1,256	617
Finished goods	13,084	13,961
Total inventories	$ 32,675	$ 34,642

In addition to sales of existing inventories, higher non-cash scrap expense in fiscal year 2024 contributed to the overall decrease in inventories, partially offset by the GKE acquisition and inventory purchases to meet current production needs.

Prepaid expenses and other consisted of the following:

	March 31, 2024	March 31, 2023
Prepaid expenses	$ 2,932	$ 2,498
Deposits	1,898	1,376
Prepaid income taxes	1,237	953
Other current assets	3,341	4,045
Total prepaid expenses and other	$ 9,408	$ 8,872

Property, plant and equipment consisted of the following:

	March 31, 2024	March 31, 2023
Land	$ 889	$ 889
Buildings and building improvements	23,480	22,005
Manufacturing equipment	19,540	14,481
Computer equipment	3,613	4,413
Other	5,383	4,394
Construction in progress	1,380	1,735
Gross total	54,285	47,917
Accumulated depreciation	(22,519)	(19,768)
Property, plant and equipment, net	$ 31,766	$ 28,149

Depreciation expense was as follows:

	Year Ended March 31,		
	2024	2023	2022
Depreciation expense in Cost of revenues	$ 3,031	$ 3,163	$ 2,243
Depreciation expense in Operating expense	1,202	1,150	1,019
Total depreciation expense	$ 4,233	$ 4,313	$ 3,262

Accrued payroll and benefits consisted of the following:

	March 31, 2024	March 31, 2023
Bonus payable	$ 3,838	$ 4,461
Wages and paid-time-off payable	3,072	2,329
Payroll related taxes	1,956	1,982
Other benefits payable	1,069	661
Total accrued payroll and benefits	$ 9,935	$ 9,433

Other accrued expenses consisted of the following:

	March 31, 2024	March 31, 2023
Accrued business taxes	$ 5,557	$ 5,941
Current operating lease liabilities	2,986	2,868
Income taxes payable	1,615	992
Other	2,700	2,297
Total other accrued expenses	$ 12,858	$ 12,098

Note 8. Indebtedness

Credit Facility

On March 5, 2021, we entered into a four-year senior secured credit agreement that included 1) a revolving credit facility in an aggregate principal amount of up to $75,000 (the "Revolver"), 2) a swingline loan in an aggregate principal amount not exceeding $5,000, and 3) letters of credit in an aggregate stated amount not exceeding $2,500 at any time. The agreement also provided for an incremental term loan or an increase in revolving commitments in an aggregate principal amount of at a minimum $25,000 and at a maximum $75,000, subject to the satisfaction of certain conditions and lender considerations. On October 5, 2023, we amended the terms of our four-year senior credit facility to increase the maximum principal amount available to us under the Revolver from $75,000 to $125,000. We refer to the agreement in whole as the "Credit Facility."

Subsequent to the end of fiscal year 2024, on April 5, 2024, we further amended and restated the terms of the Credit Facility. The amended Credit Facility has been modified to:

(i) Extend the maturity of the Credit Facility to April 2029;
(ii) Allow proceeds from the Credit Facility to be used to redeem some or all of the Company's 2025 Notes;
(iii) Include a $75,000 senior secured term loan facility (the "Term Loan"), which is subject to principal amortization payments; and
(iv) Make certain changes to the financial covenants.

Amounts borrowed under the Credit Facility bear interest at either a base rate or a SOFR rate plus an applicable spread ranging from 1.5% to 3.5%, depending on our total net leverage ratio. The interest rate on borrowings under our line of credit as of March 31, 2024 was 7.2%.

We are obligated to pay quarterly unused commitment fees of between 0.20% and 0.35% of the Revolver's aggregate principal amount, based on our leverage ratio. We incurred unused commitment fees of $164 and $107 for the years ended March 31, 2024, and March 31, 2023, respectively. The balance of unamortized customary lender fees was $321 and $312 as of March 31, 2024 and 2023, respectively.

During the second quarter of fiscal year 2024, we borrowed a total of $71,000 under the Revolver to fund the majority of the GKE acquisition, and repaid $20,500 against that outstanding balance during the third and fourth quarters of fiscal year 2024. As of March 31, 2024, the outstanding balance under our Credit Facility was $50,500. Subsequent to March 31, 2024, we repaid an additional $7,500 on our line of credit. We borrowed $75,000 under the Term Loan on April 5, 2024 at a rate of 8.4% as of the borrowing date, largely to fund the repurchase of a portion of the 2025 Notes. See Note 15. "Subsequent Events."

The financial covenants in the Credit Facility as amended include a maximum leverage ratio of 4.50 to 1.00 for the first five testing dates on which the line of credit is outstanding; 4.0 to 1.0 on each of the sixth, seventh, eighth, and ninth testing dates; and 3.5 to 1.0 on each testing date following the ninth testing date. The Credit Facility also stipulates a minimum fixed charge coverage ratio of 1.25 to 1.0 and a minimum senior net leverage ratio of 3.5 to 1. Other covenants include restrictions on our ability to incur debt, grant liens, make fundamental changes, engage in certain transactions with affiliates, or conduct asset sales. As of March 31, 2024, we were in compliance with all required covenants under the terms of the Credit Facility, both before and after the amendment and restatement.

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Convertible Notes

On August 12, 2019, we issued an aggregate principal amount of $172,500 of 2025 Notes. The 2025 Notes mature on August 15, 2025, unless earlier repurchased or converted, and bear interest at a rate of 1.375% payable semi-annually in arrears on February 15 and August 15 each year beginning on February 15, 2020. The 2025 Notes are initially convertible at a conversion rate of 3.5273 shares of common stock per $1,000 principal amount of Notes, which is equivalent to an initial conversion price of approximately $283.50 per share of common stock. Noteholders may convert their 2025 Notes at their option only in the following circumstances:

(i) during any calendar quarter commencing after the calendar quarter ended on December 31, 2019 (and only during such calendar quarter), if the last reported sale price per share of our common stock exceeds 130% of the conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;
(ii) during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the "measurement period") in which the trading price per $1,000 principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of our common stock on such trading day and the conversion rate on such trading day;
(iii) upon the occurrence of certain corporate events or distributions on our common stock, including certain distributions, the occurrence of a fundamental change (as defined in the indenture governing the 2025 Notes) or a transaction resulting in the Company's common stock converting into other securities or property or assets; and
(iv) at any time from, and including, April 15, 2025 until the close of business on the second scheduled trading day immediately before the maturity date.

Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. The if-converted value of the 2025 Notes did not exceed the principal balance as of March 31, 2024.

Immediately following completion of the amendment of the Credit Facility, on April 5, 2024, we entered into separate, privately negotiated purchase agreements (the "Purchase Agreements") with a limited number of holders of our outstanding 2025 Notes. Pursuant to the Purchase Agreements, we purchased $75,000 in aggregate principal amount of the 2025 Notes for an aggregate cash purchase price of approximately $71,410, including accrued and unpaid interest. See Note 15. "Subsequent Events."

Debt issuance costs related to the 2025 Notes are comprised of commissions payable to the initial purchasers of $5,175 and third party offering costs of $255. The debt issuance costs are being amortized to interest expense using the effective interest method over the six-year contractual term of the 2025 Notes.

The net carrying amount of the 2025 Notes was as follows:

	March 31, 2024	March 31, 2023
Principal outstanding	$ 172,500	$ 172,500
Unamortized debt issuance costs	(1,302)	(2,228)
Net carrying value	$ 171,198	$ 170,272

We recognized interest expense on the 2025 Notes as follows:

	Year Ended March 31,		
	2024	2023	2022
Coupon interest expense at 1.375%	$ 2,372	$ 2,372	$ 2,372
Amortization of debt issuance costs	926	907	890
Total	$ 3,298	$ 3,279	$ 3,262

The effective interest rate of the liability component of the 2025 Notes is approximately 1.9%.

As of March 31, 2024, the 2025 Notes, net of unamortized debt issuance costs are classified as a long-term liability on our Consolidated Balance Sheets as the circumstances necessary for conversion were not satisfied as of the end of the period and the private repurchases contemplated by the Purchase Agreements had not yet occurred. The circumstances necessary for voluntary conversion were not met during fiscal year 2024.

Note 9. Stock Transactions and Stock-Based Compensation
(dollars and shares in thousands, except per share values)

Stock-Based Compensation
We issue shares in the form of stock options, RSUs and PSUs to employees and non-employee directors pursuant to the 2021 Equity Plan, and we have awards outstanding under the 2014 Equity Plan. The 2021 Equity Plan authorizes the issuance of 660 shares of common stock to eligible participants, and there were 373 shares available for future grants under the plan as of March 31, 2024. Under the 2014 Equity Plan, 1,100 shares of common stock were authorized and reserved for eligible participants, all of which have been issued and 77 of which remain outstanding as of March 31, 2024.

Stock-based compensation expense recognized in the Consolidated Financial Statements was as follows:

	Year Ended March 31,		
	2024	2023	2022
Stock-based compensation expense	$ 11,936	$ 12,538	$ 11,391
Amount of income tax expense (benefit) recognized in earnings	2,718	(1,169)	(4,055)
Stock-based compensation expense, net of tax	$ 14,654	$ 11,369	$ 7,336

Stock Options
We use the Black-Scholes option-pricing model to estimate the fair value of stock option awards granted. The weighted average assumptions utilized in the model were as follows:

	Year Ended March 31,		
	2024	2023	2022
Weighted-average value at grant date	$ 130.07	$ 185.60	$ 268.81
Expected life (years)	3.52	3.52	3.52
Expected dividend yield	0.07%	0.07%	0.06%
Volatility	37.82%	37.29%	38.82%
Risk-free interest rate	4.16%	3.55%	0.46%

Using the assumptions in the tables above, the weighted-average Black-Scholes fair value per share at grant date for the years ended March 31, 2024, 2023 and 2022 were $42.76, $58.94 and $76.02, respectively. These fair values are before the estimated effect of forfeitures, which reduces the amount of expense recorded in our Consolidated Statements of Operations.

Stock option activity under the 2021 Equity Plan and 2014 Equity Plan as of March 31, 2024, and changes for the year then ended, are presented below (shares and dollars in thousands, except per-share data):

	Stock Options			
	Shares Subject to Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding as of March 31, 2023	163	$ 200.62	3.3	$ 1,643
Awards granted	56	130.07		
Awards forfeited or expired	(23)	192.15		
Awards exercised or distributed	(2)	132.40		24
Outstanding as of March 31, 2024	194	$ 181.89	3.2	$ 26
Exercisable awards as of March, 31, 2024	109	$ 197.63	2.0	$ -
Exercisable awards and awards expected to vest, March 31, 2024	187	$ 183.16	3.2	$ 23

The total intrinsic value of stock options exercised during the years ended March 2023 and March 2022 was $6,902, and $15,209, respectively. Unrecognized stock-based compensation expense for stock options expected to vest as of March 31, 2024 was $2,388 and is expected to be recognized over a weighted average period of 1.8 years. The total fair value of options vested was $2,749, $2,763, and $2,856 during the years ended March 31, 2024, 2023 and 2022, respectively.

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Time-Based Restricted Stock Units (RSUs)

RSU activity under the 2021 Equity Plan was as follows (shares and dollars in thousands, except per-share data):

	Time-Based Restricted Stock Units			
	Number of Shares	Weighted-Average Grant Date Fair Value per Share	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Nonvested at March 31, 2023	57	$ 209.27	1.0	$ 9,993
Awards granted	55	133.30		
Awards forfeited or expired	(8)	166.78		
Awards distributed	(28)	212.22		3,658
Nonvested as of March 31, 2024	76	$ 157.83	1.0	$ 8,325
Expected to vest	69	$ 158.85	1.8	$ 7,540

For the years ended March 31, 2023 and 2022, the weighted average fair values per RSU granted were $187.21 and $274.55, respectively. Unrecognized stock-based compensation expense for RSUs that we have determined are probable of vesting was $6,317 as of March 31, 2024 and is expected to be recognized over a weighted average period of 1.7 years. The total fair value of RSUs vested was $5,881, $6,751, and $5,320 during the years ended March 31, 2024, 2023 and 2022, respectively. The total intrinsic value of time-based RSUs distributed during the years ended March 31, 2023 and March 2022 was $5,004 and $5,320, respectively.

Performance-Based Restricted Stock Units (PSUs)

We grant performance-based RSUs to certain key employees. Vesting of the awards is contingent upon meeting certain service conditions, as well as meeting certain performance and/or market conditions.

PSU activity under the 2021 Equity Plan was as follows (shares and dollars in thousands, except per-share data):

	Performance-Based Restricted Stock Units			
	Number of Shares	Weighted-Average Grant Date Fair Value per Share	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Nonvested at March 31, 2023 at target	44	$ 286.02	3.5	$ 7,958
Awards granted	32	132.29		
Performance adjustment	(19)	177.84		
Awards forfeited or expired at target	(1)	132.29		
Nonvested as of March 31, 2024 at target	56	$ 240.96	2.6	$ 6,142
Expected to vest	55	$ 243.67	2.4	$ 5,984

For the years ended March 31, 2023 and 2022, the average fair value per PSU granted was $182.14 and $302.15, respectively. Unrecognized stock-based compensation expense for PSUs that we have determined probable of vesting was $5,703 as of March 31, 2024 and is expected to be recognized over a weighted average period of 2.4 years. Total fair value of PSUs vested was $1,926 and $5,671 during the years ended March 31, 2023 and 2022, respectively. There were no PSUs vested or distributed during the year ended March 31, 2024. The total intrinsic value of PSUs distributed during the years ended March 31, 2023 and 2022 was $1,776 and $7,549, respectively.

During the year ended March 31, 2024, the Compensation Committee of the Board of Directors created a plan to award to eligible employees 32 PSUs (the "FY24 PSUs") at target that are subject to service, performance, and market conditions. The performance period for the FY24 PSUs is from April 1, 2023 through March 31, 2024, and the service period is from June 21, 2023 through June 21, 2026. Based on actual performance during the performance period, 15 of the FY24 PSUs are expected to vest, net of estimated forfeitures. In addition, the quantity of shares earned based on company performance will be adjusted up or down by a maximum of 20% pursuant to a market-based measure of performance comparing Mesa's share price to a peer group over the period from April 1, 2023 until March 31, 2026.

On October 28, 2021, the Compensation Committee of the Board of Directors granted a special long-term equity award consisting of performance stock units covering a target of 40 shares that is subject to both performance and service conditions to our Chief Executive Officer. The performance period of the award was the three-year period from April 1, 2021 through March 31, 2024. The service periods commence on October 28, 2021 and end on each of October 27, 2024, October 27, 2025, and October 27, 2026, on which dates eligible PSUs will vest and be distributed. The performance metrics are cumulative GAAP revenues over the performance period and cumulative adjusted operating income over the performance period. Based on actual performance through the period ended March 31, 2024, 35 shares are expected to vest.

During the year ended March 31, 2024, we adjusted our estimate of PSUs expected to vest under all outstanding plans based on actual results achieved through applicable performance periods. We recorded a cumulative effect release of ($812) during the period (approximately $640, net of estimated tax as well as $0.12 per basic and diluted share), which is recorded in general and administrative expense on our Consolidated Statements of Operations. In the future, we expect non-cash stock-based compensation expense of approximately $934 per quarter related to outstanding PSUs following our new estimate of performance share units expected to vest.

In November 2005, our Board of Directors approved a program to repurchase up to 300 shares of our outstanding common stock. Under the program, shares of common stock may be purchased from time to time in the open market at prevailing prices or in negotiated transactions off the market. Shares of common stock repurchased will be cancelled and repurchases of shares of common stock will be funded through existing cash reserves. There were no repurchases of our shares of common stock under this plan during the years ended March 31, 2024, 2023 or 2022. As of March 31, 2024, we have repurchased 162 shares under this plan.

Under applicable law, Colorado corporations are not permitted to retain treasury stock. The price paid for repurchased shares is allocated between common stock and retained earnings based on management's estimate of the original sales price of the underlying shares.

Note 10. Net (Loss) Earnings Per Share
(dollars and shares in thousands, except per share values)

The following table presents a reconciliation of the denominators used in the computation of basic and diluted net (loss) earnings per share:

	Year Ended March 31,		
	2024	**2023**	**2022**
Net (loss) earnings available for shareholders	$ (254,246)	$ 930	$ 1,871
Weighted average outstanding shares of common stock	5,386	5,321	5,212
Dilutive effect of stock options	-	26	100
Dilutive effect of unvested stock awards	-	14	23
Fully diluted shares	5,386	5,361	5,335
Basic (loss) earnings per share	$ (47.20)	$ 0.17	$ 0.36
Diluted (loss) earnings per share	$ (47.20)	$ 0.17	$ 0.35

The impact of the assumed conversion of the 2025 Notes calculated under the if-converted method was anti-dilutive, and as such shares underlying the 2025 Notes were excluded from the diluted EPS calculation for the fiscal years ended March 31, 2024, 2023, and 2022.

The following stock awards were excluded from the calculation of diluted EPS:

	Year Ended March 31,		
	2024	**2023**	**2022**
Assumed conversion of convertible debt	608	608	608
Stock awards that were anti-dilutive	268	154	40
Total stock awards excluded from diluted EPS	876	762	648

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Note 11. Employee Benefit Plans

We adopted the Mesa Laboratories, Inc. 401(K) Retirement Plan effective January 1, 2000. Under this plan, we match 100% of the first 4% of eligible pay contributed by each eligible employee, and contributions vest immediately. Participation is voluntary, and employees are eligible on the first day of the month following their start date. Our contribution obligations to the Mesa Laboratories, Inc. 401(K) retirement plan were $2,078, $1,768 and $1,185 during the years ended March 31, 2024, 2023 and 2022, respectively.

Note 12. Income Taxes

Provision for Income Taxes

Earnings before income taxes were as follows:

	Year Ended March 31,		
	2024	**2023**	**2022**
Domestic	$ (233,853)	$ 1,887	$ 4,579
Foreign	(41,795)	(2,276)	(1,005)
Total (loss) earnings before income taxes	$ (275,648)	$ (389)	$ 3,574

The components of our provision for income taxes were as follows:

	Year Ended March 31,		
	2024	**2023**	**2022**
Current tax provision:			
U.S. Federal	$ 3,002	$ 593	$ (83)
U.S. State	1,678	538	286
Foreign	2,330	1,070	1,372
Total current tax expense	7,010	2,201	1,575
Deferred tax provision:			
U.S. Federal	(20,387)	(1,432)	1,707
U.S. State	(1,853)	(210)	337
Foreign	(6,172)	(1,878)	(1,916)
Total deferred tax (benefit) expense	(28,412)	(3,520)	128
Total income tax (benefit) expense	$ (21,402)	$ (1,319)	$ 1,703

A reconciliation of our income tax provision and the amounts computed by applying statutory rates to earnings before income taxes was as follows (percentages may not perfectly sum due to rounding):

	Year Ended March 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
(Loss)/ income before income taxes	$ (275,648)		$ (389)		$ 3,574	
Federal income taxes at statutory rates	(57,886)	21.0%	(82)	21.0%	751	21.0%
State income taxes, net of federal benefit	(2,508)	0.9%	(1,075)	276.3%	628	17.6%
Compensation adjustments	2,738	(1.0%)	1,506	(387.1%)	(16)	(0.4%)
Research and development credit	(1,093)	0.4%	(1,010)	259.6%	(495)	(13.9%)
Return to provision adjustment	(182)	0.1%	(125)	32.1%	(68)	(1.9%)
Subpart F, GILTI, & FDII	(412)	0.1%	(127)	32.6%	6	0.2%
Foreign rate differential	(566)	0.2%	(313)	80.5%	(152)	(4.3%)
Permanent difference	479	(0.2%)	33	(8.5%)	64	1.8%
Goodwill impairment	32,594	(11.8%)	-	-%	-	-%
Valuation allowance	5,398	(2.0%)	(126)	32.4%	304	8.5%
Interest reserve adjustment	-	-%	-	-%	668	18.7%
Other	36	-%	-	-%	13	0.4%
Total income tax (benefit) expense	$ (21,402)	7.8%	$ (1,319)	339.1%	$ 1,703	47.6%
Effective income tax rate	7.76%		339.07%		47.65%	

Deferred Tax Assets and Liabilities

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets (liabilities) were as follows:

	March 31, 2024	March 31, 2023
Deferred tax assets:		
Capitalized research expenditures	$ 5,116	$ 3,124
Credits	2,528	4,769
Allowances and reserves	3,033	2,376
Stock compensation deductible differences	1,346	1,384
Operating lease liabilities	2,182	1,850
Inventories	668	1,348
Net operating loss	6,633	6,945
Other	187	149
Net deferred tax assets, gross	**21,693**	**21,945**
Valuation allowance	(5,975)	(582)
Net deferred tax assets, net	**15,718**	**21,363**
Deferred tax liabilities:		
Operating lease right-of-use assets	(2,120)	(1,811)
Goodwill and intangible assets	(28,694)	(49,781)
Property, plant and equipment	(2,813)	(2,502)
Other	(579)	(221)
Total deferred tax liabilities	**(34,206)**	**(54,315)**
Deferred tax asset/(liabilities)	**(18,488)**	**(32,952)**

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Valuation Allowance

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. In evaluating the need for a valuation allowance, management takes into account various factors, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and results of recent operations. Based on this evaluation, the Company has concluded that a valuation allowance is necessary on its U.S. and certain German operations and do not expect to fully realize its deferred tax assets as of March 31, 2024.

The following table summarizes the changes in our valuation allowance for deferred tax assets:

	Year Ended March 31,		
	2024	2023	2022
Beginning balance	$ 582	$ 708	$ 404
Additions charged to income tax expense and other accounts	5,398	567	304
Deductions from reserves	(5)	(693)	-
Ending balance	$ 5,975	$ 582	$ 708

Net Operating Loss Credit and Carryforwards

As of March 31, 2024, the Company had U.S. and Foreign net operating loss ("NOL") carryforwards consisting of the following:

	March 31, 2024	Expiration Date
Pre-2018 federal NOL carryforwards	$ -	N/A
Post-2018 federal NOL carryforwards	-	Indefinite
State NOL carryforwards	8,709	March 31, 2035
Foreign NOL carryforwards	22,595	Indefinite

As of March 31, 2024, the Company had U.S. tax credit carryforwards consisting of the following:

	March 31, 2024	Expiration Date
Federal research tax credit carryforwards	$ -	N/A
State research tax credits carryforwards	3,181	March 31, 2036
Federal foreign tax credit carryforwards	15	March 31, 2037

Undistributed earnings in foreign subsidiaries

For the year ended March 31, 2024, provisions have not been made for income taxes on $55,794 of undistributed earnings that were deemed permanently reinvested in foreign subsidiaries at March 31, 2024. Determination of the amount of unrecognized deferred income tax liabilities on these earnings is not practicable because such liability, if any, depends on certain circumstances existing if and when remittance occurs. A deferred tax liability will be recognized if and when the Company no longer plans to permanently reinvest these undistributed earnings.

Uncertain Tax Positions

Uncertain tax positions, if ever recognized in the financial statements, would be recorded in the consolidated statements of operations as part of the income tax provision. A reconciliation of the beginning and ending amount of unrecognized tax benefits, exclusive of interest and penalties, included in the deferred tax liability on the accompanying Consolidated Balance Sheets of the Company is as follows:

	Year Ended March 31,		
	2024	2023	2022
Beginning balance	$ 92	$ 1,329	$ 64
(Decrease) increase related to prior period tax positions	(92)	(1,272)	1,179
Increases related to current period tax positions	-	35	86
Ending balance	$ -	$ 92	$ 1,329

As of March 31, 2024, the Company has not recorded any gross unrecognized tax benefits. The Company recognizes interest and penalties accrued on uncertain income tax positions in other expense and general and administrative expense, respectively. Interest and penalties included in other long-term liabilities on the accompanying Consolidated Balance Sheets of the Company were $0 for each of the years ended March 31, 2024, 2023 and 2022. The Company does not expect a material change in unrecognized tax benefits or interest in the next 12 months.

The Company files income tax returns in the U.S. various states and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The following tax years remain subject to examination:

Significant Jurisdictions	Open Years
U.S. Federal	2020-2022
U.S. States	2019-2022
Foreign	2016-2022

Note 13. Commitments and Contingencies

We are party to various legal proceedings arising in the ordinary course of business. As of March 31, 2024, we are not party to any legal proceeding that management believes could have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

As part of the Belyntic acquisition, we agreed to pay the sellers a contingency based upon approval of contractually specified patents. The estimated fair value of the probable remaining contingent consideration was $571 as of March 31, 2024.

As part of the GKE acquisition, we have agreed to pay the GKE sellers approximately $9,300 (at March 31, 2024 exchange rates) 18 months following the acquisition date, pending adjustments for potential indemnification losses that may arise.

See Note 15. "Subsequent Events" for further information on debt commitments incurred subsequent to the end of fiscal year 2024.

Note 14. Segment Data

Segment information is prepared on the same basis that our chief operating decision maker, our CEO, uses to manage our segments, evaluate financial results, and make key operating decisions. Our four reportable segments are organized primarily by the nature of the goods and services they sell. We evaluate the performance of our operating segments based on revenues, organic revenues growth, and gross profit. The accounting policies of the operating segments are the same as those described in Note 1. "Description of Business and Summary of Significant Accounting Policies."

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The following tables set forth our segment information:

	Year Ended March 31,		
	2024	2023	2022
Revenues (a):			
Sterilization and Disinfection Control (b)	$ 75,124	$ 64,609	$ 59,044
Clinical Genomics	52,588	62,299	32,840
Biopharmaceutical Development	40,712	47,365	45,579
Calibration Solutions	47,763	44,807	46,872
Total revenues	$ 216,187	$ 219,080	$ 184,335
Gross profit:			
Sterilization and Disinfection Control (b)	$ 53,302	$ 46,520	$ 43,720
Clinical Genomics	27,078	32,485	11,941
Biopharmaceutical Development	25,400	30,340	28,605
Calibration Solutions	27,547	24,388	24,989
Reportable segment gross profit	133,327	133,733	109,255
Corporate and Other (c)	(77)	(40)	(165)
Gross profit	$ 133,250	$ 133,693	$ 109,090
Reconciling items:			
Operating expenses	405,325	130,373	104,388
Operating (loss) income	(272,075)	3,320	4,702
Nonoperating expense, net	3,573	3,709	1,128
(Loss) earnings before income taxes	$ (275,648)	$ (389)	$ 3,574

(a) Intersegment revenues are not significant and are eliminated to arrive at consolidated totals.
(b) Includes GKE results beginning at acquisition.
(c) Unallocated corporate expenses and other business activities are reported within Corporate and Other.

The following table sets forth depreciation and amortization expense recorded in costs of revenues and included in the determination of gross profit above. Increases in the Sterilization and Disinfection Control division are primarily attributable to the GKE acquisition.

	Year Ended March 31,		
	2024	2023	2022
Sterilization and Disinfection Control	$ 1,469	$ 818	$ 860
Clinical Genomics	5,385	6,808	3,093
Biopharmaceutical Development	1,563	1,435	1,615
Calibration Solutions	280	366	390
Unallocated	386	532	91
Total depreciation and amortization expense in Cost of revenues	$ 9,083	$ 9,959	$ 6,049

The following table sets forth net inventories by reportable segment. Our chief operating decision maker is not provided with any other segment asset information. The increase in inventories in our Sterilization and Disinfection Control division is primarily due to the GKE acquisition.

	March 31, 2024	March 31, 2023
Sterilization and Disinfection Control	$ 7,014	$ 3,492
Clinical Genomics	11,813	13,985
Biopharmaceutical Development	6,304	8,384
Calibration Solutions	7,544	8,781
Total inventories	$ 32,675	$ 34,642

The following table sets forth a summary of long-lived assets by geographic area. Long-lived assets exclude goodwill and intangible assets acquired in a business combination and deferred tax assets. The increase in long-lived assets in Germany is primarily due to the GKE acquisition.

	As of March 31,	
	2024	2023
United States	$ 32,229	$ 34,729
Germany	7,596	931
Other	2,479	2,862
Total long-lived assets	$ 42,304	$ 38,522

Revenues from external customers are attributed to individual countries based upon locations to which the product is shipped or exported, as follows:

	Year Ended March 31,		
	2024	2023	2022
United States	$ 106,395	$ 117,281	$ 99,068
China	24,933	25,797	16,518
Other	84,859	76,002	68,749
Total revenues	$ 216,187	$ 219,080	$ 184,335

Increases in revenues from countries other than the United States and China are primarily attributable to the acquisition of GKE. No customer accounts for 10% or more of our consolidated revenues. No foreign country other than China exceeds 10% of total revenues.

Note 15. Subsequent Events

On April 5, 2024, we entered into separate, privately negotiated purchase agreements with a limited number of holders of our outstanding 2025 Notes. Pursuant to these purchase agreements, on April 11, 2024, we repurchased $75,000 in aggregate principal amount of the 2025 Notes for an aggregate cash purchase price of approximately $71,250, plus accrued and unpaid interest of $160. We are currently evaluating the appropriate accounting treatments for the repurchase, which will be recorded and disclosed in our upcoming Condensed Consolidated Financial Statements and the Notes thereto for the period ended June 30, 2024.

Under terms of our Credit Facility as amended on April 5, 2024, (see Note. 8 "Indebtedness"), we borrowed $75,000 under the Term Loan effective April 5, 2024 at a rate of 8.4% as of the borrowing date, largely to fund the repurchase of a portion of our 2025 Notes as described above. We will be required to make quarterly principal payments on the $75,000 term loan borrowings as follows: $938 each quarter from June 30, 2024 to March 31, 2026; $1,406 each quarter from June 30, 2026 to March 31, 2028; and $1,875 from June 30, 2028 to March 31, 2029. The remaining unpaid balance of $48,750 will be due at maturity in April 2029; however, we anticipate that we will have the ability to refinance the debt at that time if necessary.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to reasonably ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of March 31, 2024. Based on that evaluation, our management concluded that our disclosure controls and procedures were not effective as of March 31, 2024.

Nevertheless, based on the performance of additional procedures by management designed to ensure reliability of financial reporting, our management has concluded that, notwithstanding the material weaknesses described below, the consolidated financial statements, included in this Annual Report on Form 10-K, fairly present, in all material respects, our financial position, results of operations, and cash flows as of the dates, and for each of the periods presented, in conformity with U.S. GAAP.

Management's Annual Report on Internal Control Over Financial Reporting

Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness for 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.

Management evaluated the effectiveness of our internal control over financial reporting as of March 31, 2024, using the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on that evaluation, our management concluded that our internal control over financial reporting was not effective as of March 31, 2024 due to the material weaknesses described below.

Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management identified a material weakness in the design of our controls over accounting for complex and non-routine transactions. Specifically, Management did not have adequate supervision and review controls over the complex accounting for goodwill impairment and acquisitions. This material weakness did not result in an error in any of our previously issued consolidated financial statements including the consolidated financial statements as of and for the year ended March 31, 2024.

Management identified a material weakness in the design of our controls over determining the useful lives of our recently acquired intangibles. Specifically, while still in the measurement period related to the acquisition of GKE, Management selected a useful life related to customer relationships acquired in the GKE acquisition, but there was evidence that a longer useful life may be appropriate. This material weakness did not result in a material error in any of our previously issued consolidated financial statements including the consolidated financial statements as of and for the year ended March 31, 2024.

Additionally, during the year ended March 31, 2024, Management identified that several change management and logical access controls related to our enterprise resource planning tool were not operating effectively for portions of the year ended March 31, 2024. The failure of these information technology general controls extended to automated application controls across portions of financial reporting and business transaction cycles which rely upon the affected information technology application controls. This combination of control deficiencies indicates that there is a reasonable possibility that a material misstatement could fail to be detected on a timely basis. Upon discovery of the failures, Management performed reviews of system data to ascertain whether change management processes had been used inappropriately and identified no instances of misuse of roles or unapproved changes to the enterprise resource planning tool. Management promptly initiated corrective actions to remediate the deficient controls that resulted in the material weakness; however, there are insufficient instances of each control having operated to evidence remediation of each control deficiency that aggregated to the material weakness. This material weakness did not result in an error in any of our previously issued financial statements, including the consolidated financial statements as of and for the year ended March 31, 2024.

Remediation Plans

Following identification of the material weaknesses, and as part of our commitment to strengthen our internal control over financial reporting, we are implementing remedial actions under the oversight of the Audit Committee of our Board of Directors to address our material weaknesses.

Technical accounting related to non-routine transactions
On highly-technical, non-routine and complex accounting transactions, we will begin to engage third-party advisors with the requisite skills and technical expertise to assist us in an appropriate combination of assessing, performing or reviewing such transactions. Specifically, we intend to:

- identify non-routine transactions that arise and evaluate whether the transaction warrants additional advisor oversight or validation of analyses based on complexity or changes in applicable regulations;

- identify and select qualified third-party advisors, ensuring that those advisors have adequate knowledge to prepare or review the specific complex accounting transaction contemplated;

- ensure that third-party providers follow a process that incorporates appropriate review controls;

- perform a final internal review over the work of third parties to ensure Management consensus with the work product.

Assessment of useful lives of recently acquired intangibles
During the first quarter of fiscal year 2025, during the measurement period related to the GKE acquisition, we will modify the useful life of our customer relationship intangible and record a cumulative effect true up to release amortization expense.

Information technology general controls
Management has modified the reports used as source data to test change management in its enterprise resource planning tool. Additionally, Management has designed a control to enhance its review of roles, particularly those with ability add, edit, or delete transactions. We believe that executing these steps will provide sufficient evidence to remediate the deficiencies related to operating effectiveness and design of our controls.

Management intends to thoroughly evaluate the design of its information technology application controls related to its enterprise resource planning tool and other in scope systems during its fiscal year 2025. Management may leverage the use of a third party specialist to accomplish this evaluation.

We will continue to monitor the design and operating effectiveness of these and other processes, procedures and controls and make any further changes management determines appropriate.

Our CEO and CFO have certified that, based on their knowledge, our consolidated financial statements and other financial information included in this Annual Report on Form 10-K ("Form 10-K"), fairly present, in all material respects, our financial condition, results of operations and cash flows as of, and for, the periods presented in this Form 10-K.

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Prior Year Material Weakness

As disclosed in Part II Item 9A. *Controls and Procedures* in our annual report on Form 10-K filed with the Securities and Exchange Commission on May 30, 2023 for the year ended March 31, 2023, we identified two material weaknesses in internal controls:

1) Management's review controls over fair value calculations, including Management's preliminary valuation of the Belyntic Acquisition were insufficient. Specifically, Management failed to utilize resources with an appropriate level of knowledge and expertise in performing and reviewing the fair value calculations.

2) Management's review controls over the qualitative assessment of goodwill impairment were insufficient to identify potential impairment triggers.

Remediation Status for Prior Year Material Weaknesses in Internal Control Over Financial Reporting

In response to the material weaknesses identified in the prior year we, with the oversight from the Audit Committee of the Board of Directors, developed a plan to remediate the material weaknesses. Our remediation plan required that:

1) Management will utilize a valuation specialist with the requisite knowledge to perform such valuations for all acquisitions of businesses.

2) Members of Management with requisite knowledge perform formal quarterly analyses of potential impairment triggers.

As a result of control activities performed during fiscal year 2024, we concluded that the material weakness regarding fair value calculations was remediated as of June 30, 2023, and the material weakness regarding goodwill impairment assessments was remediated as of September 30, 2023. We will continue to perform formal quarterly impairment trigger analyses in future periods. We will likewise continue to utilize a valuation specialist with the requisite knowledge to perform valuations for all future acquisitions of businesses, as such acquisitions occur.

RSM US LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Form 10-K, has issued an unqualified opinion on our consolidated financial statements and has issued an attestation report on our internal control over financial reporting as of March 31, 2024 within Item 8. *Financial Statements and Supplementary Data* in this annual report on Form 10-K.

Changes in internal control over financial reporting

We acquired GKE in the third quarter of our fiscal year 2024. The financial results of each of these acquisitions are included in our audited consolidated financial statements as of March 31, 2024. The Company's total assets as of March 31, 2024 include $113.5 million from GKE. The Company's consolidated revenues for the year ended March 31, 2024 includes $9.2 million from GKE. As the acquisition occurred in the third quarter of fiscal year 2024, the scope of our assessment of our internal control over financial reporting does not include the acquisition. This exclusion is in accordance with the Securities and Exchange Commission's guidance that an assessment of a recently acquired business may be omitted from our scope in the year of acquisition.

Other than the items discussed above, there were no other changes to our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the three and twelve months ended March 31, 2024 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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MesaLabs

Our purpose is to protect the vulnerable.

We fulfill that purpose by ensuring the safety and efficacy of the products people use every day and by helping to maintain critical environments for healthcare services, biopharmaceuticals, medical devices, environmental, and food and beverage industries.

TRANSFER AGENT
Computershare Investor Services
Denver, Colorado

INDEPENDENT AUDITORS
RSM US LLP
Los Angeles, California

SEC COUNSEL
Davis Graham & Stubbs LLP
Denver, Colorado

Our 2024 Leadership Team

Gary M. Owens
President and CEO

John V. Sakys
Vice President and Chief Financial Officer

Brian D. Archbold
SVP of Operations and Continuous Improvement

John J. Sullivan, PhD.
Chairperson, Retired President and CEO, Mesa Laboratories, Inc.

Gary M. Owens
President and Chief Executive Officer, Mesa Laboratories, Inc.

Shannon M. Hall
Chief Executive Officer, Pow-bio

Jennifer S. Alltoft
VP - Business Development and Commercialization, Sumitovant Biopharma, Ltd.

Shiraz S. Ladiwala
Retired SVP - Strategy and Corporate Development, Thermo Fisher Scientific

Tony Tripeny
Retired Chief Financial Officer, Corning

Mark C. Capone
Retired Chief Executive Officer, Myriad Genetics

12100 West 6th Avenue | Lakewood, CO 80228 | (303) 987-8000 | *mesalabs.com*
Shares traded on the NASDAQ Global Market under the symbol MLAB

OPERATIONAL DATA

Year Ended March 31	2024 (#)	2023	2022	2021	2020*	2019
Revenues	$216,187	$219,080	$184,335	$133,937	$117,687	$103,135
Gross profit	$133,250	$133,693	$109,090	$87,014	$65,362	$60,916
Gross profit margin	62%	61%	59%	65%	55%	59%
Net income (loss)	$(254,246)	$930	$1,871	$3,274	$1,778	$7,484
Earnings (loss) per diluted share	$(47.20)	$0.17	$0.35	$0.64	$0.41	$1.86
Adjusted operating income*	$45,968	$48,992	$41,161	$39,098	$26,595	$28,195
Adjusted operating income per diluted share*	$8.53	$9.14	$7.72	$7.63	$6.08	$6.99
Weighted average diluted shares outstanding	5,386	5,361	5,335	5,124	4,371	4,033

COMPANY SUMMARY BY SEGMENT

	Sterilization and Disinfection Control		Clinical Genomics		Biopharmaceutical Development		Calibration Solutions		Reportable Segments	
Fiscal year ended March 31	2024	2023	2024	2023*	2024	2023*	2024	2023*	2024	2023*
Revenues	$75,124	$64,609	$52,588	$62,299	$40,712	$47,365	$47,763	$44,807	$216,187	$184,335
Organic Revenue Growth	2%	9%	(16%)	(13%)	(14%)	4%	7%	(4%)	(6%)	13%
Gross Profit as a % of Revenues	71%	72%	51%	52%	62%	64%	58%	54%	62%	59%

***The following table sets forth our reconciliation of operating (loss) income to adjusted operating income, a non-GAAP measure:**

Year Ended March 31*	2024	2023*	2022	2021	2020
Operating income (loss)	$(272,075)	$3,320	$4,702	$12,358	$7,923
Amortization of intangible assets acquired in a business combination	$ 27,341	$ 28,821	$ 21,806	$ 14,513	$ 10,637
Depreciation of long-lived assets	$ 4,233	$ 4,313	$3,262	$ 2,959	$ 2,234
Stock-based compensation	$ 11,936	$12,538	$11,391	$ 9,268	$ 5,525
Impairment losses on goodwill and finite-lived intangible assets	$ 274,533	-	-	-	$ 276
Adjusted Operating Income (non-GAAP)	**$45,968**	**$48,992**	**$41,161**	**$39,098**	**$26,595**

In thousands, except per share data

* The non-GAAP measure of adjusted operating income is defined to exclude the non-cash impact of amortization of intangible assets acquired in a business combination, depreciation of long-lived assets, stock-based compensation and impairment of goodwill and other assets. We adjusted this non-GAAP measure to exclude depreciation in fiscal 2024; prior year amounts presented have been adjusted accordingly to conform with current presentation. Reconciliation can be found on back cover.

(#) During the fiscal year ended March 31, 2024, we completed the GKE acquisition, which contributed $9,289 to revenues. Additionally, we recorded a $274.5 million charge related to the impairment of goodwill and intangible assets