UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ____ TO ____

COMMISSION FILE NUMBER 1-10596

ESCO TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

MISSOURI (State or other jurisdiction of incorporation or organization)	43-1554045 (I.R.S. Employer Identification No.)
9900A CLAYTON ROAD ST. LOUIS, MISSOURI (Address of principal executive offices)	63124-1186 (Zip Code)

(314) 213-7200

(Registrant’s telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ESE	New York Stock Exchange

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	**Shares outstanding at July 31, 2024**
Common stock, $.01 par value per share	25,752,712

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended June 30,	
	2024	2023
Net sales	$ 260,783	248,749
Costs and expenses:		
Cost of sales	157,435	147,274
Selling, general and administrative expenses	54,955	55,376
Amortization of intangible assets	8,145	7,132
Interest expense, net	3,335	2,495
Other expenses (income), net	(259)	966
Total costs and expenses	223,611	213,243
Earnings before income taxes	37,172	35,506
Income tax expense	7,942	7,563
Net earnings	$ 29,230	27,943
Earnings per share:		
Basic - Net earnings	1.14	1.08
Diluted - Net earnings	$ 1.13	1.08

See accompanying notes to condensed consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in thousands, except per share amounts)

	Nine Months Ended June 30, 2024	Nine Months Ended June 30, 2023
Net sales	$ 728,226	683,386
Costs and expenses:		
Cost of sales	443,933	415,953
Selling, general and administrative expenses	164,020	160,555
Amortization of intangible assets	24,585	21,023
Interest expense, net	9,228	6,422
Other expenses, net	613	1,678
Total costs and expenses	642,379	605,631
Earnings before income taxes	85,847	77,755
Income tax expense	18,229	17,207
Net earnings	$ 67,618	60,548
Earnings per share:		
Basic — Net earnings	$ 2.62	2.35
Diluted — Net earnings	$ 2.62	2.34

See accompanying notes to condensed consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	2023	2024	2023
Net earnings	$ 29,230	27,943	67,618	60,548
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(1,001)	(821)	3,668	12,926
Total other comprehensive income (loss), net of tax	(1,001)	(821)	3,668	12,926
Comprehensive income	$ 28,229	27,122	71,286	73,474

See accompanying notes to condensed consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands)

	June 30, 2024	September 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 63,042	41,866
Accounts receivable, net of allowance for credit losses of $2,387 and $2,264, respectively	213,592	198,557
Contract assets	134,637	138,633
Inventories	219,312	184,067
Other current assets	22,312	17,972
Total current assets	652,895	581,095
Property, plant and equipment, net of accumulated depreciation of $190,738 and $174,698, respectively	164,749	155,484
Intangible assets, net of accumulated amortization of $229,467 and $204,881, respectively	408,981	392,124
Goodwill	535,372	503,177
Operating lease assets	37,716	39,839
Other assets	11,342	11,495
Total assets	$ 1,811,055	1,683,214
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 20,000	20,000
Accounts payable	83,411	86,973
Contract liabilities	113,653	112,277
Accrued salaries	42,662	43,814
Accrued other expenses	51,481	51,587
Total current liabilities	311,207	314,651
Deferred tax liabilities	77,570	75,531
Non-current operating lease liabilities	35,148	36,554
Other liabilities	40,444	43,336
Long-term debt	153,000	82,000
Total liabilities	617,369	552,072
Shareholders' equity:		
Preferred stock, par value $.01 per share, authorized 10,000,000 shares	—	—
Common stock, par value $.01 per share, authorized 50,000,000 shares, issued 30,809,483 and 30,781,699 shares, respectively	308	308
Additional paid-in capital	309,982	304,850
Retained earnings	1,050,748	989,315
Accumulated other comprehensive loss, net of tax	(20,301)	(23,969)
	1,340,737	1,270,504
Less treasury stock, at cost: 5,056,771 and 4,995,414 common shares, respectively	(147,051)	(139,362)
Total shareholders' equity	1,193,686	1,131,142
Total liabilities and shareholders' equity	$ 1,811,055	1,683,214

See accompanying notes to condensed consolidated financial statements.

ESCO TECHNOLOGIES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Nine Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities:		
Net earnings	$ 67,618	60,548
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation and amortization	41,358	37,699
Stock compensation expense	6,369	7,007
Changes in assets and liabilities	(53,839)	(72,346)
Effect of deferred taxes	(6,052)	(3,706)
Net cash provided by operating activities	55,454	29,202
Cash flows from investing activities:		
Acquisition of business, net of cash acquired	(56,383)	(17,694)
Additions to capitalized software and other	(8,556)	(9,263)
Capital expenditures	(24,949)	(16,993)
Net cash used by investing activities	(89,888)	(43,950)
Cash flows from financing activities:		
Proceeds from long-term debt and short-term borrowings	193,000	88,000
Principal payments on long-term debt and short-term borrowings	(122,000)	(93,000)
Purchases of common stock into treasury	(7,998)	(12,401)
Dividends paid	(6,185)	(6,189)
Other	(1,516)	(2,557)
Net cash provided (used) by financing activities	55,301	(26,147)
Effect of exchange rate changes on cash and cash equivalents	309	(777)
Net increase (decrease) in cash and cash equivalents	21,176	(41,672)
Cash and cash equivalents, beginning of period	41,866	97,724
Cash and cash equivalents, end of period	$ 63,042	56,052
Supplemental cash flow information:		
Interest paid	$ 8,430	5,564
Income taxes paid (including state and foreign)	25,952	18,313

See accompanying notes to condensed consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements, in the opinion of management, include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the results for the interim periods presented. The unaudited condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all the disclosures required for annual financial statements by accounting principles generally accepted in the United States of America (GAAP) and should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023, as filed with the SEC on November 29, 2023.

The Company's results for the three-month period ended June 30, 2024 are not necessarily indicative of the results for the entire 2024 fiscal year. References to the third quarters of 2024 and 2023 represent the fiscal quarters ended June 30, 2024 and 2023, respectively. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates. Certain prior period amounts have been reclassified to conform to the current period presentation.

2. EARNINGS PER SHARE (EPS)

Basic EPS is calculated using the weighted average number of common shares outstanding during the period. Diluted EPS is calculated using the weighted average number of common shares outstanding during the period plus shares issuable upon the assumed exercise of dilutive common share options and vesting of restricted and performance shares by using the treasury stock method. The number of shares used in the calculation of earnings per share for each period presented is as follows (in thousands):

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Weighted Average Shares Outstanding — Basic	25,753	25,757	25,781	25,808
Dilutive Restricted and Performance Shares	87	70	63	82
Adjusted Shares — Diluted	25,840	25,827	25,844	25,890

3. ACQUISITION

On November 9, 2023, the Company acquired MPE Limited (MPE), based in the United Kingdom, for a purchase price of approximately $56.2 million, net of cash acquired. MPE is a leading global manufacturer of high-performance EMC/EMP filters and capacitor products for military, utility, telecommunication, and other critical infrastructure applications. Since the date of acquisition, the operating results for the MPE business have been included as part of ETS-Lindgren in the Test segment. The acquisition date fair value of the assets acquired and liabilities assumed primarily were as follows: approximately $0.4 million of accounts receivable, $1.1 million of inventory, $1.7 million of property, plant and equipment, $0.7 million of accounts payable and accrued expenses, $7.8 million of deferred tax liabilities, and $31.1 million of identifiable intangible assets, mainly consisting of customer relationships totaling $29.1 million. The acquired goodwill of $30.3 million related to excess value associated with opportunities to expand the services and products that the Company can offer to its customers. The Company does not anticipate that the goodwill will be deductible for tax purposes. The Company paid a $0.2 million working capital settlement in the third quarter of fiscal 2024.

4. SHARE-BASED COMPENSATION

The Company provides compensation benefits to certain key employees under several share-based plans providing for performance-accelerated and/or time-vested restricted stock unit awards, and to non-employee directors under a separate compensation plan.

Performance-Accelerated Restricted Stock Unit (PARS) Awards and Time-Vested Restricted Stock Unit (RSU) Awards, and Performance Share Unit (PSU) Awards

Compensation expense related to these awards was $2.0 million and $5.5 million for the three and nine-month periods ended June 30, 2024, respectively, and $1.4 million and $6.0 million for the corresponding periods in 2023. As of June 30, 2024, there were 221,595 unvested stock units outstanding.

Non-Employee Directors Plan

Compensation expense related to the non-employee director grants was $0.3 million and $0.9 million for the three and nine-month periods ended June 30, 2024, respectively, and $0.3 million and $1.0 million for the corresponding periods in 2023.

The total share-based compensation cost that has been recognized in the results of operations and included within selling, general and administrative expenses (SG&A) was $2.2 million and $6.4 million for the three and nine-month periods ended June 30, 2024, respectively, and $1.7 million and $7.0 million for the corresponding periods in 2023. The total income tax benefit recognized in results of operations for share-based compensation arrangements was $0.5 million and $1.4 million for the three and nine-month periods ended June 30, 2024, respectively, and $0.2 million and $0.9 million for the corresponding periods in 2023. As of June 30, 2024, there was $11.0 million of total unrecognized compensation cost related to share-based compensation arrangements. That cost is expected to be recognized over a remaining weighted-average period of 1.5 years.

5. INVENTORIES

Inventories consist of the following:

(In thousands)	**June 30, 2024**	**September 30, 2023**
Finished goods	$ 41,955	34,577
Work in process	59,837	42,178
Raw materials	117,520	107,312
Total inventories	$ 219,312	184,067

6. GOODWILL AND OTHER INTANGIBLE ASSETS

Included on the Company's Consolidated Balance Sheets at June 30, 2024 and September 30, 2023 are the following intangible assets gross carrying amounts and accumulated amortization:

(Dollars in thousands)		June 30, 2024	September 30, 2023
Goodwill	$	535,372	503,177
Intangible assets with determinable lives:			
Patents			
Gross carrying amount	$	2,551	2,516
Less: accumulated amortization		1,322	1,218
Net	$	1,229	1,298
Capitalized software			
Gross carrying amount	$	130,648	121,883
Less: accumulated amortization		89,737	80,774
Net	$	40,911	41,109
Customer relationships			
Gross carrying amount	$	327,537	296,927
Less: accumulated amortization		127,322	113,311
Net	$	200,215	183,616
Other			
Gross carrying amount	$	15,122	14,232
Less: accumulated amortization		11,085	9,578
Net	$	4,037	4,654
Intangible assets with indefinite lives:			
Trade names	$	162,589	161,447

The changes in the carrying amount of goodwill attributable to each business segment for the nine months ended June 30, 2024 is as follows:

(Dollars in millions)		USG	Test	Aerospace & Defense	Total
Balance as of September 30, 2023	$	353.6	34.0	115.6	503.2
Acquisition activity		—	30.5	—	30.5
Foreign currency translation		0.9	0.8	—	1.7
Balance as of June 30, 2024	$	354.5	65.3	115.6	535.4

7. BUSINESS SEGMENT INFORMATION

The Company is organized based on the products and services that it offers and classifies its continuing business operations in three reportable segments for financial reporting purposes: Aerospace & Defense (A&D), Utility Solutions Group (USG), and RF Test and Measurement (Test).

The Aerospace & Defense segment's operations consist of PTI Technologies Inc. (PTI), VACCO Industries (VACCO), Crissair, Inc. (Crissair), Globe Composite Solutions, LLC (Globe) and Mayday Manufacturing Co. (Mayday). The companies within this segment primarily design and manufacture specialty filtration, fluid control and naval products, including hydraulic filter elements and fluid control devices used in aerospace and defense applications; unique filter mechanisms used in micro-propulsion devices for satellites, custom designed filters for manned aircraft and submarines; products and systems to reduce vibration and/or acoustic signatures and otherwise reduce or obscure a vessel's signature, and other communications, sealing, surface control and hydrodynamic related applications to enhance U.S. Navy maritime survivability; precision-tolerance machined components for the aerospace and defense industry; metal processing services; and miniature electro-explosive devices utilized in mission-critical defense and aerospace applications.

The USG segment's operations consist primarily of Doble Engineering Company and related subsidiaries including Morgan Schaffer and Altanova (collectively, Doble), and NRG Systems, Inc. (NRG). Doble is an industry leader in the development, manufacture and delivery of diagnostic testing solutions that enable electric power grid operators to assess the integrity of high voltage power delivery equipment. It combines three core elements for customers – diagnostic test and condition monitoring instruments, expert consulting, and testing services – and provides access to its large reserve of related empirical knowledge.

NRG is a global market leader in the design and manufacture of decision support tools for the renewable energy industry, primarily wind and solar.

The Test segment's operations consist primarily of ETS-Lindgren Inc. and related subsidiaries (ETS-Lindgren). ETS-Lindgren is an industry leader in designing and manufacturing products and systems to measure and control RF and acoustic energy. It serves the acoustics, medical, health and safety, electronics, wireless communications, automotive and defense markets, supplying a broad range of turnkey systems, including RF test facilities and measurement systems, acoustic test enclosures, RF and magnetically shielded rooms and secure communication facilities, and providing the design, program management, installation and integration services required to successfully complete these types of facilities. It also provides a broad range of components including RF absorptive materials, filters, antennas, field probes, test cells, proprietary measurement software and other test accessories required to perform a variety of tests and measurements, and offers a variety of services including calibration and product tests.

Management evaluates and measures the performance of its reportable segments based on "Net Sales" and "EBIT", which are detailed in the table below. EBIT is defined as earnings before interest and taxes.

	Three Months Ended June 30,		Nine Months Ended June 30,	
(In thousands)	**2024**	**2023**	**2024**	**2023**
NET SALES				
Aerospace & Defense	$ 114,450	103,469	323,884	285,434
USG	90,277	89,966	260,570	240,172
Test	56,056	55,314	143,772	157,780
Consolidated totals	$ 260,783	248,749	728,226	683,386
EBIT				
Aerospace & Defense	$ 21,356	21,665	61,396	52,996
USG	22,155	20,351	57,355	50,543
Test	9,292	8,643	16,614	21,280
Corporate (loss)	(12,296)	(12,658)	(40,290)	(40,642)
Consolidated EBIT	40,507	38,001	95,075	84,177
Less: Interest expense	(3,335)	(2,495)	(9,228)	(6,422)
Earnings before income taxes	$ 37,172	35,506	85,847	77,755

Non-GAAP Financial Measures

The financial measure "EBIT" is presented in the above table and elsewhere in this Report. EBIT on a consolidated basis is a non-GAAP financial measure. Management believes that EBIT is useful in assessing the operational profitability of the Company's business segments because it excludes interest and taxes, which are generally accounted for across the entire Company on a consolidated basis. EBIT is also one of the measures used by management in determining resource allocations within the Company as well as incentive compensation. A reconciliation of EBIT to net earnings is set forth in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations – EBIT.

The Company believes that the presentation of EBIT provides important supplemental information to investors to facilitate comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results. However, the Company's non-GAAP financial measures may not be comparable to other companies' non-GAAP financial performance measures. Furthermore, the use of non-GAAP financial measures is not intended to replace any measures of performance determined in accordance with GAAP.

8. DEBT

The Company's debt is summarized as follows:

(In thousands)	**June 30, 2024**	**September 30, 2023**
Total borrowings	$ 173,000	102,000
Current portion of long-term debt	(20,000)	(20,000)
Total long-term debt, less current portion	$ 153,000	82,000

The Credit Facility includes a $500 million revolving line of credit as well as provisions allowing for the increase of the credit facility commitment amount by an additional $250 million, if necessary, with the consent of the lenders. The bank syndication supporting the facility is comprised of a diverse group of seven banks led by JP Morgan Chase Bank, N.A., as administrative agent, Bank of America, N.A., as syndication agent, and Commerce Bank and TD Bank, N.A. as co-documentation agents. The Credit Facility matures August 30, 2028, with balance due by this date.

At June 30, 2024, the Company had approximately $321 million available to borrow under the Credit Facility, plus the $250 million increase option subject to the lenders' consent, in addition to $63.0 million cash on hand. The Company classified $20 million as the current portion of long-term debt as of June 30, 2024, as the Company intends to repay this amount within the next twelve months; however, the Company has no contractual obligation to repay such amount during the next twelve months. The letters of credit issued and outstanding under the Credit Facility totaled $5.5 million at June 30, 2024.

Interest on borrowings under the Credit Facility is calculated at a spread over either an Adjusted Term SOFR Rate, Adjusted EURIBOR Rate, Adjusted CDOR Rate, Alternate Base Rate or Daily Simple RFR, at the Company's election. The Credit Facility also requires a facility fee ranging from 12.5 to 25 basis points per annum on the unused portion. The interest rate spreads and the facility fee are subject to increase or decrease depending on the Company's leverage ratio. The weighted average interest rates were 6.7% and 6.8% for the three and nine-month periods ending June 30, 2024, respectively, and 6.05% and 5.57% for the three and nine-month periods ending June 30, 2023. As of June 30, 2024, the Company was in compliance with all covenants.

9. INCOME TAX EXPENSE

The third quarter 2024 effective income tax rate was 21.4% compared to 21.3% in the third quarter of 2023. The effective income tax rate in the first nine months of 2024 was 21.2% compared to 22.1% for the first nine months of 2023. Income tax expense in the first nine months of 2024 was favorably impacted by discrete events that occurred during the second quarter of 2024 including the release of a foreign valuation allowance and excess tax benefit related to the vesting of share-based director compensation.

10. SHAREHOLDERS' EQUITY

The change in shareholders' equity for the first three and nine months of 2024 and 2023 is shown below (in thousands):

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	2023	2024	2023
Common stock				
Beginning balance	308	308	308	307
Stock plans	—	—	—	1
Ending balance	308	308	308	308
Additional paid-in-capital				
Beginning balance	308,065	304,184	304,850	301,553
Stock plans	1,917	1,371	5,132	4,002
Ending balance	309,982	305,555	309,982	305,555
Retained earnings				
Beginning balance	1,023,578	933,499	989,315	905,022
Net earnings common stockholders	29,230	27,943	67,618	60,548
Dividends paid	(2,060)	(2,061)	(6,185)	(6,189)
Ending balance	1,050,748	959,381	1,050,748	959,381
Accumulated other comprehensive income (loss)				
Beginning balance	(19,300)	(18,018)	(23,969)	(31,764)
Foreign currency translation	(1,001)	(821)	3,668	12,925
Ending balance	(20,301)	(18,839)	(20,301)	(18,839)
Treasury stock				
Beginning balance	(146,241)	(139,178)	(139,362)	(126,961)
Share repurchases, net	(810)	(184)	(7,689)	(12,401)
Ending balance	(147,051)	(139,362)	(147,051)	(139,362)
Total equity	1,193,686	1,107,043	1,193,686	1,107,043

11. FAIR VALUE MEASUREMENTS

The accounting guidance establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial Assets and Liabilities

The Company has estimated the fair value of its financial instruments as of June 30, 2024 and September 30, 2023 using available market information or other appropriate valuation methodologies. The carrying amounts of cash and cash equivalents, receivables, inventories, payables, and other current assets and liabilities approximate fair value because of the short maturity of those instruments.

Fair Value of Financial Instruments

The Company’s forward contracts and interest rate swaps are classified within Level 2 of the valuation hierarchy in accordance with FASB Accounting Standards Codification (ASC) 825, and are immaterial.

Nonfinancial Assets and Liabilities

The Company’s nonfinancial assets such as property, plant and equipment, and other intangible assets are not measured at fair value on a recurring basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence that an impairment may exist. No impairments were recorded during the three and nine-month periods ended June 30, 2024.

12. REVENUES

Disaggregation of Revenues

Revenues by customer type, geographic location, and revenue recognition method for the three and nine-month periods ended June 30, 2024 are presented in the tables below as the Company deems it best depicts how the nature, amount, timing and uncertainty of net sales and cash flows are affected by economic factors. The tables below also include a reconciliation of the disaggregated revenue within each reportable segment.

Three months ended June 30, 2024 (In thousands)	**Aerospace & Defense**	**USG**	**Test**	**Total**
Customer type:				
Commercial	$ 45,404	$ 88,076	$ 42,327	$ 175,807
Government	69,046	2,201	13,729	84,976
Total revenues	$ 114,450	$ 90,277	$ 56,056	$ 260,783
Geographic location:				
United States	$ 95,265	$ 54,063	$ 32,575	$ 181,903
International	19,185	36,214	23,481	78,880
Total revenues	$ 114,450	$ 90,277	$ 56,056	$ 260,783
Revenue recognition method:				
Point in time	$ 53,148	$ 72,985	$ 11,426	$ 137,559
Over time	61,302	17,292	44,630	123,224
Total revenues	$ 114,450	$ 90,277	$ 56,056	$ 260,783

Nine months ended June 30, 2024 *(In thousands)*	Aerospace & Defense	USG	Test	Total
Customer type:				
Commercial	$ 131,993	$ 254,765	$ 111,951	$ 498,709
Government	191,891	5,805	31,821	229,517
Total revenues	$ 323,884	$ 260,570	$ 143,772	$ 728,226
Geographic location:				
United States	$ 267,325	$ 165,789	$ 82,370	$ 515,484
International	56,559	94,781	61,402	212,742
Total revenues	$ 323,884	$ 260,570	$ 143,772	$ 728,226
Revenue recognition method:				
Point in time	$ 146,076	$ 209,973	$ 29,706	$ 385,755
Over time	177,808	50,597	114,066	342,471
Total revenues	$ 323,884	$ 260,570	$ 143,772	$ 728,226

Revenues by customer type, geographic location, and revenue recognition method for the three and nine-month periods ended June 30, 2023 are presented in the tables below.

Three months ended June 30, 2023 *(In thousands)*	Aerospace & Defense	USG	Test	Total
Customer type:				
Commercial	$ 45,574	$ 88,442	$ 48,407	$ 182,423
Government	57,895	1,524	6,907	66,326
Total revenues	$ 103,469	$ 89,966	$ 55,314	$ 248,749
Geographic location:				
United States	$ 86,031	$ 55,011	$ 32,246	$ 173,288
International	17,438	34,955	23,068	75,461
Total revenues	$ 103,469	$ 89,966	$ 55,314	$ 248,749
Revenue recognition method:				
Point in time	$ 48,496	$ 74,128	$ 11,496	$ 134,120
Over time	54,973	15,838	43,818	114,629
Total revenues	$ 103,469	$ 89,966	$ 55,314	$ 248,749

Nine months ended June 30, 2023 *(In thousands)*	Aerospace & Defense	USG	Test	Total
Customer type:				
Commercial	$ 128,016	$ 236,715	$ 137,587	$ 502,318
Government	157,418	3,457	20,193	181,068
Total revenues	$ 285,434	$ 240,172	$ 157,780	$ 683,386
Geographic location:				
United States	$ 237,481	$ 154,410	$ 87,253	$ 479,144
International	47,953	85,762	70,527	204,242
Total revenues	$ 285,434	$ 240,172	$ 157,780	$ 683,386
Revenue recognition method:				
Point in time	$ 129,355	$ 194,240	$ 32,565	$ 356,160
Over time	156,079	45,932	125,215	327,226
Total revenues	$ 285,434	$ 240,172	$ 157,780	$ 683,386

Revenue Recognition

Payment terms with our customers vary by the type and location of the customer and the products or services offered. Arrangements with customers that include payment terms extending beyond one year are not significant. The transaction price for these contracts reflects our estimate of returns and discounts, which are based on historical, current and forecasted information to determine the expected amount to which we will be entitled in exchange for transferring the promised goods or services to the customer. The realization of variable consideration occurs within a short period of time from product delivery; therefore, the time value of money effect is not significant. We primarily provide standard warranty programs for products in our commercial businesses for periods that typically range from one to two years. These assurance-type programs typically cannot be purchased separately and do not meet the criteria to be considered a performance obligation. Under the typical payment terms of our long term fixed price contracts, the customer pays us either performance-based or progress payments. Performance-based payments represent interim payments based on quantifiable measures of performance or on the achievement of specified events or milestones. Progress payments are interim payments of costs incurred as the work progresses.

For our overtime revenue recognized using the output method of costs incurred, contract cost is estimated utilizing current contract specifications and expected engineering requirements. Contract costs typically are incurred over a period of several months to one or more years, and the estimation of these costs requires judgment. Our cost estimation process is based on the professional knowledge and experience of engineers and program managers along with finance professionals. We review and update our projections of costs quarterly or more frequently when circumstances significantly change. In addition, in the USG segment, we recognize revenue as a series of distinct services based on each day of providing services (straight-line over the contract term) for certain of our USG segment contracts. Under the typical payment terms of our service contracts, the customer pays us in advance of when services are performed. In addition, in the Test segment, we use milestones to measure progress for our Test segment contracts because it best depicts the transfer of control to the customer that occurs as we incur costs on our contracts.

Remaining Performance Obligations

Remaining performance obligations, which is the equivalent of backlog, represent the expected transaction price allocated to contracts that the Company expects to recognize as revenue in future periods when the Company performs under the contracts. These remaining obligations include amounts that have been formally appropriated under contracts with the U.S. Government, and exclude unexercised contract options and potential orders under ordering-type contracts such as Indefinite Delivery, Indefinite Quantity contracts. At June 30, 2024, the Company had $888.7 million in remaining performance obligations of which the Company expects to recognize revenues of approximately 68% in the next twelve months.

Contract assets, contract liabilities and accounts receivable

Assets and liabilities related to contracts with customers are reported on a contract-by-contract basis at the end of each reporting period. At June 30, 2024, contract assets, contract liabilities and accounts receivable totaled $134.6 million, $123.5 million and $213.6 million, respectively. During the first nine months of 2024, the Company recognized approximately $54 million in revenues that were included in the contract liabilities balance at September 30, 2023. At September 30, 2023, contract assets, contract liabilities and accounts receivable totaled $138.6 million, $123.1 million and $198.6 million, respectively.

13. LEASES

The Company determines at lease inception whether an arrangement that provides control over the use of an asset is a lease. The Company recognizes at lease commencement a right-of-use (ROU) asset and lease liability based on the present value of the future lease payments over the lease term. The Company has elected not to recognize a ROU asset and lease liability for leases with terms of 12 months or less. Certain of the Company's leases include options to extend the term of the lease for up to 20 years. When it is reasonably certain that the Company will exercise the option, Management includes the impact of the option in the lease term for purposes of determining total future lease payments. As most of the Company's lease agreements do not explicitly state the discount rate implicit in the lease, Management uses the Company's incremental borrowing rate on the commencement date to calculate the present value of future payments based on the tenor of each arrangement.

The Company's leases for real estate commonly include escalating payments. These variable lease payments are included in the calculation of the ROU asset and lease liability. In addition to the present value of the future lease payments, the calculation of the ROU asset also includes any deferred rent, lease pre-payments and initial direct costs of obtaining the lease.

In addition to the base rent, real estate leases typically contain provisions for common-area maintenance and other similar services, which are considered non-lease components for accounting purposes. Non-lease components are excluded from our ROU assets and lease liabilities and expensed as incurred.

The Company's leases are for office space, manufacturing facilities, and machinery and equipment.

The components of lease costs are shown below:

(Dollars in thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
Finance lease cost		
Amortization of right-of-use assets	$ 372	$ 393
Interest on lease liabilities	213	230
Operating lease cost	1,937	1,858
Total lease costs	$ 2,522	$ 2,481

(Dollars in thousands)	Nine Months Ended June 30, 2024	Nine Months Ended June 30, 2023
Finance lease cost		
Amortization of right-of-use assets	$ 1,137	$ 1,179
Interest on lease liabilities	652	698
Operating lease cost	5,675	5,356
Total lease costs	$ 7,464	$ 7,233

Additional information related to leases are shown below:

(Dollars in thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 1,867	$ 1,792
Operating cash flows from finance leases	213	230
Financing cash flows from finance leases	331	334
Right-of-use assets obtained in exchange for operating lease liabilities	515	402

(Dollars in thousands)	Nine Months Ended June 30, 2024	Nine Months Ended June 30, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 5,510	$ 5,172
Operating cash flows from finance leases	652	698
Financing cash flows from finance leases	1,013	991
Right-of-use assets obtained in exchange for operating lease liabilities	2,194	14,984

	June 30, 2024	June 30, 2023
Weighted-average remaining lease term		
Operating leases	10.8 years	11.4 years
Finance leases	11.1 years	11.3 years
Weighted-average discount rate		
Operating leases	4.56 %	4.42 %
Finance leases	4.69 %	4.62 %

The following is a reconciliation of future undiscounted cash flows to the operating and finance lease liabilities, and the related ROU assets, presented on our condensed Consolidated Balance Sheet on June 30, 2024:

(Dollars in thousands) Years Ending September 30:		Operating Leases	Finance Leases
2024 (excluding the nine months ended June 30, 2024)	$	1,569	547
2025		6,108	2,233
2026		4,865	2,297
2027		4,620	2,357
2028 and thereafter		33,915	16,470
Total minimum lease payments		51,077	23,904
Less: amounts representing interest		11,334	5,582
Present value of net minimum lease payments	$	39,743	18,322
Less: current portion of lease obligations		4,595	1,403
Non-current portion of lease obligations		35,148	16,919
ROU assets	$	37,716	14,055

Operating lease liabilities are included in the condensed Consolidated Balance Sheet in accrued other expenses (current portion) and as a caption on the condensed Consolidated Balance Sheet (long-term portion). Finance lease liabilities are included on the condensed Consolidated Balance Sheet in accrued other expenses (current portion) and other liabilities (long-term portion). Operating lease ROU assets are included as a caption on the condensed Consolidated Balance Sheet and finance lease ROU assets are included in Property, plant and equipment on the condensed Consolidated Balance sheet.

14. NEW ACCOUNTING PRONOUNCEMENTS

In November 2023, the FASB issued ASU 2023-07, "*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,*" which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant expenses. The new segment disclosures are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Management will review the extent of new disclosures necessary in the coming quarters, prior to implementation in our fiscal year 2025. Other than additional disclosure, we do not expect a change to our consolidated statements of operations, financial position, or cash flows.

In December 2023, the FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*," which provides qualitative and quantitative updates to the rate reconciliation and income taxes paid disclosures. This ASU will be effective for fiscal years beginning after December 15, 2024. Management will review the extent of new disclosures necessary in the coming quarters, prior to implementation in our fiscal year 2026. Other than additional disclosure, we do not expect a change to our consolidated statements of operations, financial position, or cash flows.

15. SUBSEQUENT EVENT

On July 8, 2024, the Company announced that it has agreed to acquire the Signature Management & Power (or the "Business") business of Ultra Maritime for a purchase price of approximately $550 million. The transaction will be funded through cash on hand and incremental debt, with committed financing in place. Signature Management & Power is a provider of mission-critical signature and power management solutions for submarines and surface ships for the U.S. and UK naval defense markets. The Business is headquartered in Long Island, New York, operates out of four facilities based in the U.S. and the UK, and has approximately 410 employees. Signature Management & Power will become part of ESCO's Aerospace & Defense segment and is expected to have approximately $175 million of revenue in calendar year 2024. The closing of the transaction is subject to certain conditions, including the (i) expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 in the U.S. and (ii) receipt of clearance under the UK National Security and Investment Act of 2021.

Pursuant to a Commitment Letter entered into on July 8, 2024 between the Company and JPMorgan Chase Bank, N.A., on August 5, 2024 the Registrant and certain of its subsidiaries entered into Amendment No. 1 (the "Amendment") to its Amended and Restated Credit Agreement dated August 30, 2023 (the "2023 Credit Agreement") among the Company and certain of its subsidiaries, JPMorgan Chase Bank, N.A., as administrative agent thereunder, the initial lenders party thereto and Citibank, N.A. The Amendment, among other things, (i) implements a senior incremental delayed draw term loan credit facility in an aggregate principal amount of up to $375 million (the "Incremental Facility"), and (ii) permits the direct or indirect acquisition by the

Registrant or certain of its subsidiaries of all of the issued and outstanding shares of Ultra PMES Limited, Measurement Systems, Inc., EMS Development Corporation, and DNE Technologies, Inc. (the "Transaction"), pursuant to and in accordance with the terms and conditions of that certain Sale and Purchase Agreement, dated July 8, 2024, among Ultra Electronics Holdings Limited, as parent seller, the Registrant, as guarantor, and certain of the Registrant's subsidiaries as buyers. The proceeds of the loans drawn under the Incremental Facility will be applied to pay a portion of the cash consideration for the Transaction and other customary fees, premiums, expenses and costs incurred in connection with the Transaction. See further discussion of the transaction and financing arrangements in the Company's Form 8-K's filed on July 8, 2024 and August 7, 2024.

RESULTS OF OPERATIONS

References to the third quarters of 2024 and 2023 represent the three-month periods ended June 30, 2024 and 2023, respectively.

OVERVIEW

In the third quarter of 2024, sales, net earnings and diluted earnings per share were $260.8 million, $29.2 million and $1.13 per share, respectively, compared to $248.7 million, $27.9 million and $1.08 per share, respectively, in the third quarter of 2023. In the first nine months of 2024, sales, net earnings and diluted earnings per share were $728.2 million, $67.6 million and $2.62 per share, respectively, compared to $683.4 million, $60.5 million and $2.34 per share, respectively, in the first nine months of 2023.

NET SALES

In the third quarter of 2024, net sales of $260.8 million were $12.1 million, or 4.8%, higher than the $248.7 million in the third quarter of 2023. In the first nine months of 2024, net sales of $728.2 million were $44.8 million, or 6.6%, higher than the $683.4 million in the first nine months of 2023. The increase in net sales in the third quarter of 2024 as compared to the third quarter of 2023 was due to an $11.0 million increase in the A&D segment, a $0.8 million increase in the Test segment, and a $0.3 million increase in the USG segment. The increase in net sales in the first nine months of 2024 as compared to the first nine months of 2023 was due to a $38.5 million increase in the A&D segment, and a $20.4 million increase in the USG segment, partially offset by a $14.0 million decrease in the Test segment.

-Aerospace & Defense (A&D)

In the third quarter of 2024, net sales of $114.5 million were $11.0 million, or 10.6%, higher than the $103.5 million in the third quarter of 2023. In the first nine months of 2024, net sales of $323.9 million were $38.5 million, or 13.5%, higher than the $285.4 million in the first nine months of 2023. The sales increase in the third quarter of 2024 compared to the third quarter of 2023 was mainly due to a $2.3 million increase in commercial aerospace shipments, a $2.1 million increase in defense aerospace shipments and an $8.1 million increase in navy revenues, partially offset by a $1.5 million decrease in industrial revenues. The sales increase in the first nine months of 2024 compared to the first nine months of 2023 was mainly due to a $10.0 million increase in commercial aerospace shipments, an $8.0 million increase in defense aerospace shipments, an $18.1 million increase in navy revenues and a $1.8 million increase in space revenues.

-USG

In the third quarter of 2024, net sales of $90.3 million were $0.3 million, or 0.3%, higher than the $90.0 million in the third quarter of 2023. In the first nine months of 2024, net sales of $260.6 million were $20.4 million, or 8.5%, higher than the $240.2 million in the first nine months of 2023. The sales increase in the third quarter of 2024 as compared to the third quarter of 2023 was driven by higher service revenue at Doble partially offset by lower protection testing revenue. The sales increase in the first nine months of 2024 compared to the corresponding period of 2023 was mainly due to an increase in Doble's service revenue, cybersecurity/compliance (DUCe) revenue and offline test revenue and an increase in net sales at NRG driven by continued strength in the renewables end-market, partially offset by a decrease in protection testing revenue at Doble.

-Test

In the third quarter of 2024, net sales of $56.1 million were $0.8 million, or 1.3%, higher than the $55.3 million in the third quarter of 2023. In the first nine months of 2024, net sales of $143.8 million were $14.0 million, or 8.9%, lower than the $157.8 million in the first nine months of 2023. The increase in the third quarter of 2024 as compared to the third quarter of 2023 was primarily due to a $4.4 million increase in sales from the segment's European operations driven by the MPE acquisition partially offset by a $3.6 million decrease in sales from the Company's U.S. and Asian operations due to lower wireless, filters and acoustic volumes. The decrease in the first nine months of 2024 compared to the first nine months of 2023 was due to a $13.7 million decrease in sales from the Company's U.S. operations, and a $1.9 million decrease in sales from the Company's Asian operations due to lower wireless, filters and acoustic volumes and timing of test and measurement chamber projects partially offset by a $1.6 million increase in sales from the segment's European operations.

ORDERS AND BACKLOG

Backlog was $888.7 million at June 30, 2024 compared with $772.4 million at September 30, 2023. The Company received new orders totaling $311.7 million in the third quarter of 2024 compared to $213.3 million in the third quarter of 2023. Of the new orders received in the third quarter of 2024, $146.9 million related to Aerospace & Defense products, $100.0 million related to USG products, and $64.8 million related to Test products. Of the new orders received in the third quarter of 2023, $81.9 million related to Aerospace & Defense products, $85.5 million related to USG products, and $45.9 million related to Test products.

The Company received new orders totaling $844.5 million in the first nine months of 2024 compared to $693.8 million in the first nine months of 2023. Of the new orders received in the first nine months of 2024, $434.5 million related to Aerospace & Defense products, $256.0 million related to USG products, and $154.0 million related to Test products. Of the new orders received in the first nine months of 2023, $290.9 million related to Aerospace & Defense products, $250.3 million related to USG products, and $152.6 million related to Test products.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for the third quarter of 2024 were $55.0 million (21.1% of net sales), compared with $55.4 million (22.3% of net sales) for the third quarter of 2023. For the first nine months of 2024, SG&A expenses were $164.0 million (22.5% of net sales) compared to $160.6 million (23.5% of net sales) for the first nine months of 2023. The increase in SG&A in the first nine months of 2024 compared to the corresponding period of 2023 was mainly due to an increase within the USG and A&D segments due to higher sales, inflationary impacts and MPE acquisition impacts.

AMORTIZATION OF INTANGIBLE ASSETS

Amortization of intangible assets was $8.1 million and $24.6 million for the third quarter and first nine months of 2024, respectively, compared to $7.1 million and $21.0 million for the corresponding periods of 2023. Amortization expenses consist of amortization of acquired intangible assets from acquisitions and other identifiable intangible assets (primarily software). The increase in amortization expense in the third quarter and first nine months of 2024 compared to the corresponding periods of 2023 was mainly due to an increase in amortization of capitalized software and amortization of intangible assets related to the MPE and CMT acquisitions.

OTHER EXPENSES (INCOME), NET

Other expenses (income), net, was ($0.3) million in the third quarter of 2024 compared to $1.0 million of expenses in the third quarter of 2023. Other expenses, net, was $0.6 million in the first nine months of 2024 compared to $1.7 million of expenses in the first nine months of 2023. The principal component of other expenses, net, in the first nine months of 2024 was approximately $0.9 million of restructuring charges (primarily severance) within all three segments. The principal items included in other expenses, net, in the third quarter and first nine months of 2023 included a bad debt write-off of $0.5 million due to a customer bankruptcy within the A&D segment and approximately $0.5 million of restructuring costs (mainly severance) in the first nine months of 2023.

EBIT

The Company evaluates the performance of its operating segments based on EBIT, and provides EBIT on a consolidated basis. EBIT is a non-GAAP financial measure. Please refer to the discussion of non-GAAP financial measures in Note 7 to the Consolidated Financial Statements, above. EBIT was $40.5 million (15.5% of net sales) for the third quarter of 2024 compared to $38.0 million (15.3% of net sales) for the third quarter of 2023. For the first nine months of 2024, EBIT was $95.1 million (13.1% of net sales) compared to $84.2 million (12.3% of net sales) for the first nine months of 2023.

The following table presents a reconciliation of EBIT to net earnings.

	Three Months Ended June 30,		**Nine Months Ended June 30,**	
(In thousands)	**2024**	**2023**	**2024**	**2023**
Net earnings	$ 29,230	27,943	67,618	60,548
Plus: Interest expense, net	3,335	2,495	9,228	6,422
Plus: Income tax expense	7,942	7,563	18,229	17,207
Consolidated EBIT	$ 40,507	38,001	95,075	84,177

–Aerospace & Defense

EBIT in the third quarter of 2024 was $21.4 million (18.7% of net sales) compared to $21.7 million (20.9% of net sales) in the third quarter of 2023. EBIT in the first nine months of 2024 was $61.4 million (19.0% of net sales) compared to $53.0 million (18.6% of net sales) in the first nine months of 2023. EBIT in the third quarter of 2024 was negatively impacted by margin erosion on space development programs at VACCO, revenue mix, and inflationary pressures, partially offset by leverage on higher sales volumes and price increases. The increase in EBIT in the first nine months of 2024 compared to the corresponding period of 2023 was mainly driven by leverage on higher sales volumes and price increases, partially offset by inflationary pressures and mix. EBIT was negatively impacted by $0.4 million of restructuring charges (primarily severance) in the third quarter and first nine months of 2024. EBIT in the first nine months of 2023 was negatively impacted by a $0.6 million inventory step-up charge related to the CMT acquisition.

-USG

EBIT in the third quarter of 2024 was $22.2 million (24.5% of net sales) compared to $20.4 million (22.6% of net sales) in the third quarter of 2023. EBIT in the first nine months of 2024 was $57.4 million (22.0% of net sales) compared to $50.5 million (21.0% of net sales) in the first nine months of 2023. The increase in EBIT in the third quarter and first nine months of 2024 compared to the corresponding periods of 2023 was mainly due to leverage on higher sales volumes at Doble and NRG, price increases and mix, partially offset by inflationary pressures. EBIT was negatively impacted by $0.2 million of restructuring charges (primarily severance) in the first nine months of 2024.

-Test

EBIT in the third quarter of 2024 was $9.3 million (16.6% of net sales) compared to $8.6 million (15.6% of net sales) in the third quarter of 2023. EBIT in the first nine months of 2024 was $16.6 million (11.6% of net sales) compared to $21.3 million (13.5% of net sales) in the first nine months of 2023. The increase in EBIT in the third quarter of 2024 as compared to the corresponding period of 2023 was mainly due to higher sales volumes from the segment's European operations driven by the MPE acquisition. The decrease in EBIT in the first nine months of 2024 compared to the corresponding period of 2023 was primarily due to lower sales volumes mainly from the segment's U.S and Asian operations and inflationary pressures partially offset by price increases and cost reduction actions. In the first nine months of 2024, EBIT was negatively impacted by $0.3 million of inventory step-up charges related to the MPE acquisition and $0.2 million of restructuring charges.

–Corporate

Corporate costs included in EBIT were $12.3 million and $40.3 million in the third quarter and first nine months of 2024, respectively, compared to $12.7 million and $40.6 million in the corresponding periods of 2023. The decrease in Corporate costs in the third quarter and first nine months of 2024 as compared to the corresponding prior year periods was mainly due to executive management transition costs that were incurred in the prior year period.

INTEREST EXPENSE, NET

Interest expense was $3.3 million and $9.2 million in the third quarter and first nine months of 2024, respectively, and $2.5 million and $6.4 million in the corresponding periods of 2023. The increase in interest expense in the third quarter and first nine months of 2024 compared to the corresponding periods of 2023 was mainly due to higher average interest rates and higher average outstanding borrowings. The weighted average interest rates were 6.71% and 6.75% for the three and nine-month periods ending June 30, 2024, respectively, and 6.05% and 5.57% for the three and nine-month periods ending June 30, 2023.

INCOME TAX EXPENSE

The third quarter 2024 effective income tax rate was 21.4% compared to 21.3% in the third quarter of 2023. The effective income tax rate in the first nine months of 2024 was 21.2% compared to 22.1% for the first nine months of 2023. Income tax expense in the first nine months of 2024 was favorably impacted by discrete events that occurred during the second quarter of 2024 including the release of a foreign valuation allowance and excess tax benefit related to the vesting of share-based director compensation.

CAPITAL RESOURCES AND LIQUIDITY

The Company's overall financial position and liquidity remains strong. Working capital (current assets less current liabilities) increased to $341.7 million at June 30, 2024 from $266.4 million at September 30, 2023. Inventories increased by $35.2 million during this period due to a $16.0 million increase within the A&D segment, a $14.6 million increase within the USG segment and a $4.6 million increase within the Test segment resulting primarily from the timing of receipt of raw materials to meet anticipated demand and an increase in work in process and finished goods inventories due to timing of manufacturing existing orders. Accounts receivable increased by $15.0 million during this period mainly due to an approximately $9.0 million increase within the Test segment and an approximately $6.0 million increase within the A&D segment driven by timing of sales and collections.

Net cash provided by operating activities was $55.5 million and $29.2 million in the first nine months of 2024 and 2023, respectively. The increase in net cash provided by operating activities in the first nine months of 2024 as compared to the first nine months of 2023 was mainly driven by an increase in accounts receivable collections and higher earnings.

Capital expenditures were $24.9 million and $17.0 million in the first nine months of 2024 and 2023, respectively. The increase in the first nine months of 2024 compared to the prior year period was mainly due to an increase in building improvements and machinery & equipment within the A&D segment. In addition, the Company incurred expenditures for capitalized software of $8.6 million and $9.3 million in the first nine months of 2024 and 2023, respectively.

Subsequent Event

On July 8, 2024, the Company announced that it has agreed to acquire the Signature Management & Power (or the "Business") business of Ultra Maritime for a purchase price of approximately $550 million. The transaction will be funded through cash on hand and incremental debt, with committed financing in place. Signature Management & Power is a provider of mission-critical signature and power management solutions for submarines and surface ships for the U.S. and UK naval defense markets. The Business is headquartered in Long Island, New York, operates out of four facilities based in the U.S. and the UK, and has approximately 410 employees. Signature Management & Power will become part of ESCO's Aerospace & Defense segment and is expected to have approximately $175 million of revenue in calendar year 2024. The closing of the transaction is subject to certain conditions, including the (i) expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 in the U.S. and (ii) receipt of clearance under the UK National Security and Investment Act of 2021.

Pursuant to a Commitment Letter entered into on July 8, 2024 between the Company and JPMorgan Chase Bank, N.A., on August 5, 2024 the Registrant and certain of its subsidiaries entered into Amendment No. 1 (the "Amendment") to its Amended and Restated Credit Agreement dated August 30, 2023 (the "2023 Credit Agreement") among the Company and certain of its subsidiaries, JPMorgan Chase Bank, N.A., as administrative agent thereunder, the initial lenders party thereto and Citibank, N.A. The Amendment, among other things, (i) implements a senior incremental delayed draw term loan credit facility in an aggregate principal amount of up to $375 million (the "Incremental Facility"), and (ii) permits the direct or indirect acquisition by the Registrant or certain of its subsidiaries of all of the issued and outstanding shares of Ultra PMES Limited, Measurement Systems, Inc., EMS Development Corporation, and DNE Technologies, Inc. (the "Transaction"), pursuant to and in accordance with the terms and conditions of that certain Sale and Purchase Agreement, dated July 8, 2024, among Ultra Electronics Holdings Limited, as parent seller, the Registrant, as guarantor, and certain of the Registrant's subsidiaries as buyers. The proceeds of the loans drawn under the Incremental Facility will be applied to pay a portion of the cash consideration for the Transaction and other customary fees, premiums, expenses and costs incurred in connection with the Transaction. See further discussion of the transaction and financing arrangements in the Company's Form 8-K's filed on July 8, 2024 and August 7, 2024.

Acquisition

On November 9, 2023, the Company acquired MPE Limited (MPE), based in the United Kingdom, for a purchase price of approximately $56.2 million, net of cash acquired. MPE is a leading global manufacturer of high-performance EMC/EMP filters and capacitor products for military, utility, telecommunication, and other critical infrastructure applications. Since the date of acquisition, the operating results for the MPE business have been included as part of ETS-Lindgren in the Test segment. The Company paid a $0.2 million working capital settlement in the third quarter of fiscal 2024.

Credit Facility

At June 30, 2024, the Company had approximately $321 million available to borrow under its bank credit facility, a $250 million increase option, and $63.0 million cash on hand. At June 30, 2024, the Company had $173 million of outstanding borrowings under the credit facility in addition to outstanding letters of credit of $5.5 million. Cash flow from operations and borrowings under the Company's credit facility are expected to meet the Company's capital requirements and operational needs for the foreseeable future. The Company's ability to access the additional $250 million increase option of the credit facility is subject to acceptance by participating or other outside banks.

Share Repurchases

During the first nine months of 2024, the Company repurchased approximately 80,000 shares for approximately $8.0 million. For further information on the share repurchases during the third quarter of 2024, see Part II, Item 2 of this Report.

Dividends

A dividend of $0.08 per share, totaling $2.1 million, was paid on October 17, 2023 to stockholders of record as of October 3, 2023. A dividend of $0.08 per share, totaling $2.1 million, was paid on January 19, 2024 to stockholders of record as of January 4, 2024. A dividend of $0.08 per share, totaling $2.1 million, was paid on April 16, 2024 to stockholders of record as of April 1, 2024. Subsequent to June 30, 2024, a dividend of $0.08 per share, totaling $2.1 million, was paid on July 19, 2024 to stockholders of record as of July 3, 2024.

CRITICAL ACCOUNTING POLICIES

Management has evaluated the accounting policies used in the preparation of the Company's financial statements and related notes and believes those policies to be reasonable and appropriate. Certain of these accounting policies require the application of significant judgment by Management in selecting appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on historical experience, trends in the industry, information provided by customers and information available from other outside sources, as appropriate. The most significant areas involving Management judgments and estimates may be found in the Critical Accounting Policies section of Management's Discussion and Analysis and in Note 1 to the Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

OTHER MATTERS

Contingencies

As a normal incident of the business in which the Company is engaged, various claims, charges and litigation are asserted or commenced against the Company. Additionally, the Company is currently involved in various stages of investigation and remediation relating to environmental matters. In the opinion of Management, the aggregate costs involved in the resolution of these matters, and final judgments, if any, which might be rendered against the Company, are adequately reserved, are covered by insurance, or would not have a material adverse effect on the Company's results from operations, capital expenditures, or competitive position.

FORWARD LOOKING STATEMENTS

Statements contained in this Form 10-Q regarding future events and the Company's future results that reflect or are based on current expectations, estimates, forecasts, projections or assumptions about the Company's performance and the industries in which the Company operates are considered "forward-looking statements" within the meaning of the safe harbor provisions of the Federal securities laws. These may include, but are not necessarily limited to, statements about: the strength of certain end markets served by the Company, and the timing of the recovery of certain end markets which the Company serves; the adequacy of the Company's credit facility and the Company's ability to increase it; the outcome of current litigation, claims and charges; the determination of the current portion of the Company's long-term debt and the timing of its repayment; future revenues from remaining performance obligations; fair values of reporting units; the deductibility of goodwill; estimates and assumptions that affect the reported values of assets and liabilities; the future recognition of compensation cost related to share-based compensation arrangements; the Company's ability to hedge against or otherwise manage market risks through the use of derivative financial instruments; the extent to which hedging gains or losses will be offset by losses or gains on related underlying exposures; and any other statements contained herein which are not strictly historical. Words such as expects, anticipates, targets, goals, projects, intends, plans, believes, estimates, variations of such words, and similar expressions are intended to identify such forward-looking statements.

Investors are cautioned that such statements are only predictions and speak only as of the date of this Form 10-Q, and the Company undertakes no duty to update them except as may be required by applicable laws or regulations. The Company's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment, including but not limited to those described in Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023, and the following: the impacts of climate change and related regulation of greenhouse gases; the impacts of labor disputes, civil disorder, wars, elections, political changes, tariffs and trade disputes, terrorist activities, cyberattacks or natural disasters on the Company's operations and those of the Company's customers and suppliers; disruptions in manufacturing or delivery arrangements due to shortages or unavailability of materials or components; or supply chain disruptions; inability to access work sites; the timing and content of future contract awards or customer orders; the timely appropriation, allocation and availability of Government funds; the termination for convenience of Government and other customer contracts or orders; weakening of economic conditions in served markets; the success of the Company's competitors; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties or data breaches; the availability of selected acquisitions; delivery delays or defaults by customers; performance issues with key customers, suppliers and subcontractors; material changes in the costs and availability of certain raw materials; material changes in the cost of credit; changes in laws and regulations including but not limited to changes in accounting standards and taxation; changes in interest, inflation and employment rates; costs relating to environmental matters arising from current or former facilities; uncertainty regarding the ultimate resolution of current disputes, claims, litigation or arbitration; and the integration and performance of recently acquired businesses.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to the Company's operations result primarily from changes in interest rates and changes in foreign currency exchange rates. The Company is exposed to market risk related to changes in interest rates and selectively uses derivative financial instruments, including forward contracts and swaps, to manage these risks. The Company's Canadian subsidiary Morgan Schaffer enters into foreign exchange contracts to manage foreign currency risk as a portion of their revenue is denominated in U.S. dollars. All derivative instruments are reported on the balance sheet at fair value. For derivative instruments designated as cash flow hedges, the gain or loss on the respective derivative is deferred in accumulated other comprehensive income until recognized in earnings with the underlying hedged item. There has been no material change to the Company's market risks since September 30, 2023.

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of Management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of that date. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There has been no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

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

ISSUER PURCHASES OF EQUITY SECURITIES*

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1-30, 2024	8,126	$ 99.65	8,126	$ 159.6 million
May 1-31, 2024	0	$ N/A	0	$ 159.6 million
June 1-30, 2024	0	$ N/A	0	$ 159.6 million
Total	8,126	$ 99.65	8,126	$ 159.6 million

* On August 5, 2021, the Company's Board of Directors approved a common stock repurchase program, which was announced on August 9, 2021, authorizing us to repurchase shares of our stock from time to time at our discretion, in the open market or otherwise, up to a maximum total repurchase amount equal to $200 million (or such lesser amount as may be permitted under the Company's bank credit agreements). This program is scheduled to expire September 30, 2024. The Company has not determined whether or when it may cease making repurchases under the program prior to its expiration.

In August 2024, the Company's Board of Directors renewed the common stock repurchase program for an additional three years expiring September 30, 2027 on terms similar to those of the 2021-2024 program, but with a new maximum total repurchase amount of $200 million or the maximum amount permitted under the Company's bank credit agreements, if less.

ITEM 6. EXHIBITS

Exhibit Number	Description	Document Location
3.1(a)	Restated Articles of Incorporation	Exhibit 3(a) to the Company's Form 10-K for the fiscal year ended September 30, 1999
3.1(b)	Amended Certificate of Designation, Preferences and Rights of Series A Participating Cumulative Preferred Stock of the Registrant	Exhibit 4(e) to the Company's Form 10-Q for the fiscal quarter ended March 31, 2000
3.1(c)	Articles of Merger effective July 10, 2000	Exhibit 3(c) to the Company's Form 10-Q for the fiscal quarter ended June 30, 2000
3.1(d)	Amendment of Articles of Incorporation effective February 5, 2018	Exhibit 3.1 to the Company's Form 8-K filed February 7, 2018
3.2	Bylaws	Exhibit 3.1 to the Company's Form 8-K filed November 22, 2022
4.2	Amended and Restated Credit Agreement dated August 30, 2023	Exhibit 10.1 to the Company's Form 8-K filed September 6, 2023
10.1	Tenth Amendment and Restatement of Employee Stock Purchase Plan effective May 5, 2024	Filed herewith
31.1	Certification of Chief Executive Officer	Filed herewith
31.2	Certification of Chief Financial Officer	Filed herewith
32	Certification of Chief Executive Officer and Chief Financial Officer	Filed herewith
101.INS	XBRL Instance Document*	Submitted herewith
101.SCH	XBRL Schema Document*	Submitted herewith
101.CAL	XBRL Calculation Linkbase Document*	Submitted herewith
101.DEF	XBRL Definition Linkbase Document*	Submitted herewith
101.LAB	XBRL Label Linkbase Document*	Submitted herewith
101.PRE	XBRL Presentation Linkbase Document*	Submitted herewith
104	Cover Page Interactive Data File (contained in Exhibit 101)	Submitted herewith

* Exhibit 101 to this report consists of documents formatted in XBRL (Extensible Business Reporting Language). The financial information contained in the XBRL – related documents is "unaudited" or "unreviewed".

SIGNATURE

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

ESCO TECHNOLOGIES INC.

/s/ Christopher L. Tucker

Christopher L. Tucker
Senior Vice President and Chief Financial Officer
(As duly authorized officer and principal accounting and financial officer of the registrant)

Dated: August 9, 2024

Exhibit 10.1

**TENTH AMENDMENT AND RESTATEMENT
OF THE ESCO TECHNOLOGIES INC.
EMPLOYEE STOCK PURCHASE PLAN**
(Incorporating all amendments through May 6, 2024)

1. **Title:** This Plan shall be known as the "ESCO Technologies Inc. Employee Stock Purchase Plan". ESCO Technologies Inc. (the "Company") is a Missouri corporation with its principal offices located at 9900A Clayton Road, St. Louis, Missouri 63124.

2. Purpose: The purpose of the Plan is to provide a convenient method by which employees of the Company and certain of its subsidiaries, who wish to do so, may purchase shares of the common stock of the Company (hereinafter referred to as "Common Stock").

3. Eligibility: A division or subsidiary of the Company may elect to permit its employees to participate in the Plan, subject to the approval of the Chief Executive Officer of the Company or any other Senior Corporate Officer of the Company to whom such authority has been delegated by the Chief Executive Officer of the Company, provided that participation shall be subject to the Company having obtained any necessary permits or authorizations necessary for the offer and/or sale of Common Stock to the participating employees under the Plan. All current and future employees of the units listed in Attachment 1 hereto are eligible to participate in the Plan. Upon the addition or subtraction of a participating subsidiary the Company shall cause Attachment 1 to be appropriately updated, indicating the effective date of the change.

4. Participation:

(a) Participation in the Plan shall be entirely voluntary. Upon submission by any eligible employee of a Company-approved Plan Participation and Election Form or by such electronic means as the Company may approve (in whatever form and by whatever method submitted, the "Plan Participation/Election Form"), an account shall be opened with respect to such employee in the name of the employee. Eligible employees for whom accounts are opened and maintained in accordance with the terms of the Plan are herein referred to as "participants."

(b) A participant may not assign or pledge any interest the participant may have under the Plan.

5. The Trustee: The Plan shall be administered by one or more Trustees (herein called the "Trustee," whether one or more) appointed by an officer designated by the Board of Directors of the Company. The Trustee shall at all times be "an agent independent of the issuer" as defined in Rule 10b-18 under the Securities Exchange Act of 1934 (the "1934 Act"). The Trustee shall have power and authority to establish such procedures as the Trustee shall deem necessary to effect equitably and fairly the provisions and the intent of the Plan.

6. Contributions by Participants:

(a) Participants may make contributions to the Plan only through payroll deductions. By completing and submitting a Plan Participation/Election Form, participants may authorize the Company to make deductions from their "Compensation," as defined in the Company's Employee Savings Investment Plan (the "401(k) Plan") to be applied to the purchase of Common Stock of the Company under the terms of the Plan.

(b) Deductions authorized for such purpose shall be whole percentages of Compensation and shall not be less than one percent (1%) nor more than ten percent (10%). The Company may establish rules of uniform application regarding a participant's ability to change the participant's deduction authorizations.

(c) Participants' contributions shall be included in their gross income for purposes of applicable income and employment taxes.

(d) A participant may cease making contributions to the Plan at any time by completing a Plan Participation/Election Form revoking the participant's payroll withholding authorization. Such cessation shall be effective as promptly as practicable after the participant's direction to cease withholding is received by the Company's payroll processing service. In such event the shares allocated to the participant shall remain in the Plan until withdrawn as set forth in Sections 10 or 11 below. If the participant later wishes to resume making contributions to the Plan the participant must submit a new Plan Participation/Election Form.

7. Stock Purchases and Allocation to Participant Accounts: Common Stock purchases under the Plan, and allocation of such Common Stock to the accounts of participants, shall be effected pursuant to the following rules and procedures:

(a) The Company shall remit amounts withheld pursuant to payroll authorizations under the Plan to the Trustee on a monthly basis as promptly as practicable after the end of each month.

(b) At the discretion of a Senior Corporate Officer of the Company, the Company or a participating subsidiary may contribute in cash an amount not to exceed twenty percent (20%) of the amounts contributed by participants employed by it or its divisions or subsidiaries. The Company's contribution amounts may be separately determined for each of its subsidiaries or divisions. Amounts contributed by the Company or a subsidiary under this Section 7(b) shall be considered as additional compensation to the participants for purposes of applicable income and employment taxes. Commencing October 15, 2003, the total number of shares of Common Stock that may be purchased under the Plan with the Company's and its subsidiaries' contributions shall not exceed two hundred seventy-five thousand (275,000) shares, which number shall be adjusted to reflect stock dividends, stock splits, reverse stock splits and similar matters occurring after February 5, 2019 that affect the number of outstanding shares of Common Stock.

(c) The Trustee shall use amounts contributed pursuant to Sections 7(a) and 7(b) to purchase shares of the Common Stock of the Company on a monthly basis as promptly as practicable after receipt of such amounts. Common Stock may be purchased from sellers unaffiliated with the Company in private transactions, or such purchases may be effected on the New York Stock Exchange. No private transaction may be at a price greater than the then-market price of the Company's Common Stock on the New York Stock Exchange. Common Stock may not be purchased from the Company or its affiliates.

(d) Following each stock purchase, the Trustee shall allocate shares purchased by the Trustee to the participants' accounts pro rata according to their respective contributions to the purchase price. The cost per share charged against the account of each participant for shares allocated to the participant's account shall be the average cost to the Trustee for the shares purchased by the Trustee (including brokerage fees and any other expenses directly applicable to the purchase of such shares). Both whole and fractional shares shall be allocated.

(e) The Trustee shall maintain a book entry account for each participant and shall issue stock certificates to a participant only upon the circumstances and in the manner provided in Section 10.

(f) Cash dividends received by the Trustee on shares held by it under the Plan shall be used by the Trustee to purchase additional shares which shall be allocated among all participants, pro rata, on the basis of their respective account balances and credited to the accounts of participants as additional contributions under the Plan. Account balances for this purpose shall be determined as of the dividend record date preceding the allocation of shares to such accounts. Any shares of the Common Stock of the Company received by the Trustee as a stock dividend on shares held by it shall be treated as additional shares purchased by the Trustee under the Plan, at no cost, and shall be allocated and otherwise dealt with by the Trustee in the same manner as any other shares purchased by the Trustee under the Plan.

Dividends received by the Trustee shall be deemed to have been received by the Trustee on the payment dates provided for the declaration of such dividends.

(g) The Company does not guarantee in any way that the shares purchased under the Plan will not decline in market value.

8. Voting of Stock Held Under the Plan: For each meeting of stockholders, the participants will have the right to vote all shares credited to their respective accounts under the Plan, whether registered in the name of the Trustee or its nominee. Shares held by the Trustee under the Plan but for any reason not allocated to the account of a participant will not be voted by the Trustee.

9. Costs of Administering the Plan: All costs and expenses of administering the Plan, including the fees of the Trustee, shall be paid by the Company.

10. Distributions from Participants' Accounts:

(a) A participant may from time to time elect to withdraw any number of whole shares allocated to the participant's Plan account in any of the following ways, in each case by submitting an appropriate Plan Participation/Election Form and complying with such other conditions, if any, as may be required by the Trustee and/or the Company:

(i) The participant may elect to have ownership of a number of whole shares withdrawn from the Plan and transferred from the participant's Plan account to the participant as an individual. As promptly as practicable after the Trustee's receipt of the withdrawal election, the Trustee will deduct the number of withdrawn shares from the participant's Plan account and credit them to the participant's individual book-entry share ownership account. Alternatively, the participant may direct the Trustee to have the withdrawn shares transferred to the participant's brokerage account or to such other account or in such other manner as the Company may permit in its sole discretion.

(ii) The participant may request the sale of a number of whole shares allocated to the participant's Plan account. The Trustee will endeavor to sell the shares within one week of receiving written authorization to sell the shares and will promptly deliver a check to the participant less any commission charged by the Trustee.

(b) The Trustee may establish such other procedures as it deems necessary to administer withdrawals in accordance with the intent of the Plan.

(c) Except for sale commissions, no charges shall be imposed against the participant or the participant's account by reason of a withdrawal of shares. However, if the participant requests the Trustee to issue and deliver a stock certificate for the withdrawn shares (in lieu of having them transferred to a book-entry share account), the participant will be responsible for any costs charged by the Trustee for the issuance of a paper certificate.

(d) Except as set forth in Section 11, no participant shall have any right to receive a distribution of fractional shares in the participant's account, or to receive the value thereof in cash.

11. Termination of Participation in the Plan:

(a) A participant may voluntarily elect to completely withdraw from the Plan and terminate participation in the Plan by submitting an appropriate Plan Participation/Election Form.

(b) A participant's participation in the Plan will automatically terminate upon the participant's death, retirement, or other termination of employment.

(c) Upon the termination of a participant's Plan participation, the participant's account will be settled and distributed as soon as practicable after such event occurs and after the Trustee receives notice of such termination or in the event of death, after the appointment of the legal representative of the estate of the deceased and/or the satisfaction of any other applicable legal requirements. The whole shares of stock which have been allocated to the account of such former participant shall be distributed as provided in section 10, and the Trustee shall pay to the former participant an amount in cash equal to any fractional share remaining in the former participant's account, or in the case of the death of a participant who is the sole account holder, the Trustee shall make such distribution and payment to the designated beneficiary or beneficiaries of the account or, if none, to the legal representative of such participant.

12. Reports to Participants: The Trustee will render regular reports to each participant under the Plan, showing, for the period of the report, the contributions made and dividends, if any, credited to such participant's account; the number of shares allocated to such participant; the purchase price for such shares charged against the participant's account; and the number of shares withdrawn, if any. Such reports shall be made not less frequently than once each quarter.

13. Amendment and Termination of the Plan: The Company reserves the right with respect to any or all employees, including those who may be participants under the Plan, to amend or terminate the Plan at any time; provided that, except with respect to termination of the Plan and changes in the amount of contributions by participants under Section 6 or by the Company or a division or subsidiary under Section 7(b), such authority may be delegated to any Senior Corporate Officer of the Company subject to such conditions as the Human Resources and Compensation Committee of the Company's Board of Directors may determine from time to time. In the event of termination of the Plan, the Trustee as promptly as practicable after the date of termination shall deliver to the participant a certificate for the whole shares in the participant's account, or transfer such whole shares to such brokerage account as the participant may have directed, and shall pay to the participant an amount in cash equal to any fractional share remaining in the participant's account.

14. Section 16 Compliance: With respect to persons subject to Section 16 of the 1934 Act, transactions under the Plan are intended to comply with the applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of the Plan and any action thereunder fail to so comply, it shall be deemed null and void to the extent permitted by law.

15. Effective Date: The Plan became effective on October 15, 2003. This Amendment and Restatement incorporates all amendments through May 6, 2024.

ATTACHMENT 1

(Last Revised Effective May 6, 2024)

Unit	**(Effective Date, if Later than the Above Date)**
Crissair, Inc.	
Doble Engineering Company	
ESCO Technologies Inc.	
ETS-Lindgren Inc.	
Globe Composite Solutions LLC	
Mayday Manufacturing Co.	
Morgan Schaffer LTD	
NRG Systems, Inc.	
PTI Technologies Inc.	
VACCO Industries	
Westland Technologies Inc	

Exhibit 31.1

CERTIFICATION

I, Bryan H. Sayler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ESCO Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2024

/s/ Bryan H. Sayler
Bryan H. Sayler
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Christopher L. Tucker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ESCO Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2024

/s/ Christopher L. Tucker
Christopher L. Tucker
Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of ESCO Technologies Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Bryan H. Sayler, President and Chief Executive Officer of the Company, and Christopher L. Tucker, Senior Vice President and Chief Financial Officer of the Company, certify, to the best of our knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2024

/s/ Bryan H. Sayler
Bryan H. Sayler
President and Chief Executive Officer
ESCO Technologies Inc.

/s/ Christopher L. Tucker
Christopher L. Tucker
Senior Vice President and Chief Financial Officer
ESCO Technologies Inc.