TRANSCAT®

NASDAQ: TRNS

INVESTOR PRESENTATION

May 2025

Safe Harbor Statement

This investor presentation may contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. All statements other than statements of historical fact are “forward-looking statements” for purposes of this investor presentation. In some cases, you can identify forward-looking statements by terminology such as “believe,” “expect,”, “anticipate”, “could”, “may”, “would”, “strategy,” “estimates”, “target,” “will,”, “project”, “potential”, “likely” and similar expressions and variations thereof.

Forward-looking statements are based largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the “Risk Factors” section of the prospectus supplement and the accompanying prospectus and the documents incorporated by reference therein. Moreover, we operate in a competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business. In light of these risks, uncertainties and assumptions, actual results could differ materially and adversely from those anticipated in the forward-looking statements. These statements reflect our current views as of the date of this investor presentation with respect to future events and are based on assumptions and subject to risks and uncertainties.

All written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this disclaimer, the prospectus supplement, and the accompanying prospectus. We caution investors not to rely too heavily on the forward-looking statements we make or that are made on our behalf. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this investor presentation to conform these statements to actual results or to changes in our expectations, except as required by law.

Before you invest, you should carefully read the preliminary prospectus supplement and the accompanying prospectus, together with the information incorporated by reference therein, and other documents the Company has filed with the SEC for more complete information about the Company and this offering. You may obtain a copy of the preliminary prospectus supplement and accompanying prospectus, when available, and the other documents for free by visiting EDGAR on the SEC’s website at www.sec.gov. Alternatively, you may obtain a copy of the preliminary prospectus supplement and accompanying prospectus, when available, by contacting Oppenheimer & Co. Inc., Attention: Syndicate Prospectus Department, 85 Broad Street, 26th Floor, New York, NY 10004, or by telephone at (212) 667-8055, or by email at EquityProspectus@opco.com.

Non-GAAP Disclaimer:

This presentation includes “Non-GAAP financial measures” as that term is defined in Regulation G. Further discussion regarding our use of Non-GAAP financial measures, as well as the most directly comparable GAAP (accounting principles generally accepted in the United States) financial measures and information reconciling these Non-GAAP financial measures to our financial results prepared in accordance with GAAP, are included at the end of this presentation. These non-GAAP measures are presented as supplemental information and reconciled to the appropriate GAAP measures at the end of this presentation. The non-GAAP financial measures presented may be determined or calculated differently by other companies. The non-GAAP financial information presented should not be unduly relied upon.

A Leader in the Calibration Service Market, Provider of Cost, Control & Optimization Services and Value-add Distributor of Test, Measurement & Control Instrumentation

- ✓ Service segment, consisting of high levels of recurring revenue streams, is our primary growth engine
- ✓ Distribution segment, including expanding Rental business, differentiates with cross-segment synergies, provides economic diversification and customer finance flexibility
- ✓ Complementary segments serving highly regulated, high cost of failure and mission critical industries with a premium offering
- ✓ Blue-chip client base encompassing a diverse set of industries
- ✓ NEXA Cost, Control and Optimization Services provides access to markets that did not exist to Transcat prior to the acquisition
- ✓ Track record of successful acquisitions, which are expected to expand addressable markets, geography and capabilities
- ✓ Proven, experienced leadership team in place to support next level of growth and beyond

Market Capitalization	**$0.9 billion**
Recent Price	**$91.63**

Average Daily Volume (3 mo.)		**108k**
Common Shares Outstanding		**9.3 million**
Ownership:	**Institutions**	**98%**
	Insiders	**2%**

Note: Above metrics are as of 5/22/2025

Seasoned Executive Management Team

Lee D. Rudow
President & Chief Executive Officer and Director

- 33+ years of experience in calibration, distribution and software services
- Demonstrated ability to accelerate growth at companies
- Previously, VP at SIMCO Electronics and President and CEO at Davis Calibration, Inc. and Davis Inotek Corp

Thomas Barbato
Chief Financial Officer & Treasurer

- 20+ years of corporate finance experience in electronics and manufacturing services companies
- Previously, CFO of IEC Electronics Corp. and held various positions at Xerox, most recently VP of Finance

Michael W. West
Chief Operating Officer

- 15+ years of experience in B2B distribution marketing and consulting
- Previously, VP of Distribution & Marketing at Transcat and principal owner of QuestCom Inc., a marketing and advertising firm

QuestCom Inc.

Theresa A. Conroy
Senior Vice President of Human Resources

- 25+ years of experience in labor, employment and human resources law
- Previously, Partner at Harter Secrest & Emery LLP

Harter Secrest & Emery LLP
ATTORNEYS AND COUNSELORS

Marcy Bosley
Vice President of Sales

- 19+ years of experience in the calibration industry
- Previously, Senior Director of Sales at Transcat and VP of Sales at SIMCO Electronics, prior to leaving in 2019

Company Overview

Industry leading provider of mission critical, accredited calibration services and equipment

TRANSCAT®
Trust in every measure

- FOUNDED IN 1964 OVER 59 YEARS OF INDUSTRY EXPERIENCE
- NASDAQ:TRNS PUBLICLY-TRADED COMMERCIAL CALIBRATION LAB
- DISTRIBUTOR AND RENTAL OF TEST AND MEASUREMENT EQUIPMENT
- FOOTPRINT AND SCALE TO SERVICE LARGE NATIONAL OPPORTUNITIES
- 28 COMMERCIAL LABS ACCREDITED TO ISO/IEC 17025:2017
- TRANSCAT UNIVERSITY - BUILD-A-TECH
- NEXA COST, CONTROL AND OPTIMIZATION SERVICES
- 60 CONSECUTIVE QUARTERS OF YOY SERVICE REVENUE GROWTH

Key Customers

DePuy (a Johnson & Johnson company), Parker, GE, Pfizer, MERCK, Roche, Bristol Myers Squibb™

- **7%** Total YOY Revenue Growth to $278M (FY'25)
- **7%** YOY Service Revenue Growth to $181M (FY'25)
- **$14.5M** Consolidated Net Income or $1.57 per diluted share (FY'25)
- **36%** Service Gross Margin (Q4 FY'25)
- **67% / 33%** Service / Distribution Revenue Split (Q4 FY'25)

CALIBRATED BY TRANSCAT®

Building a Services Engine

History

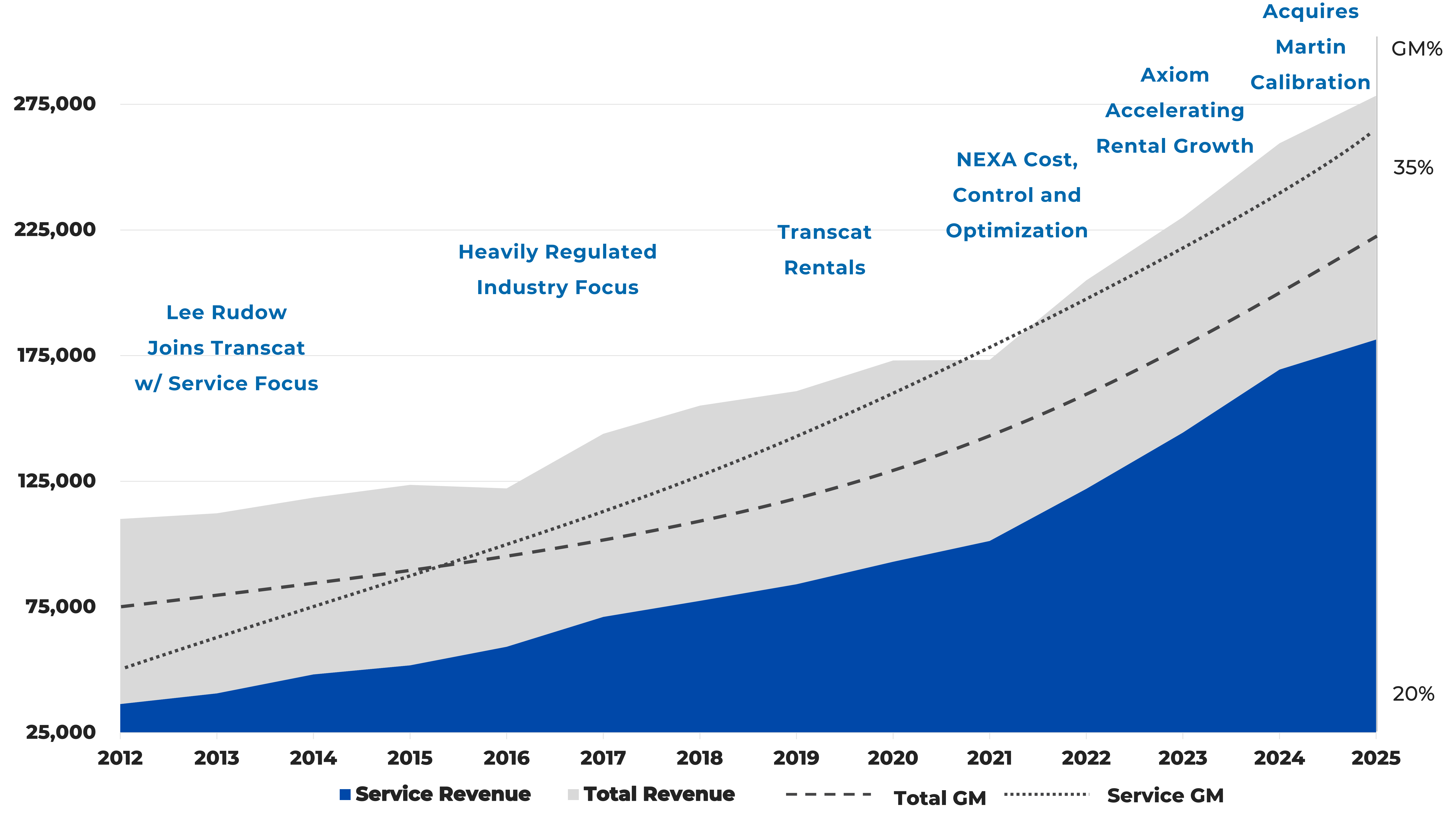
Transmation
1964-1982
Manufacturing

TRANSCAT
1982-2005
Distribution

CALIBRATED BY TRANSCAT
2005-Present
Services

NEXA ENTERPRISE ASSET MANAGEMENT
2021-Present
Cost, Control & Optimization Services

62 Consecutive Quarters of YOY Service Revenue Growth



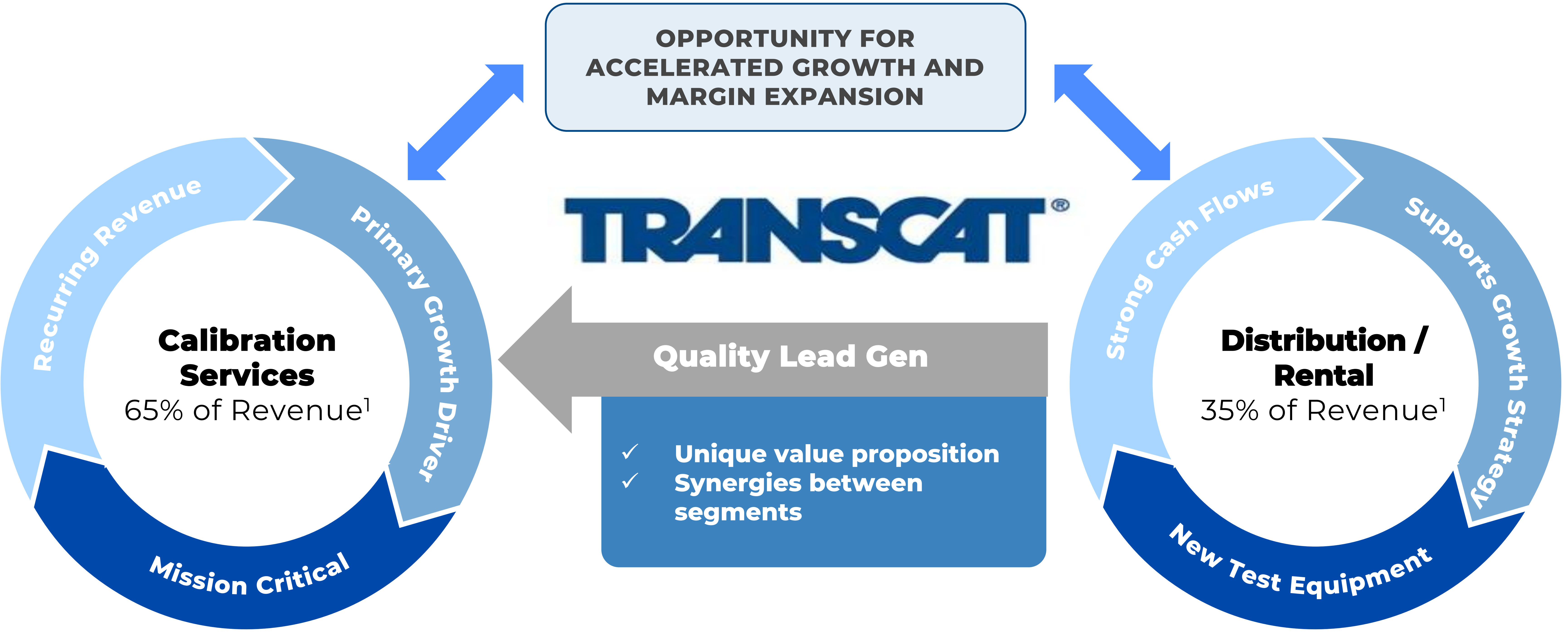
Service Segment: Consistent Performance and Growth

(in millions)	Fiscal Year													
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Service Revenue	$ 36.4	$ 40.7	$ 48.2	$ 51.8	$ 59.2	$ 71.1	$ 77.4	$ 84.0	$ 93.0	$ 101.3	$ 122.0	$ 144.9	$ 169.5	$ 181.4
Service GM%	23.7%	25.3%	26.6%	27.2%	26.3%	26.8%	25.7%	24.9%	25.3%	30.3%	31.9%	32.2%	33.8%	33.4%
Service Op Income	**$ (0.2)**	$ 1.3	$ 2.4	$ 3.7	$ 4.2	$ 4.8	$ 5.2	$ 5.2	$ 5.7	$ 10.4	$ 10.8	$ 11.4	$ 15.0	**$ 15.2**
Service Adjusted EBITDA[1]	$ 2.0													**$ 28.7**

1. Service Adjusted EBITDA is a non-GAAP financial measure. See further information in the presentation regarding this measure and a reconciliation to the most directly comparable GAAP measure

Complementary Business Segments

Strong cross-selling opportunities from distribution to calibration services



- ✓ Approx. 11% service revenue growth
- ✓ Driven by regulation and high cost of failure, life sciences focus
- ✓ Strong operating leverage

- ✓ Approx. 4% revenue growth with improving gross margins
- ✓ Focused growth in higher margin rental business
- ✓ Generates calibration services leads

1. As of FY 2025, Revenue Ended March 29, 2025.

Competitive Landscape and Differentiators

Calibration Industry – Competitive Landscape

5 National Players

- Transcat
- Trescal
- Tektronics
- Simco Electronics
- Applied Technical Services (ATS)

Numerous Regional Players ($5m to $30m in Annual Revenue)

Hundreds of Other Players (Highly Fragmented ($500K to $5M)

Industry Attributes

Recurring Service Revenue Streams	Growing Service Market	Driven by Regulation and High Cost of Failure

TRANSCAT

Differentiators = Premium Priced Service

Distribution and Rental a Source of Service Leads and Cash Flow	NEXA Cost, Control and Optimization Services	Highly Regulated Life Science Target Market	Acquisitions to Expand Addressable Markets, Geography and Capabilities	Footprint and scale to Service Large National Opportunities	Transcat University - Build-A-Tech

Strategic, Regulated Vertical Markets

- **Provider of premium, mission critical services to regulated, high cost of failure industries that require long qualification cycles**
- **High switching costs deeply entrench customers on Transcat service platform; high barrier to entry that results in recurring, higher margin revenue**

Life Sciences

Pharmaceuticals and Medical Device

Regulating Bodies: FDA, WHO, ICH

Aerospace

R & D / manufacturer of flight vehicles

Regulating Bodies: DOD, FAA, NASA, EPA

Government / Defense

Military / Missile Defense

Regulating Bodies: FDA, OSHA, CPSC, DOD, FTC, FCC, EEOC, FDIC

Double-Digit Service Growth Drivers

New Business Current Customers
(Leverage NEXA)

New Business New Customers
(Leverage NEXA)

Grow NEXA Current & New Customers
(Expanded Market)

Grow Pipette Business
(Expanded Market)

Acquisitions Expand Geographic Footprint, Capabilities, Markets

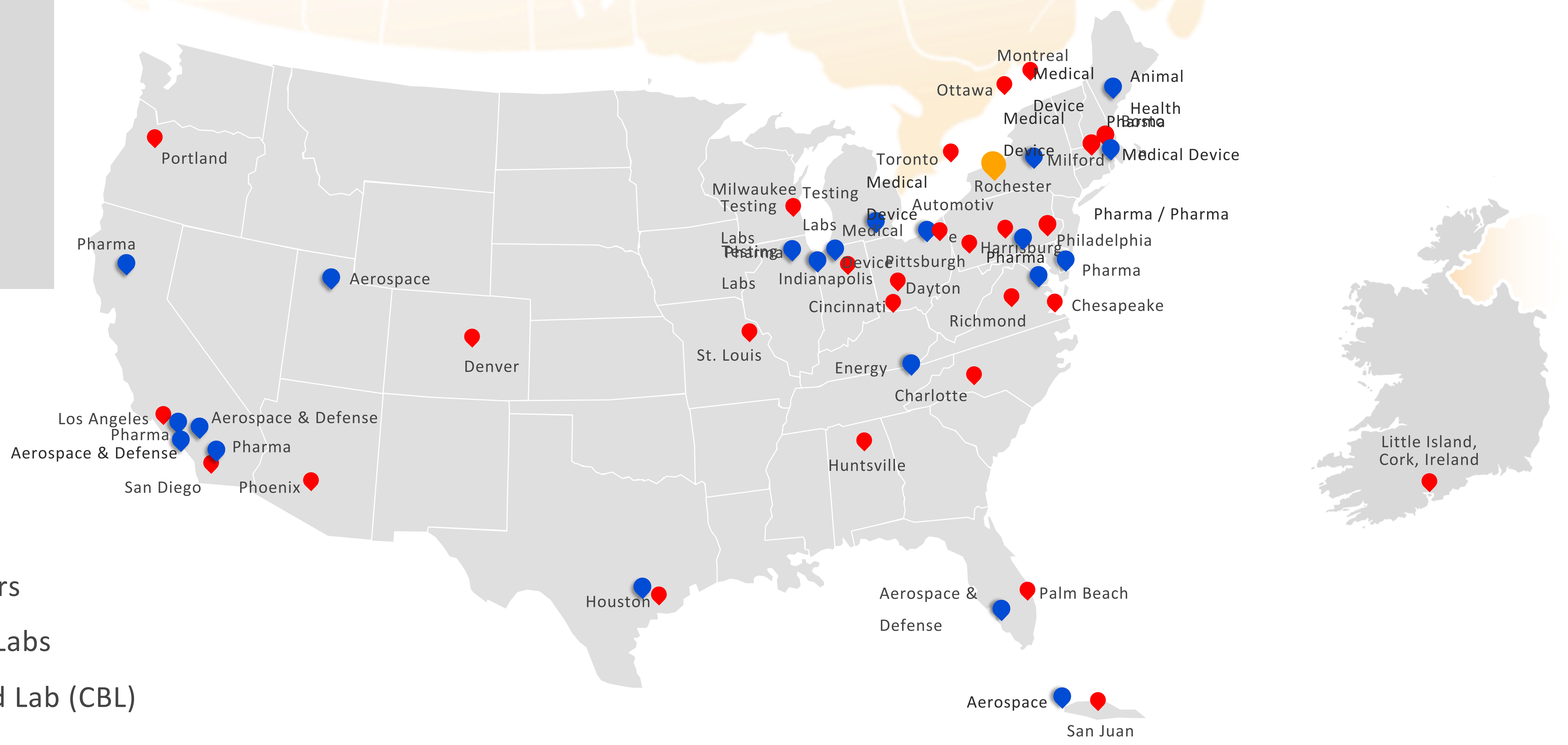
Execute Sales Synergies on Acquired Companies

Strong Customer Retention

50 Locations Serving the U.S., Canada, Ireland and Puerto Rico

Flexible Service Delivery Options:

- ✓ Client-based lab
- ✓ Periodic on-site
- ✓ Mobile
- ✓ In-house
- ✓ Pickup & Delivery



Map Legend

- Transcat Headquarters
- Transcat Calibration Labs
- Transcat Client-Based Lab (CBL)

CALIBRATED BY TRANSCAT

Broad and Diverse Blue Chip Customer Base

Servicing the Fortune 500 Manufacturers:

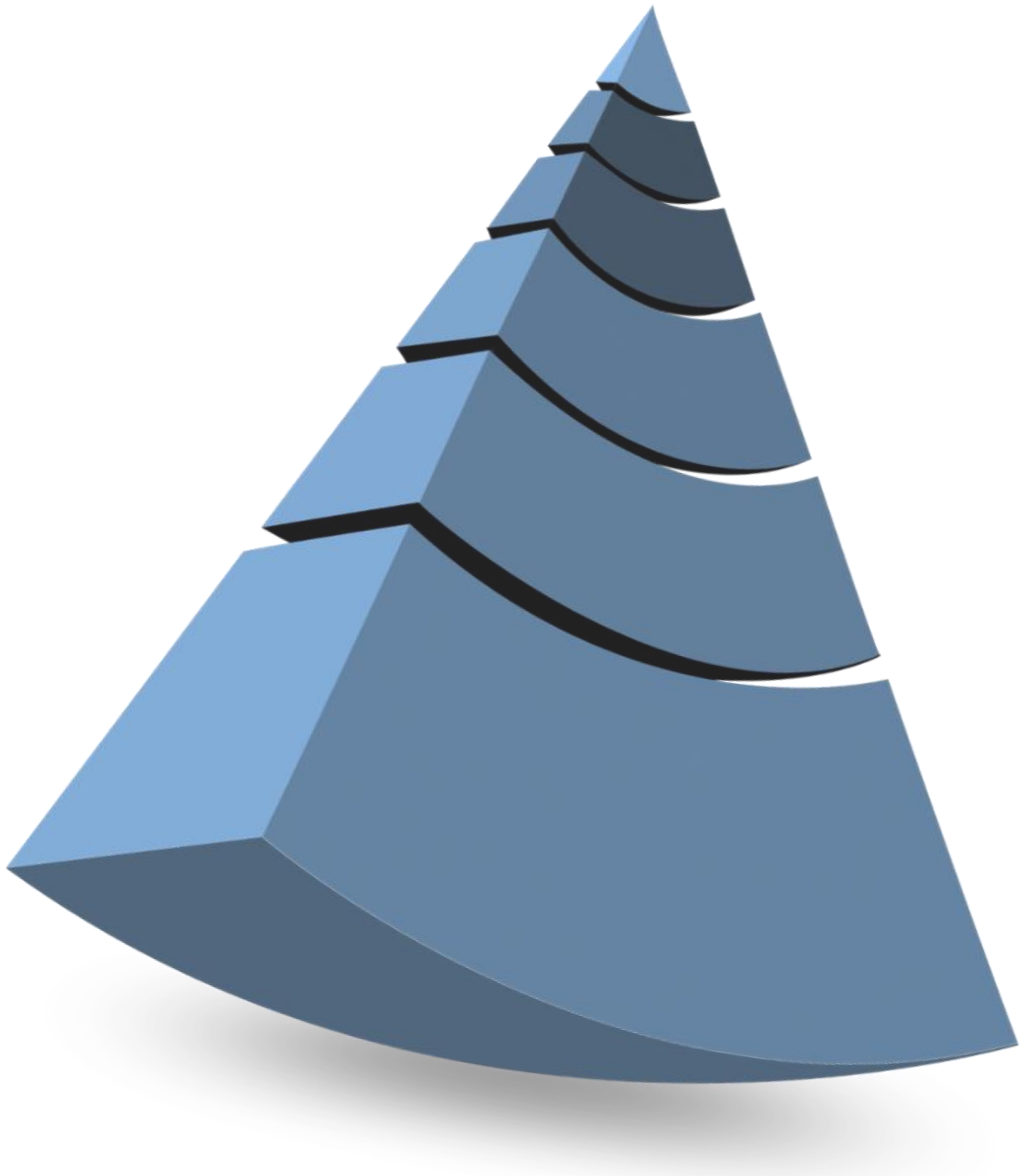
Pharmaceuticals

Medical Devices:
Orthopedics
Endoscopy
Surgical Tools

Defense Systems

Aerospace

Uranium Processing / Storage



Percentage of Service Revenue *

- **4%** Other
- **5%** Energy/Utilities
- **7%** Services/Consumer Goods
- **8%** Aerospace/Defense
- **16%** Industrial/Materials
- **60%** Life Science / FDA-regulated

DePuy a Johnson & Johnson company | Parker | Pfizer | MERCK | Bristol Myers Squibb™

* Company estimates based on YTD FY 2025

Recent Acquisition Drivers

Year	Target	Geographic Expansion	Increased Capabilities and Expertise	Leveraged Infrastructure (Bolt-on)
FY25	Martin Calibration Inc. Your Partner in Quality and Service ISO 17025 Accredited	✔	✔	✔
FY24	axiom	✔	✔	
FY24	STERIQUAL		✔	✔
FY24	TICMS		✔	✔
FY23	e2b calibration	✔	✔	
FY22	ALLIANCE CALIBRATION A TRANSCAT Company	✔		✔
FY22	TANGENT LABS A TRANSCAT Company	✔	✔	
FY22	NEXA ENTERPRISE ASSET MANAGEMENT	✔	✔	
FY21	BIOTEK SERVICES, INC		✔	✔
FY21	tte laboratories		✔	

FY2025 FY2024 FY2023 FY2022 FY2021

Acquisition and Integration Differentiators

Transcat's Proven Integration Process Drives Consistent Long-Term Value Capture and Returns

Diligence and Decision Making

Disciplined approach with high emphasis on cultural fit

Strategic checklist and assessment process

Expertise and experience

Consistent decision making

Acquirer of Choice

Sellers consistently chose Transcat, often at a lower price

Transcat has reputation for treating acquired employees fairly

Cultural sensitivity around integration

Synergy Capture

Leveraging Transcat's broad capabilities and brand to accelerate top-line growth (sales synergy)

Marketing expertise

Reduction of outsourcing by leveraging Transcat full scope of services (cost synergy)

Track Record of Success

20+ acquisitions over the last 10 years, with remarkable success

Martin Calibration – Expanding Presence in Upper Midwest

TRANSCAT®
Trust in every measure

NEWS RELEASE

Transcat, Inc. • 35 Vantage Point Drive • Rochester, NY 14624 • 585-352-7777

IMMEDIATE RELEASE

Transcat acquires Martin Calibration Inc.'s 7 labs, Expanding Midwest Service presence, including Minneapolis

ROCHESTER, NY, December 10, 2024 – Transcat, Inc. (Nasdaq: TRNS) ("Transcat" or the "Company"), a leading provider of accredited calibration services, cost control and optimization services, and distribution and rental of value-added professional grade handheld test, measurement, and control instrumentation, announced that it has acquired privately-held Martin Calibration Inc. (Martin), effective December 10, 2024. The $79 million purchase price was paid in combination of $69 million in cash and $10 million in Company stock and is subject to certain customary adjustment and holdback provisions.

Martin, an ISO-17025 Accredited calibration laboratory network, has been a Midwest leader in the metrology business for almost 35 years, with more than $25 million dollars of revenue. With its flagship Minneapolis lab, Martin has six additional labs in or near Chicago, Milwaukee, Eau Claire, Tempe, and Los Angeles. Martin serves customers in the highly regulated Medical, Life Science, Aerospace, and Nuclear sectors, providing in-lab and onsite services across a broad range of disciplines.

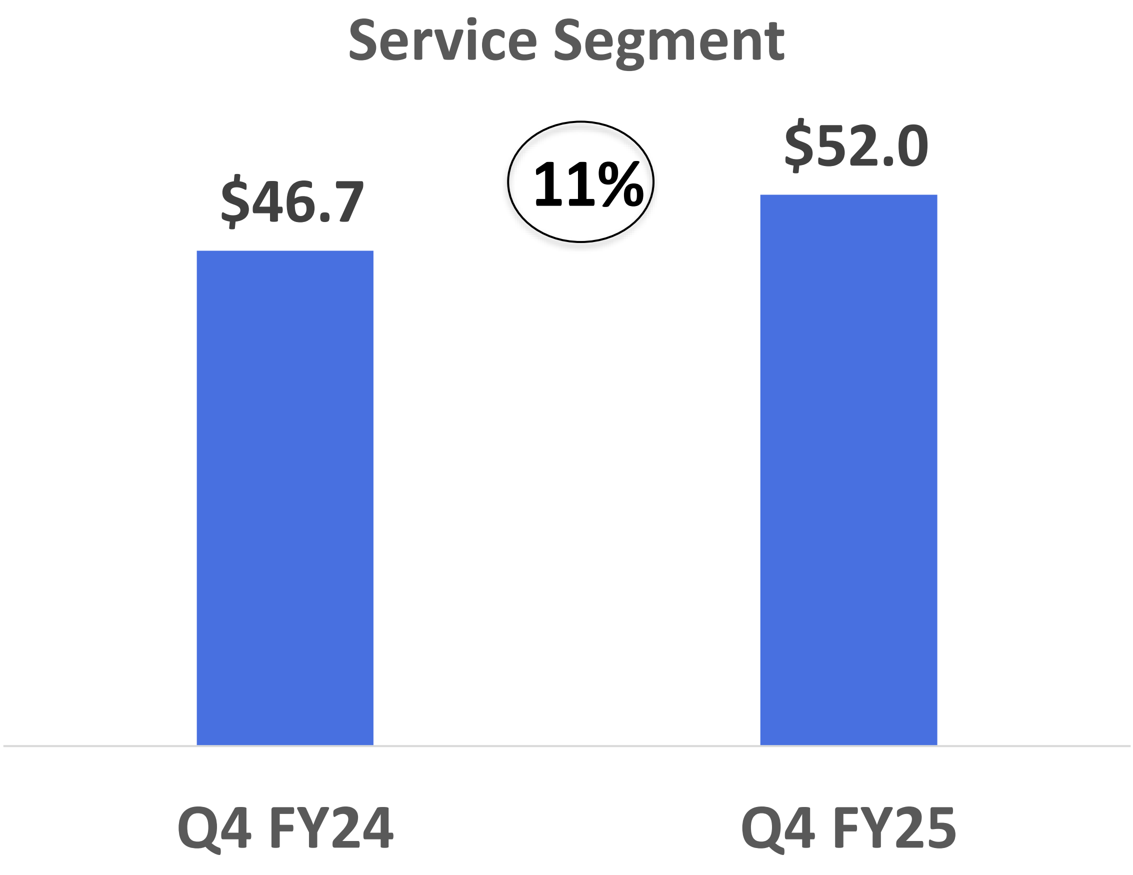
- ✓ **$79 million purchase price; $10 million in Company stock and $69 million in cash**
- ✓ **Existing leadership and staff retained**
- ✓ **Establishes Transcat presence in the highly coveted Minneapolis area, as well as other locations in the Upper Midwest**
- ✓ **Check all of Transcat's "acquisition boxes", geographic reach, increased capabilities and leveraging existing infrastructure (bolt-on opportunities in Los Angeles and Tempe)**
- ✓ **Strong customer relationships should provide opportunities for cross-selling Transcat services, which will accelerate growth.**

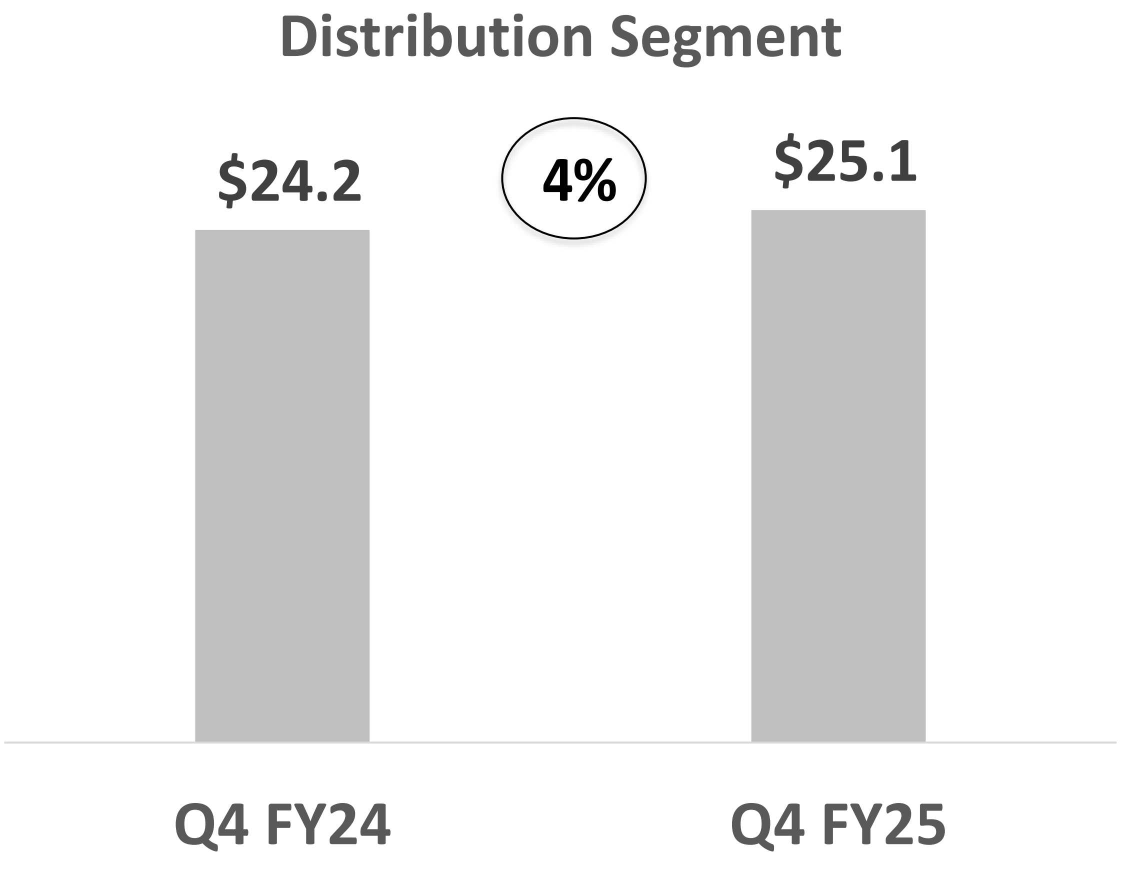
FINANCIAL OVERVIEW

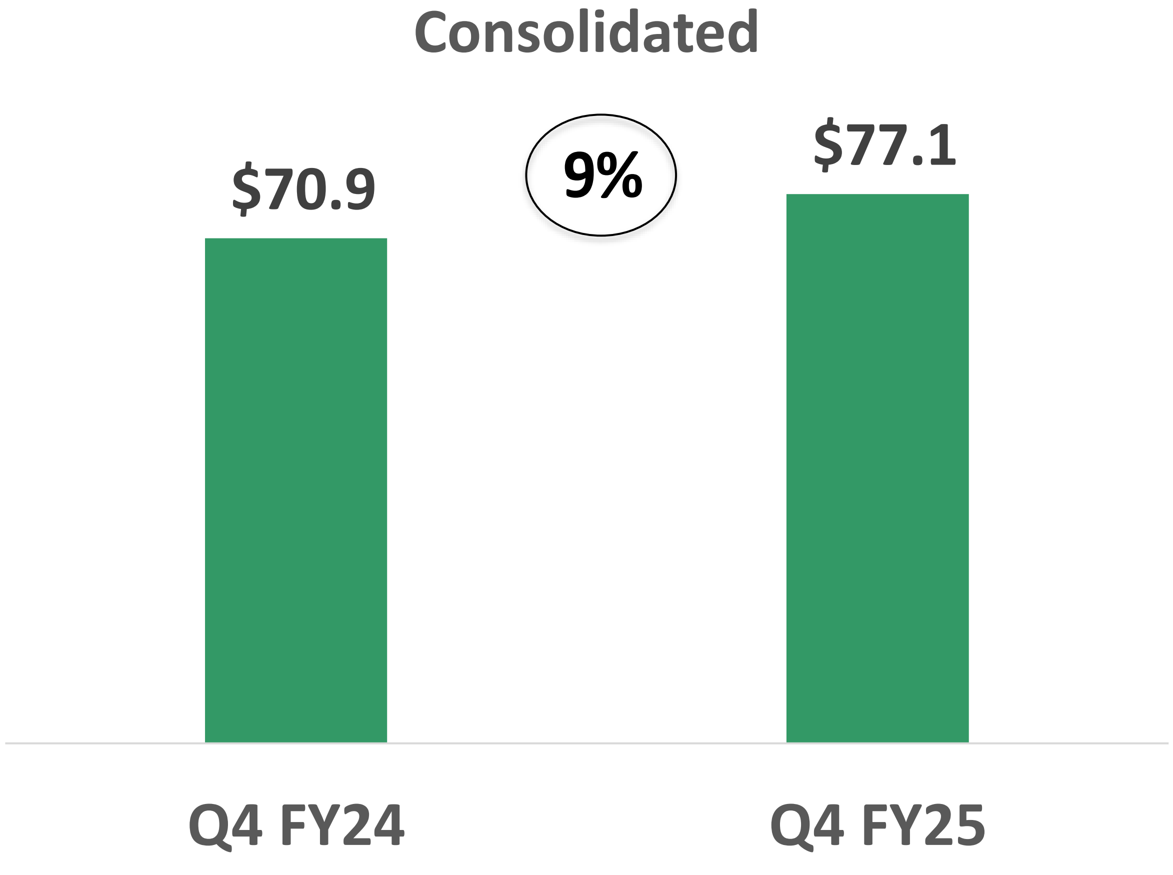
Note: Amounts shown in the graphs that follow may be rounded. Therefore, totals shown in the graphs may not be equal to the sum of the segments

FY2025 Revenue

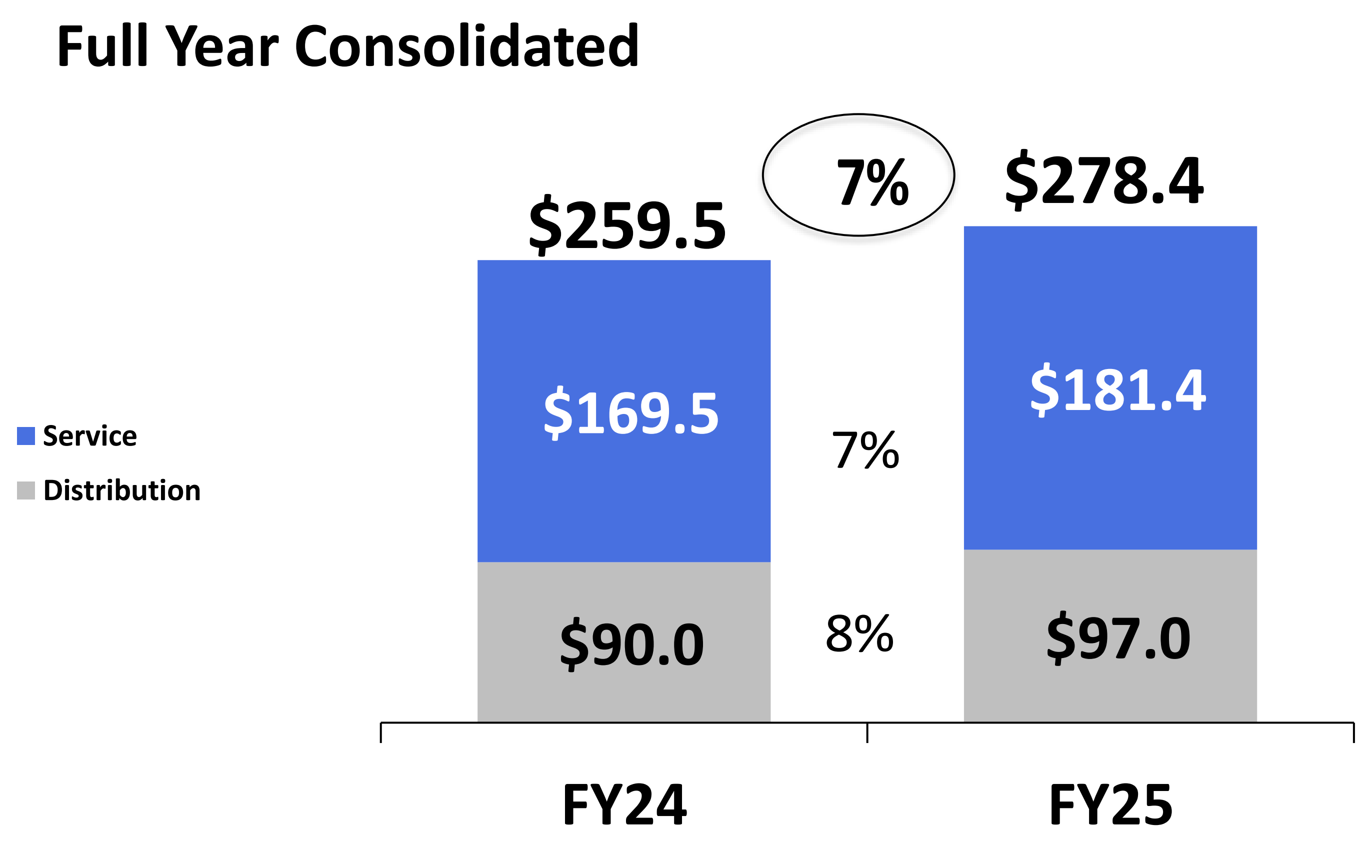
($ in millions)







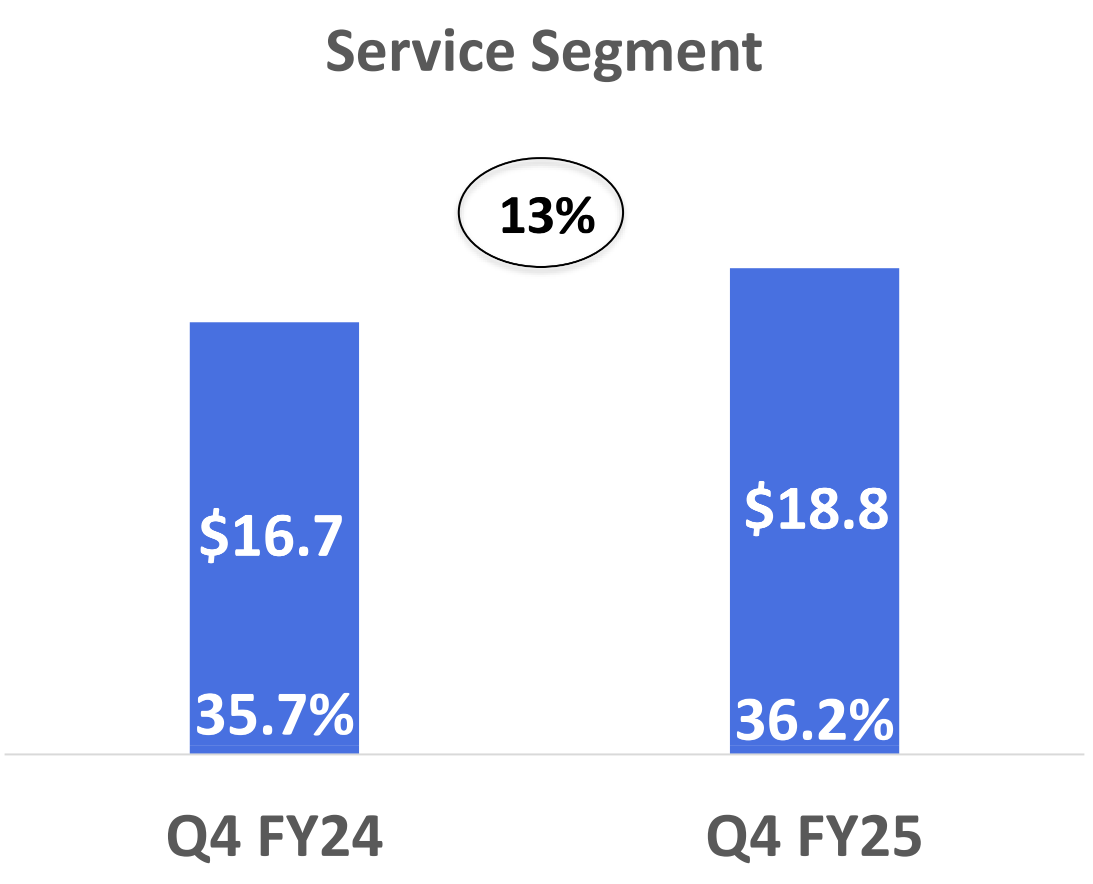
- Consolidated revenue up Q4 9% and FY 7% despite one less week in fiscal 2025
- Service revenue growth of Q4 11% and FY 7% driven by strength in the Calibration business
- Distribution revenue growth of Q4 4% and FY 8%

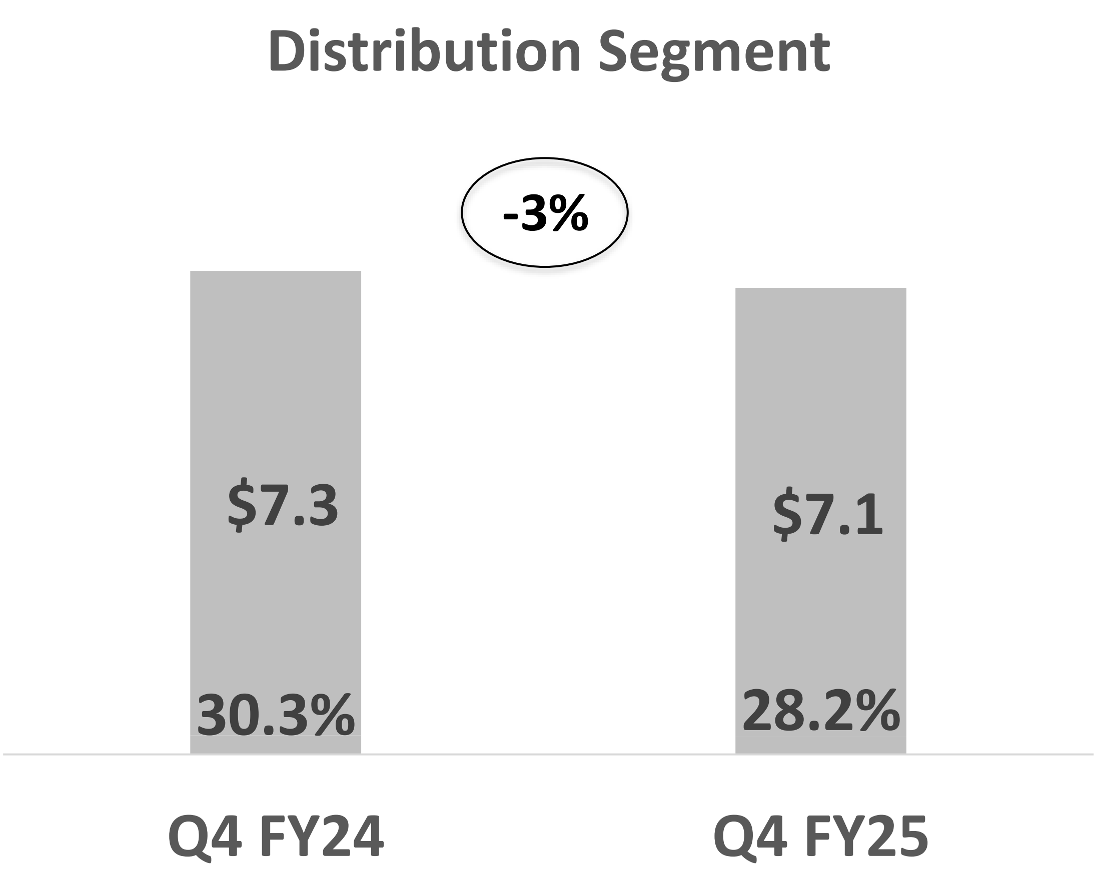


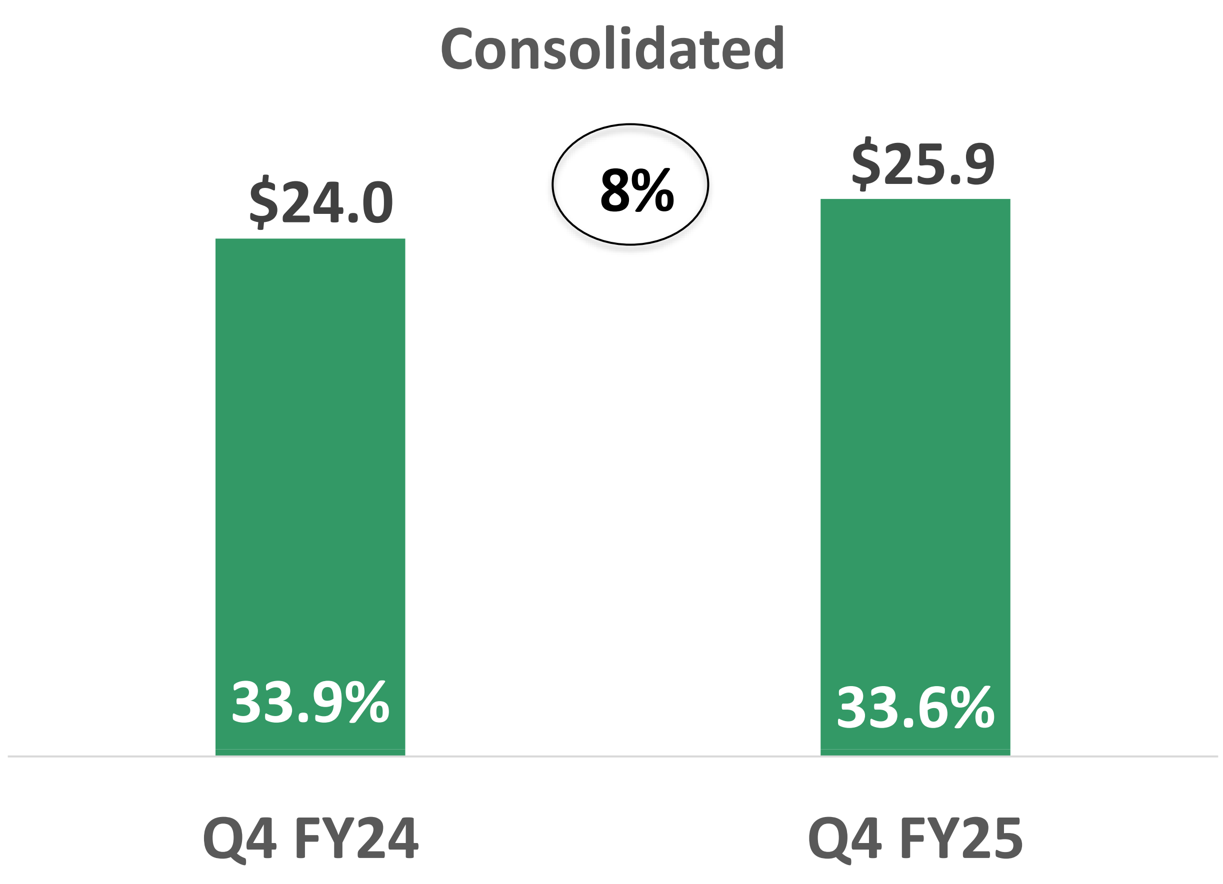
All figures are rounded to the nearest tenth of a million. Therefore, totals shown in graphs may not equal the sum of the segments.

FY2025 Gross Profit and Margin

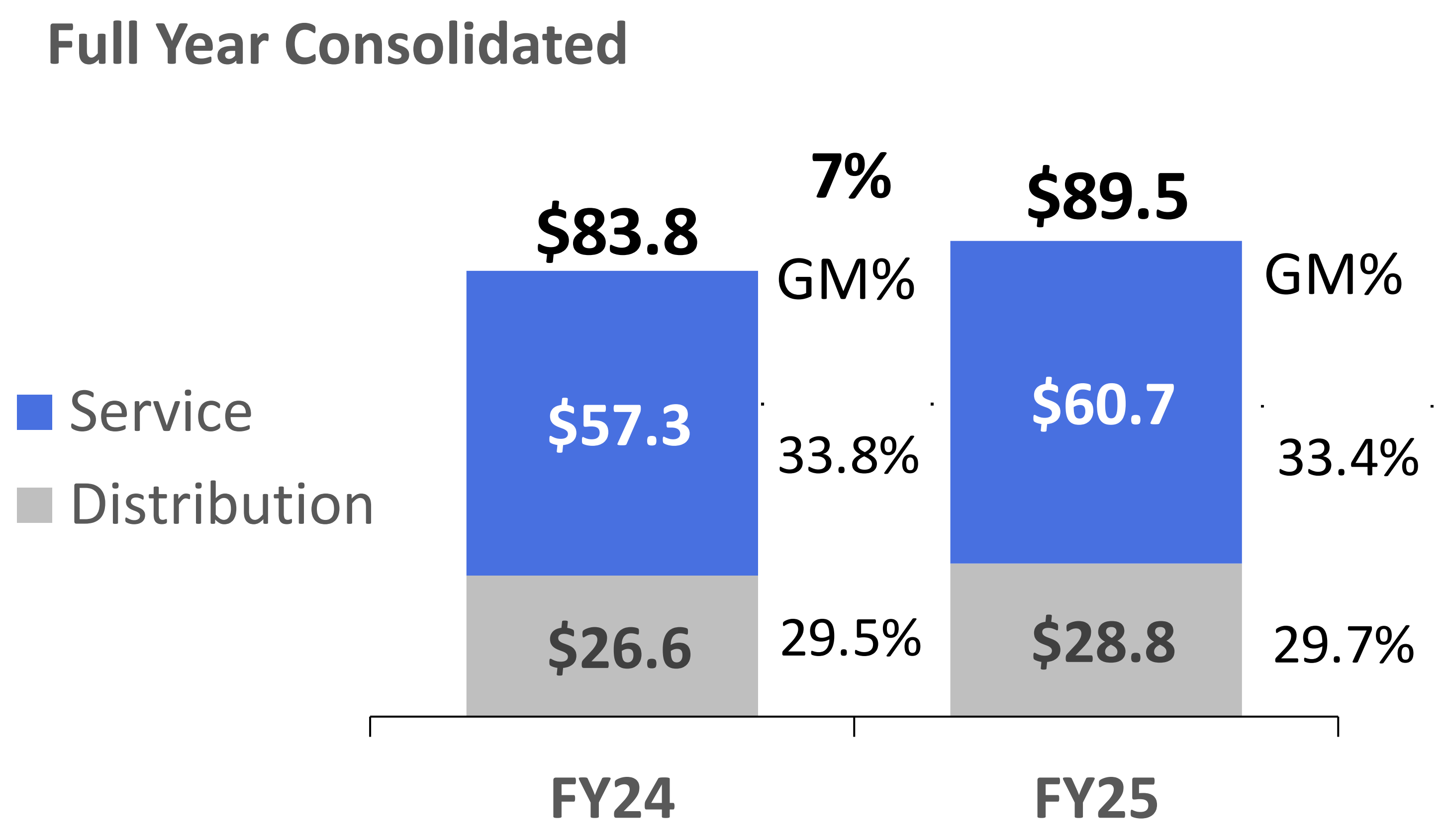
($ in millions)







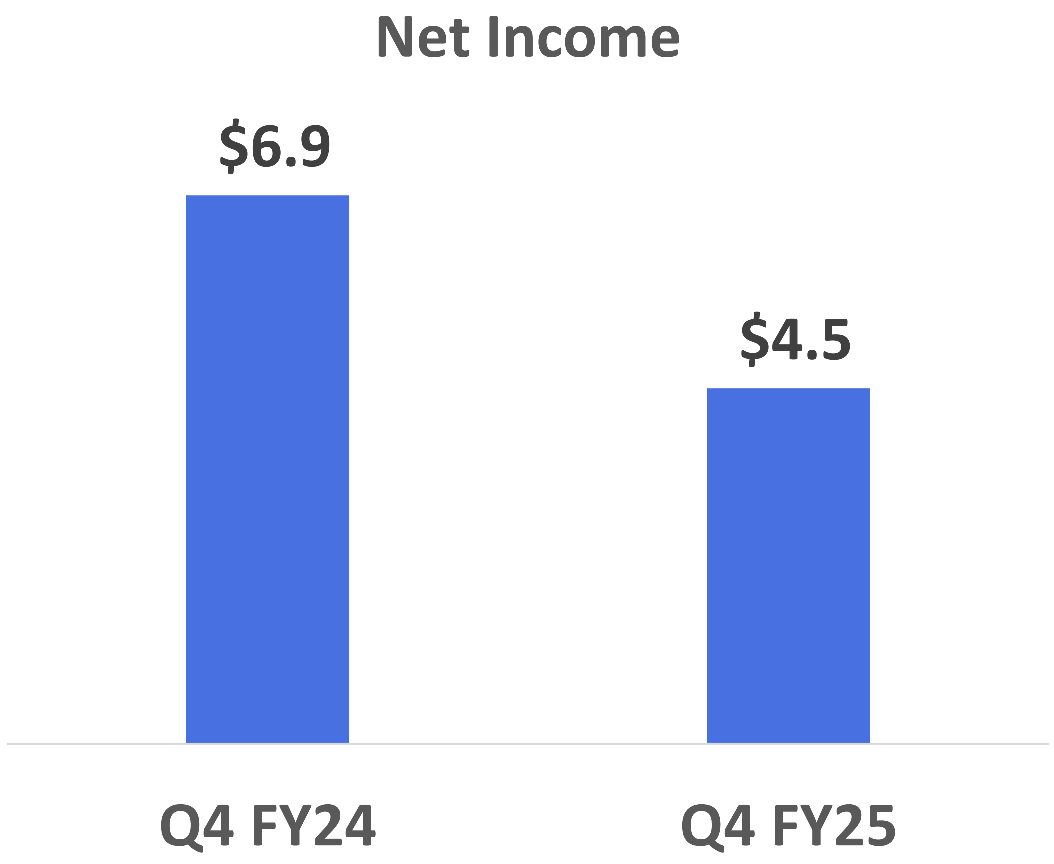
- Consolidated Gross Profit of $25.9M for Q4 increased 8% from prior year; Full year Gross Profit grew 7%
- Service Gross Margin of Q4 36.2% expanded 50 bps due to increased productivity from automation and process improvement
- Full year Distribution Gross Profit increased 8% with 20bps Gross Margin expansion

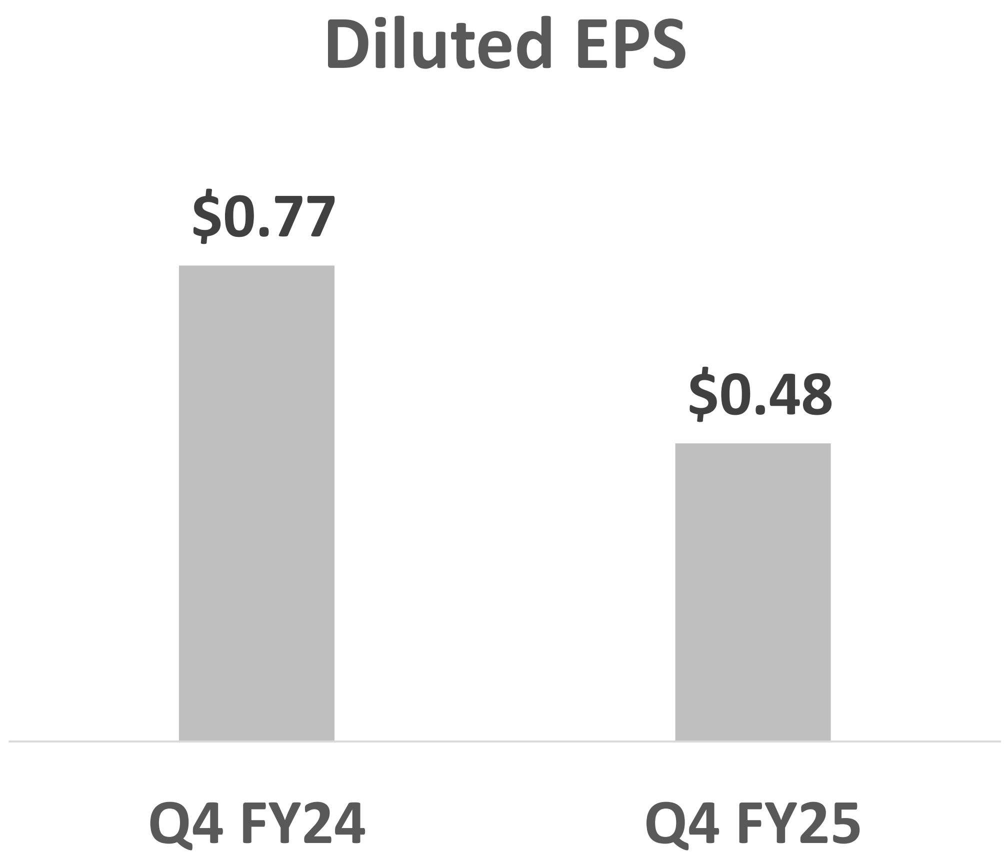


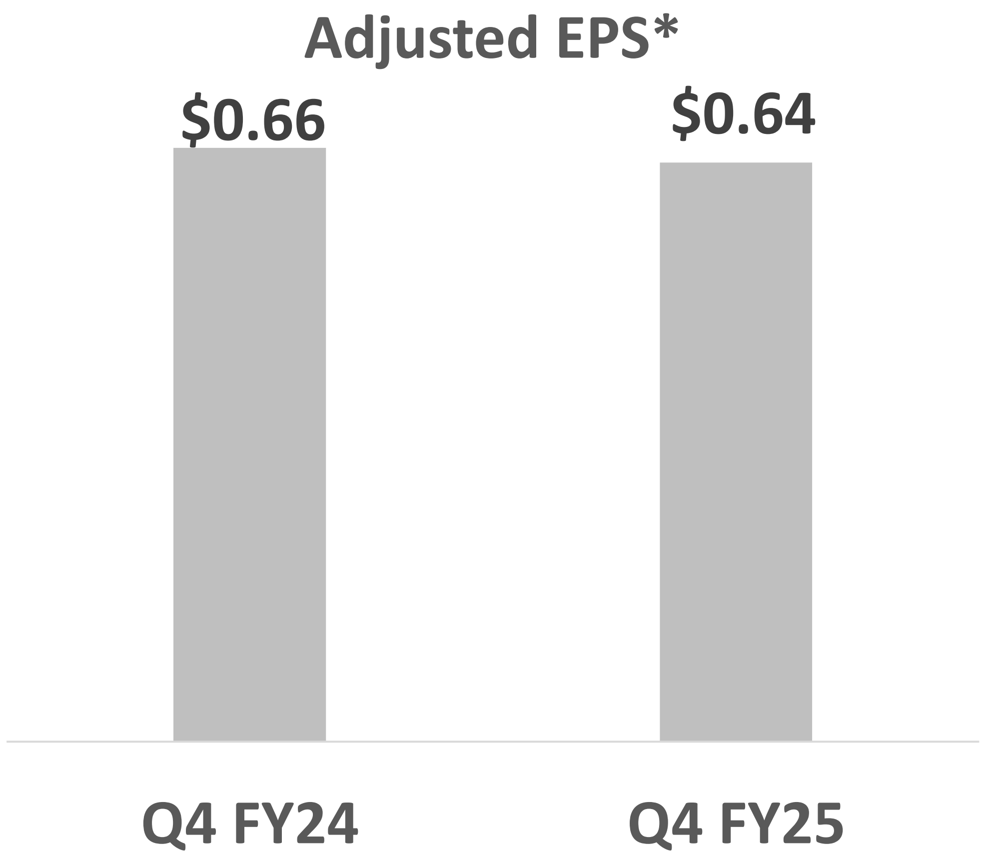
All figures are rounded to the nearest tenth of a million. Therefore, totals shown in graphs may not equal the sum of the segments.

FY2025 Net Income, Diluted EPS, Adjusted Diluted EPS*

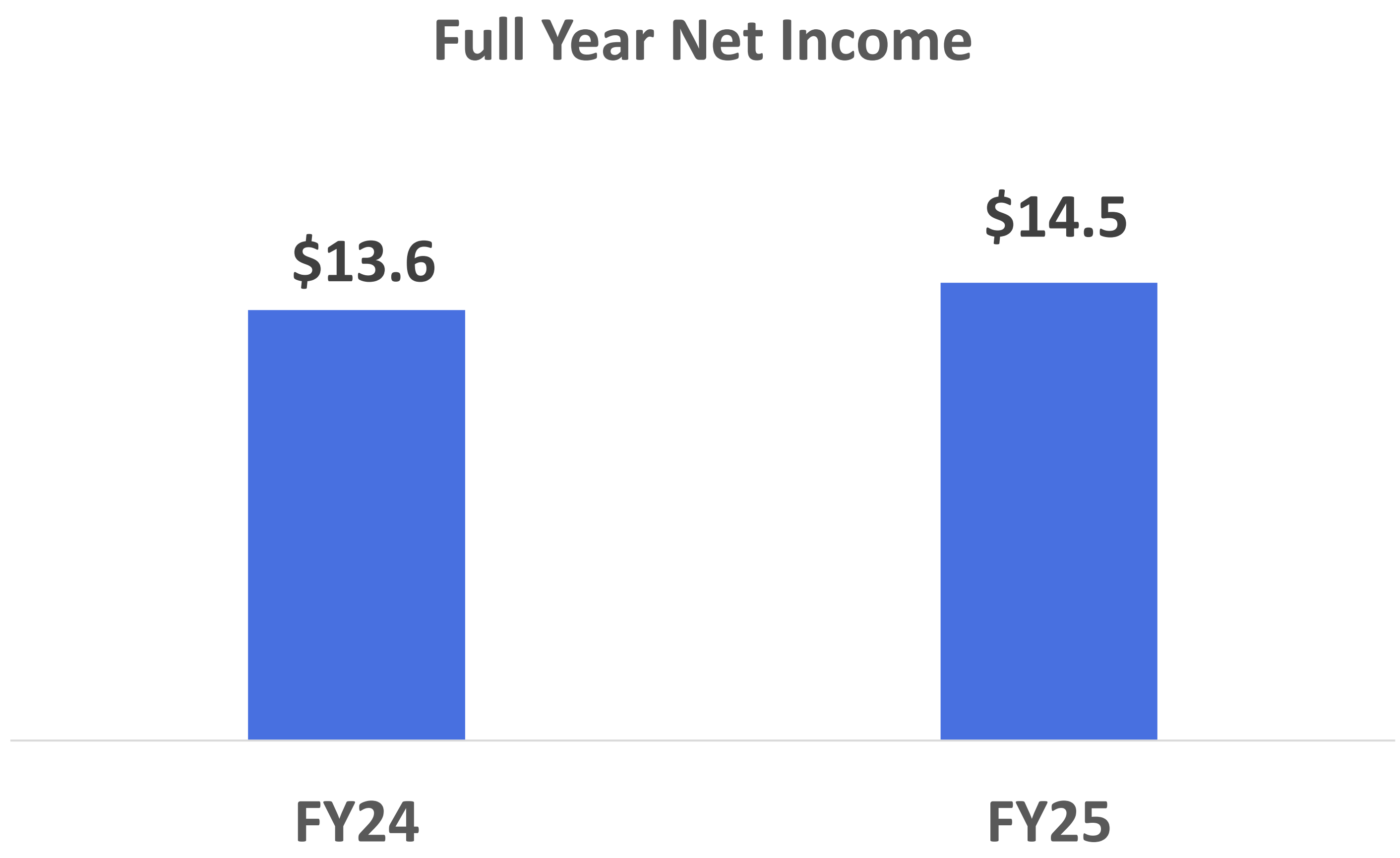
($ in millions, except EPS)







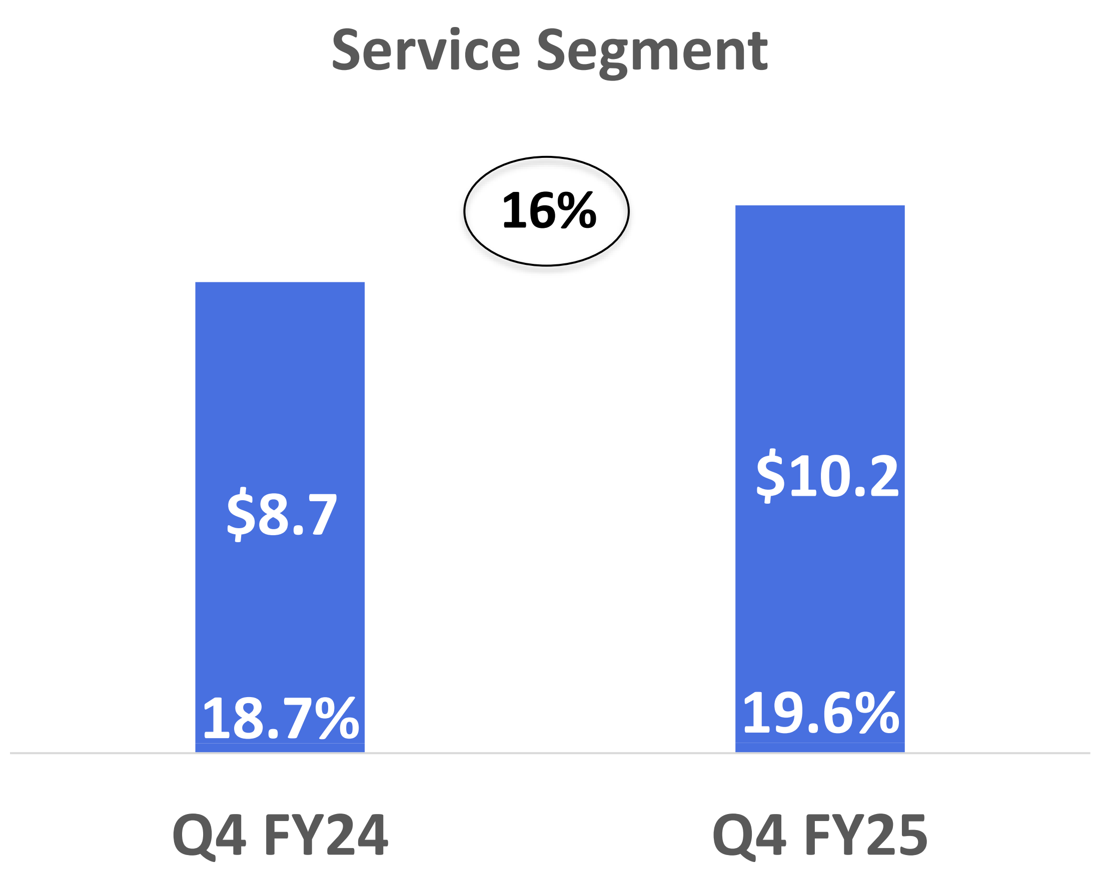
- Q4 Adjusted EPS of $0.64 vs $0.66 prior year
- Full year Net Income $14.5M increased 6% from prior year
- Full year Adjusted EPS of $2.29 vs $2.35 prior year

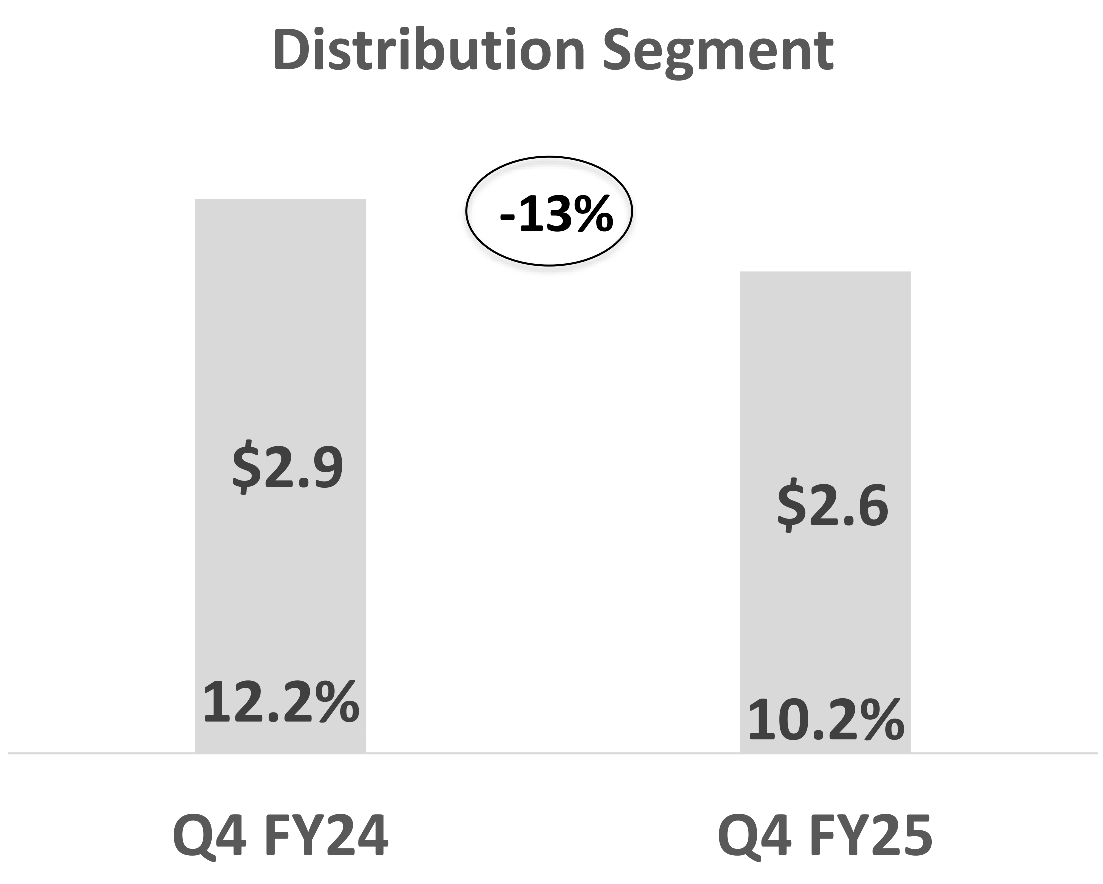


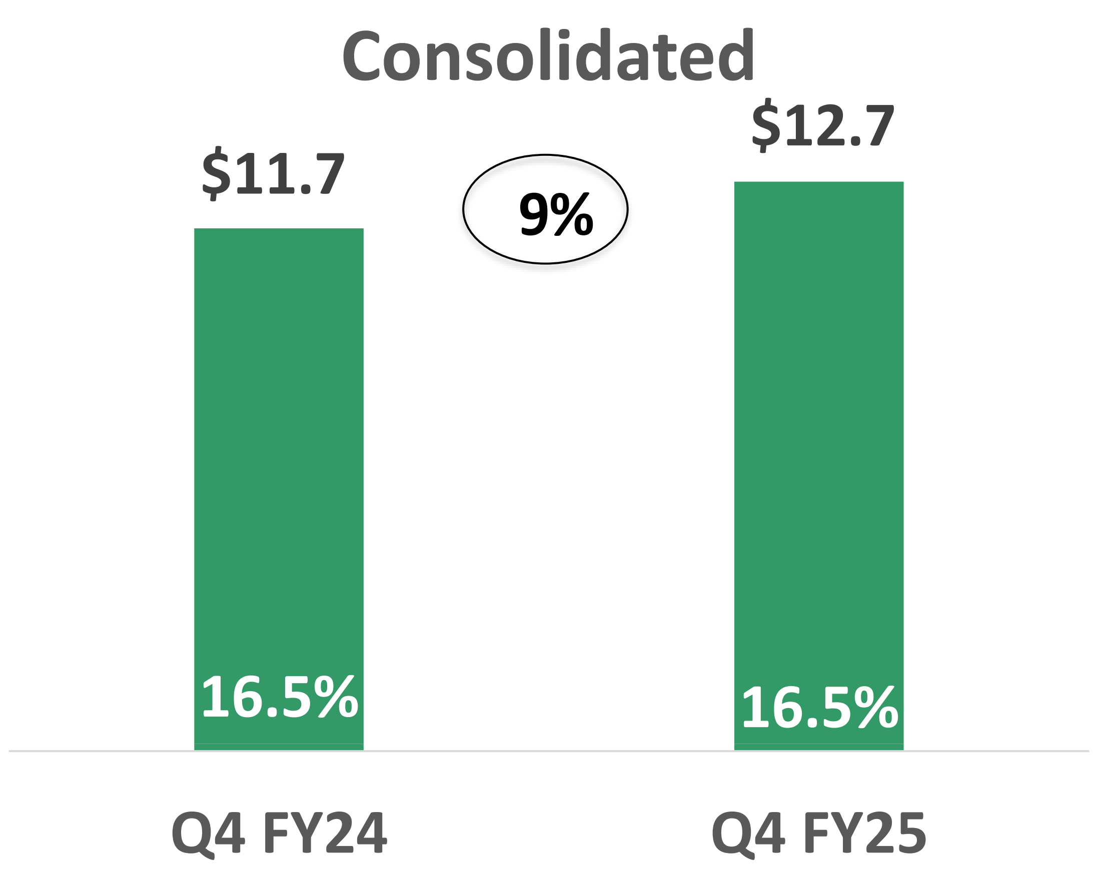
**See supplemental slides for a description of this non-GAAP financial measure, Adjusted EPS reconciliation and other important information regarding Adjusted EPS*

FY2025 Adjusted EBITDA* and Margin

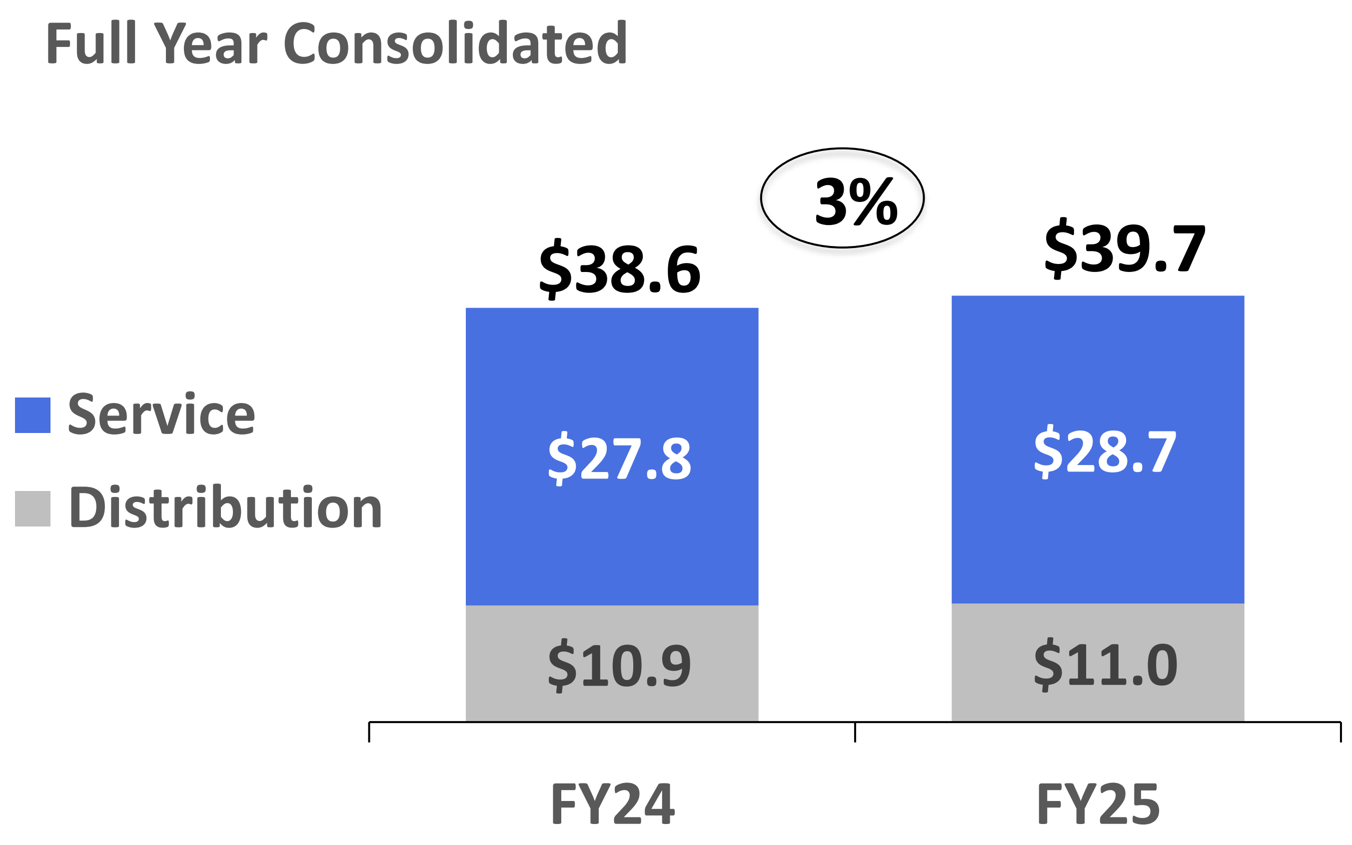
($ in millions)







- Consolidated adjusted EBITDA grew Q4 9% and full year 3%; Q4 EBITDA margin 16.5% consistent with prior year
- Service segment adjusted EBITDA up Q4 16% and full year 3%
- Distribution adjusted EBITDA down Q4 13% and growing full year 2%



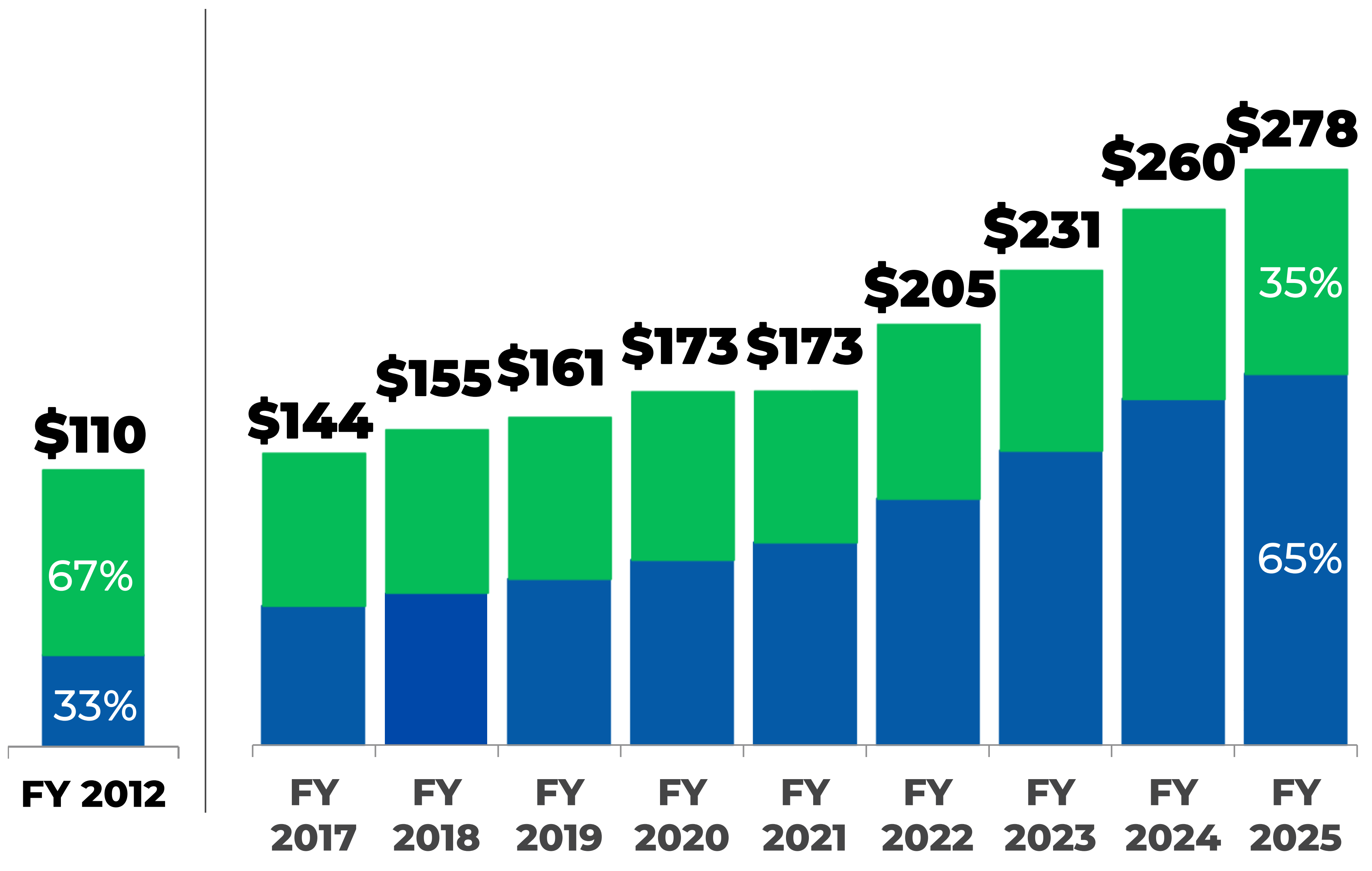
** See supplemental slides for a description of this non-GAAP financial measure, Adjusted EBITDA reconciliation and other important information regarding Adjusted EBITDA. All figures are rounded to the nearest tenth of a million. Therefore, totals shown in graphs may not equal the sum of the segments.*

CALIBRATED BY TRANSCAT

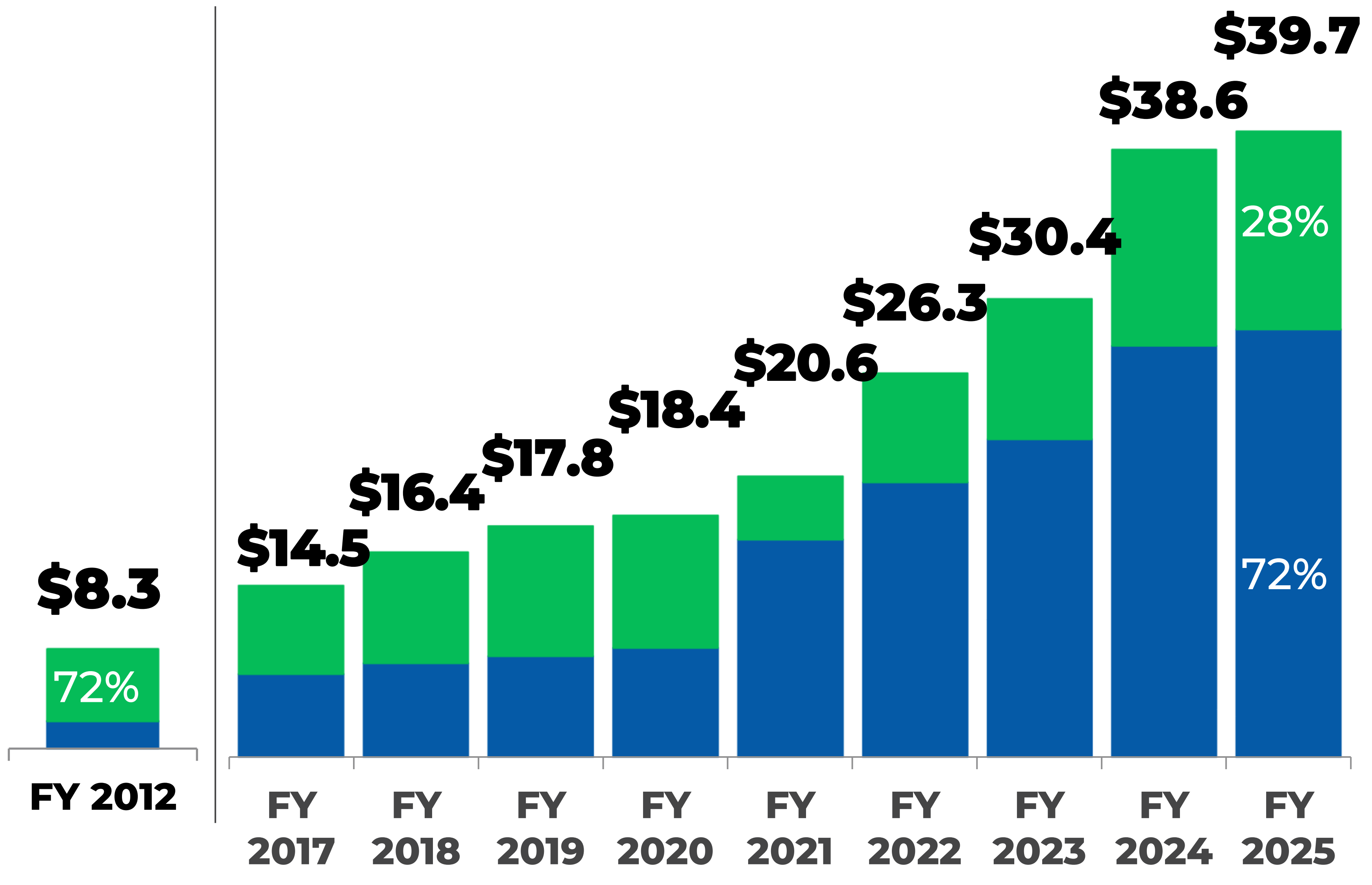
Consolidated Historical Results

($ in millions)

Revenue



Adjusted EBITDA



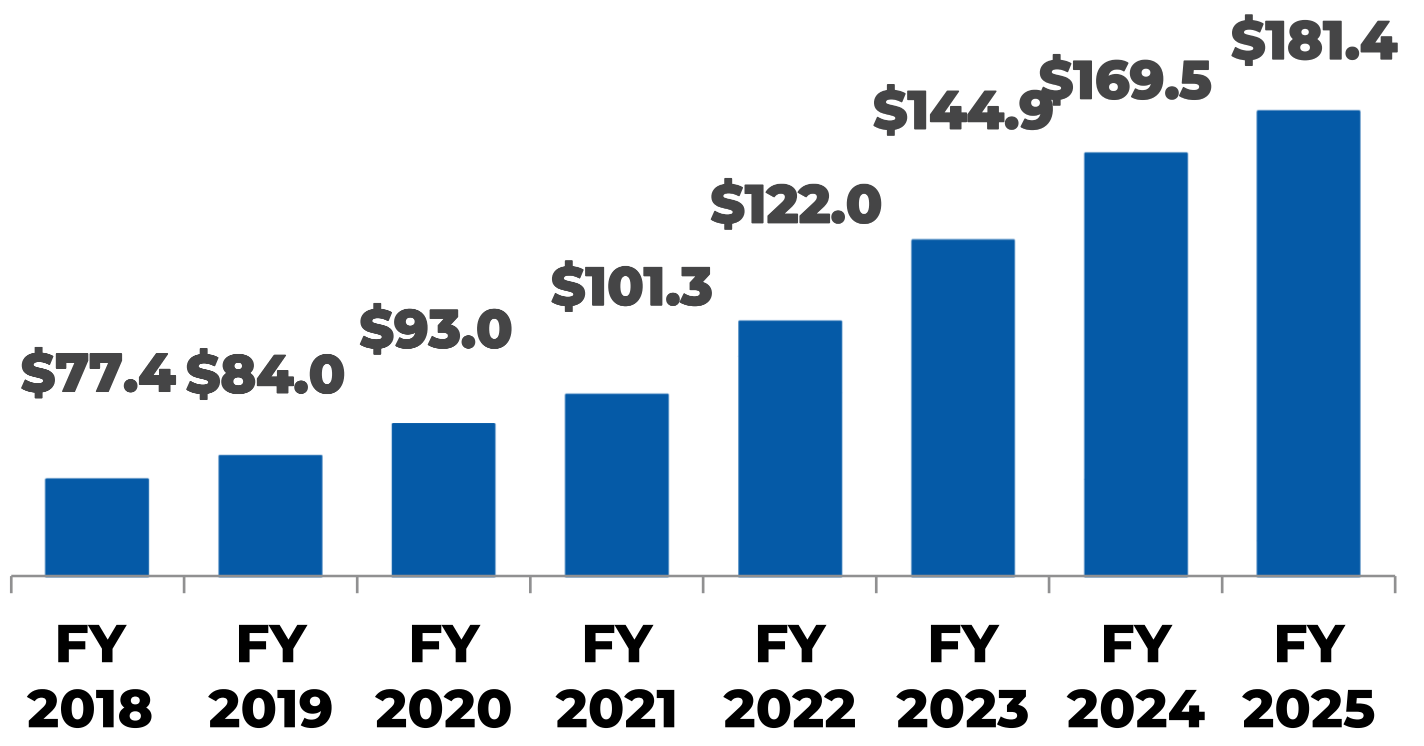
Service Distribution

CALIBRATED BY TRANSCAT

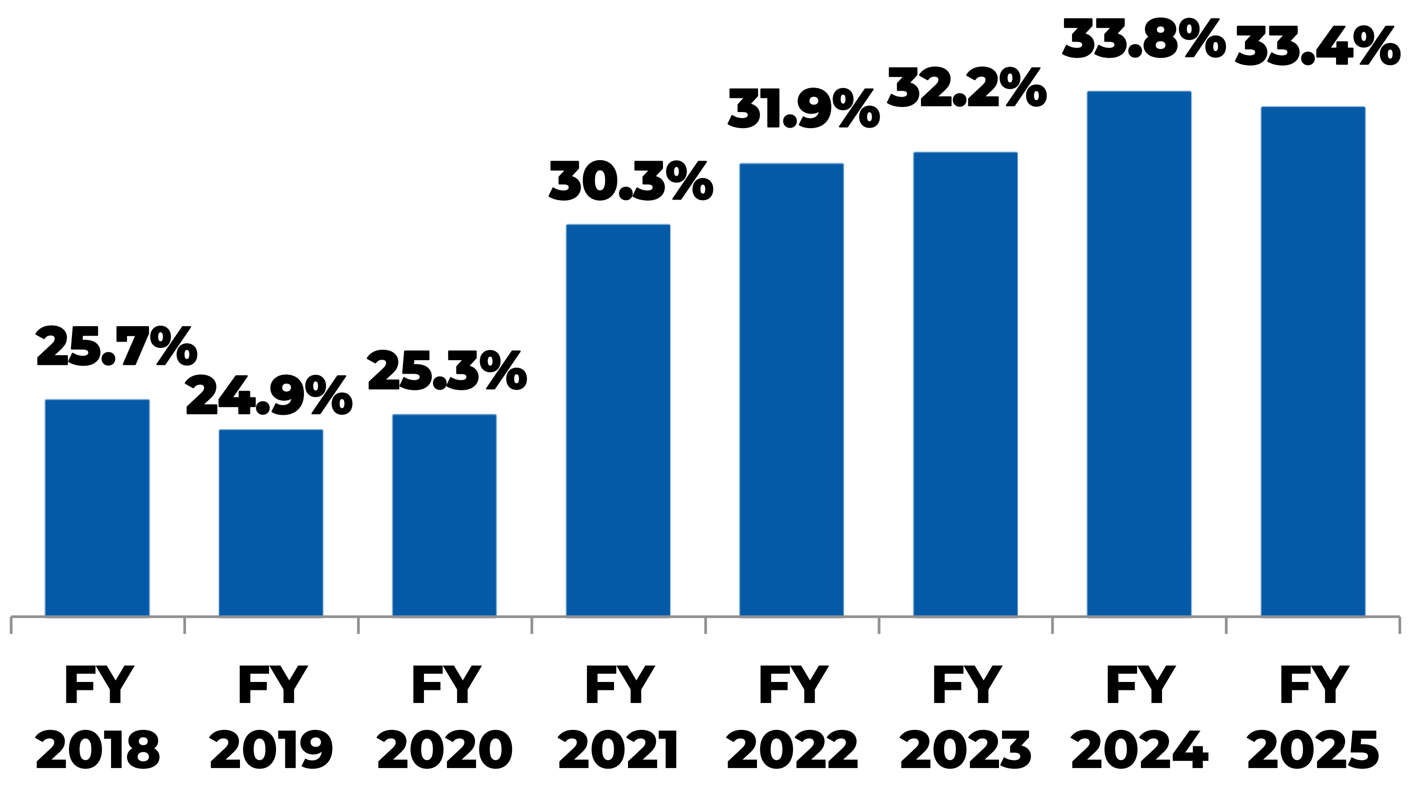
Service Segment Driving Strong Results

($ in millions)

Service Revenue



Service Gross Margin %

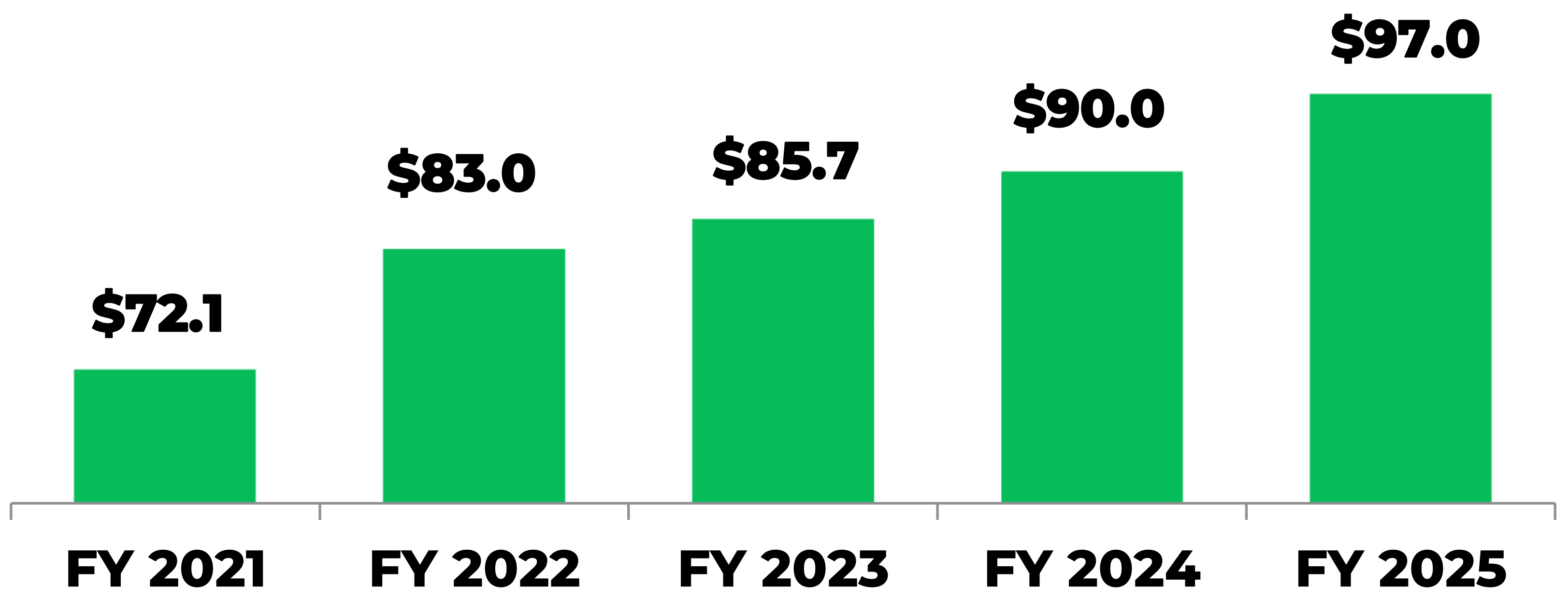


- **Capturing share in highly regulated end markets, including life sciences and Aerospace & Defense**
- **NEXA enterprise asset management acquired on August 31, 2021**
- **Recurring revenue nature of service segment provides for a high degree of visibility into future earnings**
- **Enhanced gross margin profile:**
  - **Driven by operating leverage on organic growth and improved technician productivity**
  - **Operational focus on calibration automation and continuous process improvement**

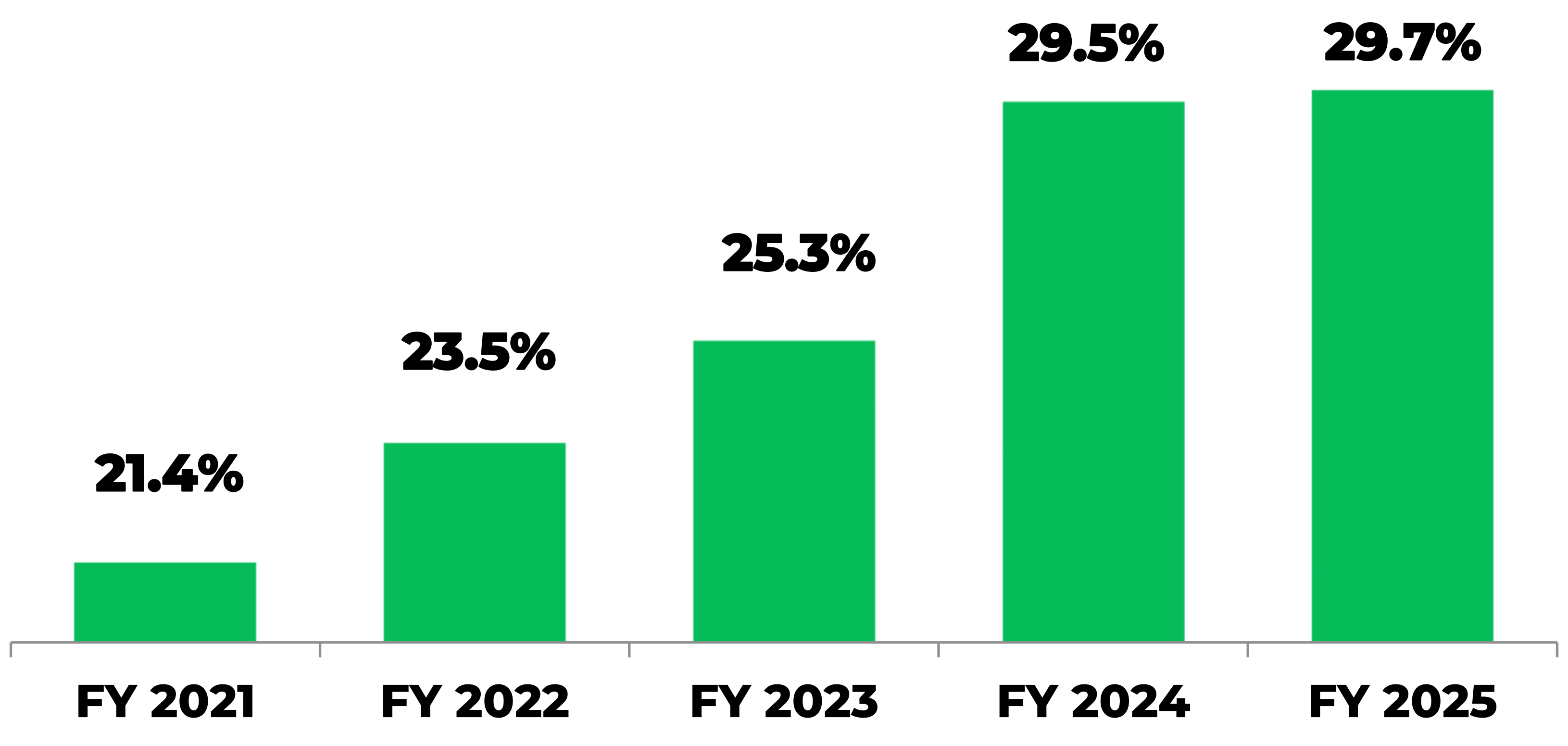
Distribution Supports Growth Strategy

($ in millions)

Distribution and Rental Sales



Distribution Gross Margin %



- **Stable performance, which is in line with our strategy to drive service segment growth**
- **Gross margin percentage has improved primarily due to growth of high margin rental business**

Operating Free Cash Flow and Cap Table

($ in millions)

Operating Free Cash Flow

	Twelve Months Ended	
Note: Components may not add to totals due to rounding	March 29 2025	March 30 2024
Net cash provided by operations	$39.0	$32.6
Capital expenditures (CapEx)	(13.2)	(13.3)
Operating free cash flow (FCF)**	**$25.8**	**$19.3**

- Operating Free Cash Flow significantly improved $6.5M vs prior year
- Capital expenditures remain level year over year and focused on Service capabilities/expansion, rental pool assets and technology; in line with expectations

Capitalization Supports Growth Strategy

Capitalization		
Note: Components may not add to totals due to rounding	March 29 2025	March 30 2024
Cash, cash equivalents, & marketable securities	$1.5	$35.2
Total debt	32.7	4.2
Total net debt	**$31.2**	**($31.0)**
Shareholders' equity	286.9	225.2
Total capitalization	**$319.6**	**$229.3**
Debt/total capitalization	10.2%	1.8%
Net debt/total capitalization	9.8%	-13.5%

- 0.78x leverage ratio at quarter-end (Total debt to TTM Adjusted EBITDA*)
- $49.1M available from credit facility at quarter-end

** In addition to reporting net cash provided by operations, a U.S. generally accepted accounting principle ("GAAP") measure, we present operating free cash flow (net cash provided by operations less capital expenditures), which is a non-GAAP measure. We believe operating free cash flow is an important liquidity measure that reflects the cash generated by the business, after the purchases of technology, capabilities and assets, that can then be used for, among other things, strategic acquisitions, investments in the business, and funding ongoing operations. Operating free cash flow is not a measure of financial performance under GAAP and is not calculated through the application of GAAP. As such, it should not be considered as a substitute or alternative for the GAAP measure of net cash provided by operations and, therefore, should not be used in isolation of, rather in conjunction with, the GAAP measure. Operating free cash flow, as presented, may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.

*Pro forma for the contemplated transaction.

CALIBRATED BY TRANSCAT®

Investor Relations

Chris Tyson
Executive Vice President
MZ Group - MZ North America
949-491-8235
TRNS@mzgroup.us

Analyst Coverage

Firm	**Analyst**
Craig-Hallum	Greg Palm
H.C. Wainwright & Co.	Scott Buck
Northland Capital Markets	Ted Jackson
Oppenheimer & Co.	Martin Yang

TRANSCAT, INC

35 Vantage Point Drive
Rochester, NY 14624

TRANSCAT®
Trust in every measure

NASDAQ: TRNS

Adjusted EBITDA Reconciliation

($ in thousands)	FY 2024 Q4	FY 2025 Q4	FY 2025 Q4 TTM
Net Income	$ 6,890	$ 4,464	$ 14,515
+ Interest Expense / (Income), net	(411)	463	(27)
+ Other Expense / (Income)	11	221	(425)
+ Tax Provision	2,714	1,792	3,811
Operating Income	$ 9,204	$ 6,940	$ 17,874
+ Depreciation & Amortization	3,635	5,625	18,567
+ Transaction Expense	37	33	1,277
+ Acquisition Earn-Out Adjustment	(2,357)	(835)	(835)
+ Other (Expense) / Income	(11)	(191)	(399)
+ Noncash Stock Compensation	1,174	1,173	3,248
Adjusted EBITDA	$ 11,682	$ 12,745	$ 39,732

In addition to reporting net income, a U.S. generally accepted accounting principle ("GAAP") measure, we present Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, non-cash stock compensation expense, restructuring expense and non-cash loss on sale of building), which is a non-GAAP measure. We believe Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and others to evaluate and compare the performance of our core operations from period to period by removing the impact of the capital structure (interest), tangible and intangible asset base (depreciation and amortization), taxes, stock-based compensation expense and other items, which is not always commensurate with the reporting period in which it is included. As such, we use Adjusted EBITDA as a measure of performance when evaluating our business segments and as a basis for planning and forecasting. Adjusted EBITDA is not a measure of financial performance under GAAP and is not calculated through the application of GAAP. As such, it should not be considered as a substitute or alternative for the GAAP measure of net income and, therefore, should not be used in isolation of, rather in conjunction with, the GAAP measure. Adjusted EBITDA, as presented, may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.

Segment Adjusted EBITDA Reconciliation

($ in thousands)	FY 2024 Q4	FY 2025 Q4
Service Operating Income	$ 8,144	$ 5,976
+ Depreciation & Amortization	2,280	3,774
+ Transaction Expense	(44)	11
+ Acquisition Earn-Out Adjustment	(2,357)	(256)
+ Other (Expense) / Income	(18)	(133)
+ Noncash Stock Compensation	736	813
Service Adjusted EBITDA	$ 8,741	$ 10,185
Distribution Operating Income	$ 1,060	$ 964
+ Depreciation & Amortization	1,355	1,851
+ Transaction Expense	81	22
+ Acquisition Earn-Out Adjustment	-	(579)
+ Other (Expense) / Income	7	(58)
+ Noncash Stock Compensation	438	360
Distribution Adjusted EBITDA	$ 2,941	$ 2,560
Service EBITDA	$8,741	$10,185
Distribution EBITDA	$2,941	$2,560
Total Adjusted EBITDA	$11,682	$12,745

In addition to reporting net income, a U.S. generally accepted accounting principle ("GAAP") measure, we present Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, non-cash stock compensation expense, restructuring expense and non-cash loss on sale of building), which is a non-GAAP measure. We believe Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and others to evaluate and compare the performance of our core operations from period to period by removing the impact of the capital structure (interest), tangible and intangible asset base (depreciation and amortization), taxes, stock-based compensation expense and other items, which is not always commensurate with the reporting period in which it is included. As such, we use Adjusted EBITDA as a measure of performance when evaluating our business segments and as a basis for planning and forecasting. Adjusted EBITDA is not a measure of financial performance under GAAP and is not calculated through the application of GAAP. As such, it should not be considered as a substitute or alternative for the GAAP measure of net income and, therefore, should not be used in isolation of, rather in conjunction with, the GAAP measure. Adjusted EBITDA, as presented, may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.

Adjusted Diluted EPS EBITDA Reconciliation

($ in thousands except per share data)		
	FY 24 Q4	FY 25 Q4
GAAP Net Income	$ 6,890	$ 4,464
Add back (deduct)	$ (979)	$ 1,475
Amortization of Intangibles	1,447	2,906
Acquisition deal costs	81	34
Acq Stock Expense	258	141
Acquisition Amortization of backlog	24	-
Income Tax Effect at 25%	(431)	(770)
Acquisition Earn-Out Adjustment	(2,358)	(836)
Non-GAAP adjusted net income	$ 5,911	$ 5,939
Average diluted shares outstanding	8,973	9,287
Diluted income per share - GAAP	$ 0.77	$ 0.48
Diluted income per share - Non-GAAP	$ 0.66	$ 0.64

In addition to reporting Earnings Per Share, a GAAP measure, we present Adjusted Diluted Earnings Per Share (net income plus acquisition related amortization expense, acquisition related transaction expenses, acquisition related stock-based compensation, contingent consideration and acquisition amortization of backlog), which is a non-GAAP measure. Our management believes Adjusted Diluted EPS is an important measure of our operating performance because it provides a basis for comparison of our business operations between current, past and future periods by excluding items that we do not believe are indicative of our core operating performance.

Adjusted Diluted Earnings Per Share is not a measure of financial performance under GAAP and is not calculated through the application of GAAP. As such, it should not be considered as a substitute or alternative for the GAAP measure of Earnings Per Share and, therefore, should not be used in isolation of, but in conjunction with, the GAAP measure. Adjusted Diluted Earnings Per Share, as presented, may produce results that vary from the GAAP measure and may not be comparable to a similarly defined non-GAAP measure used by other companies.