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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 30, 2016

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 0-13200

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**AstroNova, Inc.**

(Exact name of registrant as specified in its charter)

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**Rhode Island**  
(State or other jurisdiction of  
incorporation or organization)

**600 East Greenwich Avenue, West Warwick, Rhode Island**  
(Address of principal executive offices)

**05-0318215**  
(I.R.S. Employer  
Identification No.)

**02893**  
(Zip Code)

**(401) 828-4000**  
(Registrant's telephone number, including area code)

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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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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.

**Common Stock, \$.05 Par Value – 7,465,097 shares  
(excluding treasury shares) as of September 2, 2016**

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ASTRONOVA, INC.

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**Part I. FINANCIAL INFORMATION****Item 1. Financial Statements**

**ASTRONOVA, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, Except Share Data)

|  | <u>July 30,</u><br><u>2016</u><br><u>(Unaudited)</u> | <u>January 31,</u><br><u>2016</u> |
|--|--|-----------------------------------|
| <b><u>ASSETS</u></b>   |  |                                   |
| <b>CURRENT ASSETS</b>  |  |                                   |
| Cash and Cash Equivalents  | \$ 14,900  | \$ 10,043                         |
| Securities Available for Sale  | 8,864  | 10,376                            |
| Accounts Receivable, net   | 15,228   | 15,325                            |
| Inventories  | 17,566   | 14,890                            |
| Line of Credit Receivable  | 140  | 150                               |
| Note Receivable  | —  | 191                               |
| Prepaid Expenses and Other Current Assets  | 1,827  | 3,539                             |
| Total Current Assets   | <u>58,525</u>  | <u>54,514</u>                     |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>   |  |                                   |
| Less Accumulated Depreciation  | <u>(30,822)</u>                                      | <u>(29,906)</u>                   |
| Property, Plant and Equipment, net   | 9,303  | 9,807                             |
| <b>OTHER ASSETS</b>  |  |                                   |
| Intangible Assets, net   | 5,622  | 5,980                             |
| Goodwill   | 4,521  | 4,521                             |
| Deferred Tax Assets  | 2,798  | 3,049                             |
| Other  | 93   | 92                                |
| Total Other Assets   | <u>13,034</u>  | <u>13,642</u>                     |
| <b>TOTAL ASSETS</b>  | <u><b>\$ 80,862</b></u>                              | <u><b>\$ 77,963</b></u>           |
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>   |  |                                   |
| <b>CURRENT LIABILITIES</b>   |  |                                   |
| Accounts Payable   | \$ 5,362   | \$ 3,192                          |
| Accrued Compensation   | 2,445  | 3,436                             |
| Other Liabilities and Accrued Expenses   | 1,922  | 2,209                             |
| Deferred Revenue   | 490  | 529                               |
| Income Taxes Payable   | 265  | 182                               |
| Total Current Liabilities  | <u>10,484</u>  | <u>9,548</u>                      |
| Deferred Tax Liabilities   | 99   | 78                                |
| Other Long Term Liabilities  | 951  | 964                               |
| <b>TOTAL LIABILITIES</b>   | <u>11,534</u>  | <u>10,590</u>                     |
| <b>SHAREHOLDERS' EQUITY</b>  |  |                                   |
| Common Stock, \$0.05 Par Value, Authorized 13,000,000 shares; Issued 9,799,794 shares and 9,666,290 shares at July 30, 2016 and January 31, 2016, respectively | 490  | 483                               |
| Additional Paid-in Capital   | 46,822   | 45,675                            |
| Retained Earnings  | 43,487   | 42,212                            |
| Treasury Stock, at Cost, 2,365,636 and 2,323,545 shares at July 30, 2016 and January 31, 2016, respectively  | (20,637)   | (20,022)                          |
| Accumulated Other Comprehensive Loss, net of tax   | (834)  | (975)                             |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>  | <u>69,328</u>  | <u>67,373</u>                     |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  | <u><b>\$ 80,862</b></u>                              | <u><b>\$ 77,963</b></u>           |

See Notes to condensed consolidated financial statements (unaudited).

**ASTRONOVA, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(In thousands, Except Per Share Data)**  
**(Unaudited)**

|   | <u>Three Months Ended</u> |                           | <u>Six Months Ended</u>  |                           |
|---|---------------------------|---------------------------|--------------------------|---------------------------|
|   | <u>July 30,<br/>2016</u>  | <u>August 1,<br/>2015</u> | <u>July 30,<br/>2016</u> | <u>August 1,<br/>2015</u> |
| Net Sales   | \$25,339                  | \$ 23,938                 | \$49,449                 | \$ 46,144                 |
| Cost of Sales   | 15,034                    | 14,092                    | 29,671                   | 27,268                    |
| Gross Profit  | 10,305                    | 9,846                     | 19,778                   | 18,876                    |
| Operating Expenses:                                   |                           |                           |                          |                           |
| Selling and Marketing                                 | 4,777                     | 4,664                     | 9,608                    | 8,992                     |
| Research and Development                              | 1,755                     | 1,565                     | 3,199                    | 3,361                     |
| General and Administrative                            | 2,025                     | 1,783                     | 3,676                    | 3,241                     |
| Operating Expenses                                    | 8,557                     | 8,012                     | 16,483                   | 15,594                    |
| Operating Income, net                                 | 1,748                     | 1,834                     | 3,295                    | 3,282                     |
| Other Income (Expense)                                | 40                        | 21                        | (12)                     | 254                       |
| Income before Income Taxes                            | 1,788                     | 1,855                     | 3,283                    | 3,536                     |
| Income Tax Provision                                  | 496                       | 687                       | 972                      | 1,158                     |
| Net Income  | <u>\$ 1,292</u>           | <u>\$ 1,168</u>           | <u>\$ 2,311</u>          | <u>\$ 2,378</u>           |
| Net Income per Common Share—Basic:                    | <u>\$ 0.17</u>            | <u>\$ 0.16</u>            | <u>\$ 0.31</u>           | <u>\$ 0.33</u>            |
| Net Income per Common Share—Diluted:                  | <u>\$ 0.17</u>            | <u>\$ 0.16</u>            | <u>\$ 0.31</u>           | <u>\$ 0.32</u>            |
| Weighted Average Number of Common Shares Outstanding: |                           |                           |                          |                           |
| Basic   | 7,418                     | 7,278                     | 7,388                    | 7,269                     |
| Diluted   | 7,587                     | 7,469                     | 7,560                    | 7,459                     |
| Dividends Declared Per Common Share                   | \$ 0.07                   | \$ 0.07                   | \$ 0.14                  | \$ 0.14                   |

See Notes to condensed consolidated financial statements (unaudited).

**ASTRONOVA, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(In Thousands)**  
**(Unaudited)**

|   | <u>Three Months Ended</u>      |                                 | <u>Six Months Ended</u>        |                                 |
|---|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
|   | <u>July 30,</u><br><u>2016</u> | <u>August 1,</u><br><u>2015</u> | <u>July 30,</u><br><u>2016</u> | <u>August 1,</u><br><u>2015</u> |
| Net Income  | \$ 1,292                       | \$ 1,168                        | \$2,311                        | \$ 2,378                        |
| Other Comprehensive Income (Loss), Net of Taxes and Reclassification Adjustments: |                                |                                 |                                |                                 |
| Foreign Currency Translation Adjustments  | (193)                          | (122)                           | 134                            | (113)                           |
| Unrealized Holding Gain (Loss) on Securities Available for Sale                   | 9                              | 4                               | 7                              | (15)                            |
| Other Comprehensive Income (Loss)   | (184)                          | (118)                           | 141                            | (128)                           |
| Comprehensive Income  | <u>\$ 1,108</u>                | <u>\$ 1,050</u>                 | <u>\$2,452</u>                 | <u>\$ 2,250</u>                 |

See Notes to condensed consolidated financial statements (unaudited).

**ASTRONOVA, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In Thousands)**  
**(Unaudited)**

|   | <b>Six Months Ended</b> |                  |
|---|-------------------------|------------------|
|   | <b>July 30,</b>         | <b>August 1,</b> |
|   | <b>2016</b>             | <b>2015</b>      |
| <b>Cash Flows from Operating Activities:</b>  |                         |                  |
| Net Income  | \$ 2,311                | \$ 2,378         |
| <b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</b>  |                         |                  |
| Depreciation and Amortization   | 1,255                   | 946              |
| Share-Based Compensation  | 546                     | 444              |
| Deferred Income Tax Provision (Benefit)   | 270                     | (18)             |
| <b>Changes in Assets and Liabilities, net of acquisition:</b>   |                         |                  |
| Accounts Receivable   | 127                     | (1,067)          |
| Inventories   | (2,656)                 | 1,646            |
| Income Taxes  | 400                     | 863              |
| Accounts Payable and Accrued Expenses   | 995                     | (842)            |
| Other   | 1,135                   | (191)            |
| <b>Net Cash Provided by Operating Activities</b>  | <b>4,383</b>            | <b>4,159</b>     |
| <b>Cash Flows from Investing Activities:</b>  |                         |                  |
| Proceeds from Sales/Maturities of Securities Available for Sale   | 1,921                   | 5,003            |
| Purchases of Securities Available for Sale  | (400)                   | (3,127)          |
| Acquisition of RITEC's Ruggedized Printer Business  | —                       | (7,360)          |
| Payments Received on Line of Credit and Note Receivable   | 188                     | 208              |
| Additions to Property, Plant and Equipment  | (377)                   | (1,291)          |
| <b>Net Cash Provided (Used) by Investing Activities</b>   | <b>1,332</b>            | <b>(6,567)</b>   |
| <b>Cash Flows from Financing Activities:</b>  |                         |                  |
| Proceeds (Use) from Common Shares Issued Under Employee Benefit Plans and Employee Stock Option Plans, Net of Payment of Minimum Tax Withholdings | (7)                     | 197              |
| Dividends Paid  | (1,036)                 | (1,022)          |
| <b>Net Cash Used by Financing Activities</b>  | <b>(1,043)</b>          | <b>(825)</b>     |
| <b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>   | <b>185</b>              | <b>331</b>       |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | <b>4,857</b>            | <b>(2,902)</b>   |
| <b>Cash and Cash Equivalents, Beginning of Period</b>   | <b>10,043</b>           | <b>7,958</b>     |
| <b>Cash and Cash Equivalents, End of Period</b>   | <b>\$14,900</b>         | <b>\$ 5,056</b>  |
| <b>Supplemental Disclosures of Cash Flow Information:</b>   |                         |                  |
| Cash Paid During the Period for Income Taxes, Net of Refunds  | \$ 314                  | \$ 264           |

See Notes to condensed consolidated financial statements (unaudited).

**ASTRONOVA, INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**(1) Overview**

On September 25, 2015, Astro-Med, Inc. announced it would immediately begin doing business as AstroNova on a worldwide basis. The name change is part of the plan to modernize the Company and effectively communicate our strategy. The AstroNova name and brand emphasizes our traditional strengths in aerospace and acknowledges our expanding presence in test & measurement, product identification and other new areas where we can apply our data visualization technology. On May 18, 2016, the name change was formally approved by the Company's shareholders, and the Company's Restated Articles of Incorporation were amended to officially change the Company's name to AstroNova, Inc. The Company's common stock trades on the NASDAQ Global Market stock exchange under its new name, AstroNova, Inc., using the ticker symbol, ALOT.

Headquartered in West Warwick, Rhode Island, AstroNova, Inc. leverages its expertise in data visualization technologies to design, develop, manufacture and distribute a broad range of specialty printers and data acquisition and analysis systems. Our products are distributed through our own sales force and authorized dealers in the United States. We also sell to customers outside of the United States primarily through our Company offices in Canada, China, Europe, Mexico and Southeast Asia as well as through independent dealers and representatives. AstroNova, Inc. products are used around the world in a wide range of aerospace, apparel, automotive, avionics, chemical, computer peripherals, communications, distribution, food and beverage, general manufacturing, packaging and transportation applications.

The business consists of two segments, Product Identification (previously known as our QuickLabel segment), which includes products sold under the QuickLabel® brand name, and Test & Measurement which includes products sold under the AstroNova™ brand name.

Products sold under the QuickLabel brand are used in industrial and commercial product packaging and automatic identification applications to digitally print custom labels and other visual identification marks on demand. Products sold under the AstroNova Test & Measurement brand acquire and record visual and electronic signal data from local and networked data streams and sensors. The recorded data is processed and analyzed and then stored and presented in various visual output formats. In the aerospace market, the Company has a long history of using its data visualization technologies to provide high-resolution printers for use in airborne applications.

Unless otherwise indicated, references to "AstroNova," the "Company," "we," "our," and "us" in this Quarterly Report on Form 10-Q refer to AstroNova, Inc. and its consolidated subsidiaries.

**(2) Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results of the interim periods included herein. These financial statements do not include all disclosures associated with annual financial statements and, accordingly, should be read in conjunction with footnotes contained in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2016.

Results of operations for the interim periods presented herein are not necessarily indicative of the results that may be expected for the full year.

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the condensed consolidated financial statements and accompanying notes. Some of the more significant estimates relate to the allowances for doubtful accounts and credits, inventory valuation, impairment of long-lived assets and goodwill, income taxes, share-based compensation, accrued expenses and warranty reserves. Management's estimates are based on the facts and circumstances available at the time estimates are made, historical experience, risk of loss, general economic conditions and trends, and management's assessments of the probable future outcome of these matters. Consequently, actual results could differ from those estimates.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

**(3) Principles of Consolidation**

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

#### (4) Acquisition

On June 19, 2015, the Company completed the acquisition of the aerospace printer product line for civil and commercial aircraft from Rugged Information Technology Equipment Corporation (RITEC) under the terms of an Asset Purchase Agreement dated June 18, 2015. The products of RITEC consist of aerospace printers for use in commercial aircraft sold primarily to aircraft manufacturers, tier one contractors and directly to airlines around the world. AstroNova's aerospace printer product line is part of the Test & Measurement (T&M) product group and is reported as part of the T&M segment. The Company began shipment of the RITEC products in the third quarter of fiscal 2016.

The purchase price of the acquisition was \$7,360,000 which was funded using available cash and investment securities. Of the \$7,360,000 purchase price, \$750,000 was being held in escrow for twelve months following the acquisition date to support an indemnity to the Company in the event of any breach in the representations, warranties or covenants of RITEC. During this year's fiscal second quarter, the Company recovered \$99,000 of the escrow amount which was recorded as other income in the condensed consolidated statements of income for the three and six months period ended July 30, 2016.

The assets acquired from RITEC consist principally of accounts receivable and certain intangible assets. Acquisition related costs of approximately \$109,000 were included in the general and administrative expenses in the Company's consolidated statements of income for fiscal year ended January 31, 2016. The acquisition was accounted for under the acquisition method in accordance with the guidance provided by FASB ASC 805, "Business Combinations."

AstroNova also entered into a Transition Services Agreement, under which RITEC will provide transition services and continue to manufacture products in the acquired product line until the Company transitions the manufacturing to its West Warwick, Rhode Island facility, which the Company anticipates will be completed by the third quarter of fiscal 2017. Upon expiration of the Transition Services Agreement, AstroNova will purchase any inventory held by RITEC at its book value (net of reserves), which the Company estimates will be approximately \$200,000.

Also as part of the Asset Purchase Agreement, we entered into a 5-year License Agreement, which grants RITEC certain rights to use the intellectual property acquired by the Company in the design, development, marketing, manufacture, sale and servicing of aerospace printers for aircraft sold to the military end-user market and printers sold to other non-aircraft market segments. RITEC will pay royalties equal to 7.5% of the selling price on all products sold into the military end-user aircraft market during the License Agreement period.

The purchase price of the acquisition has been allocated on the basis of the fair value as follows:

|                                |                |
|--------------------------------|----------------|
| (In thousands)                 |                |
| Accounts Receivable            | \$ 50          |
| Identifiable Intangible Assets | 3,780          |
| Goodwill                       | 3,530          |
| Total Purchase Price           | <u>\$7,360</u> |

The fair value of the intangible assets acquired was estimated by applying the income approach. This fair value measurement is based on significant inputs that are not observable in the market and therefore, represent a Level 3 measurement as defined in ASC 820, "Fair Value Measurement and Disclosure," which requires management judgment due to the absence of quoted market prices. Key assumptions include (1) a weighted average cost of capital of 15.5%; (2) a range of earnings projections from \$110,000-\$700,000 and (3) a range of contract renewal probability from 30%-100%.

Goodwill of \$3,530,000, which is deductible for tax purposes, represents the excess of the purchase price over the estimated fair value assigned to the tangible and identifiable intangible assets acquired from RITEC. The carrying amount of the goodwill was allocated to the T&M segment of the Company.

The following table reflects the fair value of the acquired identifiable intangible assets and related estimated useful lives:

|                                 |                   |                            |
|---------------------------------|-------------------|----------------------------|
| (In thousands)                  | <u>Fair Value</u> | <u>Useful Life (Years)</u> |
| Customer Contract Relationships | \$2,830           | 10                         |
| Non-Competition Agreement       | 950               | 5                          |
| Total                           | <u>\$3,780</u>    |                            |

Assuming the acquisition of RITEC occurred on February 1, 2015, the impact on net sales, net income and earnings per share would not have been material to the Company for the period ended August 1, 2015.

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**(5) Net Income Per Common Share**

Basic net income per share is calculated by dividing net income by the weighted average number of shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of shares and, if dilutive, common equivalent shares, determined using the treasury stock method for stock options, restricted stock awards and restricted stock units outstanding during the period. A reconciliation of the shares used in calculating basic and diluted net income per share is as follows:

|  | Three Months Ended |                  | Six Months Ended |                  |
|--|--------------------|------------------|------------------|------------------|
|  | July 30, 2016      | August 1, 2015   | July 30, 2016    | August 1, 2015   |
| Weighted Average Common Shares Outstanding—Basic                               | 7,418,312          | 7,278,329        | 7,388,123        | 7,268,745        |
| Effect of Dilutive Options, Restricted Stock Awards and Restricted Stock Units | 168,300            | 190,934          | 172,022          | 190,676          |
| Weighted Average Common Shares Outstanding—Diluted                             | <u>7,586,612</u>   | <u>7,469,263</u> | <u>7,560,145</u> | <u>7,459,421</u> |

For the three and six months ended July 30, 2016 the diluted per share amounts do not reflect common equivalent shares outstanding of 413,121 and 468,121, respectively. For the three and six months ended August 1, 2015 the diluted per share amounts do not reflect common equivalent shares outstanding of 424,100. These outstanding common equivalent shares were not included due to their anti-dilutive effect. Anti-dilutive shares consist of those common stock equivalents that have either an exercise price above the average stock price for the period, or the common stock equivalent's related average unrecognized stock compensation expense is sufficient to "buy back" the entire amount of shares. Restricted stock units which vest based upon achievement of performance targets are excluded from the diluted shares outstanding unless the performance targets have been met as of the end of the reporting period, regardless of whether such performance targets are probable of achievement as of the end of the measurement period.

**(6) Intangible Assets**

Intangible assets are as follows:

| (In thousands)                  | July 30, 2016         |                          |                     | January 31, 2016      |                          |                     |
|---------------------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
|                                 | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Miltope:                        |                       |                          |                     |                       |                          |                     |
| Customer Contract Relationships | \$ 3,100              | \$ (933)                 | \$ 2,167            | \$ 3,100              | \$ (758)                 | \$ 2,342            |
| RITEC:                          |                       |                          |                     |                       |                          |                     |
| Customer Contract Relationships | 2,830                 | (119)                    | 2,711               | 2,830                 | (31)                     | 2,799               |
| Non-Competition Agreement       | 950                   | (206)                    | 744                 | 950                   | (111)                    | 839                 |
| Intangible Assets, net          | <u>\$ 6,880</u>       | <u>\$ (1,258)</u>        | <u>\$ 5,622</u>     | <u>\$ 6,880</u>       | <u>\$ (900)</u>          | <u>\$ 5,980</u>     |

There were no impairments to intangible assets during the three or six months ended July 30, 2016 and August 1, 2015. Amortization expense of \$179,000 and \$105,000 related to the above acquired intangibles has been included in the condensed consolidated statement of income for the three months ended July 30, 2016 and August 1, 2015, respectively. Amortization expense of \$358,000 and \$194,000 related to the above acquired intangibles has been included in the condensed consolidated statement of income for the six months ended July 30, 2016 and August 1, 2015, respectively.

Estimated amortization expense for the next five years is as follows:

| (In thousands)                 | 2017  | 2018  | 2019  | 2020  | 2021   |
|--------------------------------|-------|-------|-------|-------|--------|
| Estimated amortization expense | \$715 | \$774 | \$769 | \$803 | \$ 706 |

**(7) Share-Based Compensation**

AstroNova has two equity incentive plans – the 2007 Equity Incentive Plan (the "2007 Plan") and the 2015 Equity Incentive Plan (the "2015 Plan"). Under these plans, the Company may grant incentive stock options, non-qualified stock options, stock appreciation rights, time or performance based restricted stock units (RSUs), restricted stock awards (RSAs), and other stock-based awards to executives, key employees, directors and other eligible individuals. At July 30, 2016, 84,813 shares were available for grant under the 2007 Plan, of which 50,000 are reserved for stock options that the Company is obligated to issue to its CEO in fiscal 2018 pursuant to an Equity Incentive Award Agreement dated as of November 24, 2014 (the "CEO Equity Incentive Agreement"). The 2007 Plan will expire in May 2017. The 2015 Plan authorizes the issuance of up to 500,000 shares (subject to adjustment for stock dividends and stock splits) and at July 30, 2016, 159,738 shares were available for grant under the 2015 Plan. The 2015 Plan will expire in May 2025. Options granted to date to employees under both plans vest over four years and expire after ten years. The exercise price of each stock option is established at the discretion of the Compensation Committee; however, any incentive stock options granted under the 2007 Plan, and all options granted under the 2015 Plan, must be issued at an exercise price of not less than the fair market value of the Company's common stock on the date of grant.

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Under the plans, each non-employee director receives an automatic annual grant of ten-year options to purchase 5,000 shares of stock upon the adjournment of each annual shareholders meeting. Each such option is exercisable at the fair market value of the Company's common stock as of the grant date, and vests immediately prior to the next succeeding annual shareholders' meeting. Accordingly, on May 18, 2016, 30,000 options were issued to the non-employee directors.

In addition to the plans, the Company has a Non-Employee Director Annual Compensation Program (the "Program"). Prior to August 1, 2016, this program provided that each non-employee director be entitled to an annual cash retainer of \$7,000 (the "Annual Cash Retainer"), plus \$500 for each Board and committee meeting attended. In addition, the Chairman of the Board received an annual retainer of \$6,000, and the Chairs of the Audit and Compensation Committees each received an annual retainer of \$4,000 ("Chair Retainer"). The non-employee directors could elect, for any fiscal year, to receive all or a portion of the Annual Cash Retainer and/or Chair Retainer (collectively the "Cash Retainer") in the form of common stock of the Company, which was issued under one of the Plans. If a non-employee director elected to receive all or a portion of the Cash Retainer in the form of common stock, such shares were issued in four quarterly installments on the first day of each fiscal quarter, and the number of shares of common stock issued was based on the fair market value of the Company's common stock on the date such installment was payable. The common stock received in lieu of such Cash Retainer was fully vested upon issuance. However, a non-employee director who received common stock in lieu of all or a portion of the Cash Retainer could not sell, transfer, assign, pledge or otherwise encumber the common stock prior to the first anniversary of the date on which such shares were issued. In the event of the death or disability of a non-employee director, or a change in control of the Company, any shares of common stock issued in lieu of the Cash Retainer would no longer be subject to such restrictions on transfer. During the first and second quarter of fiscal 2017, 567 and 601 shares were awarded to non-employee directors in lieu of the Cash Retainer. In addition, under the Program, each non-employee director received RSAs with a value equal to \$20,000 (the "Equity Retainer") upon the adjournment of each annual shareholders' meeting. The Equity Retainer vests on the earlier of 12 months after the grant date or the date immediately prior to the next annual meeting of the shareholders following the meeting at which such RSAs were granted. However, a non-employee director could not sell, transfer, assign, pledge or otherwise encumber the vested common stock prior to the second anniversary of the vesting date. In the event of the death or disability of a non-employee director, or a change in control of the Company, the RSAs would immediately vest and would no longer be subject to such restrictions on transfer. During the second quarter of fiscal 2017, 8,262 shares were awarded as the Equity Retainer to the non-employee directors.

Effective August 1, 2016, the Non-Employee Director Annual Compensation Program was amended. Under the amended Program, and commencing on the first business day of the third fiscal quarter of fiscal 2017, each non-employee director will receive an automatic grant of RSAs on the first business day of each fiscal quarter. The number of whole shares to be granted each quarter is equal to 25% of the number calculated by dividing the director compensation amount by the fair market value of the Company's stock on such day. The director annual compensation amount is \$55,000 for the remainder of fiscal year 2017, \$65,000 for fiscal 2018, and \$75,000 for fiscal 2019. In addition, the Chairman of the Board receives RSAs with an aggregate value of \$6,000, and the Chairs of the Audit and Compensation Committees each receive RSAs with an aggregate value of \$4,000, also issued in quarterly installments and calculated in the same manner as the directors' RSA grants. RSAs granted pursuant to the amended Program become fully vested on the first anniversary of the date of grant.

In April 2013 (fiscal year 2014), the Company granted options and RSUs to officers ("2014 RSUs"). The 2014 RSUs vested as follows: twenty-five percent vested on the third anniversary of the grant date, fifty percent vested upon the Company achieving its cumulative budgeted net sales target for fiscal years 2014 through 2016 (the "Measurement Period"), and twenty-five percent vested upon the Company achieving a target average annual ORONA (operating income return on net assets as calculated under the Domestic Management Bonus Plan) for the Measurement Period. The grantee may not sell, transfer or otherwise dispose of more than fifty percent of the common stock issued upon vesting of the 2014 RSUs until the first anniversary of the vesting date. On February 1, 2014, the Company accelerated the vesting of 4,166 of the 2014 RSUs held by Everett Pizzuti in connection with his retirement. In April 2016, 9,300 of the 2014 RSUs vested, as the Company achieved the targeted average annual ORONA, as defined in the plan, for the Measurement Period and another 9,300 vested as a result of the third year anniversary date of the grant.

In March 2015 (fiscal year 2016), the Company granted 50,000 options and 537 RSAs to its CEO pursuant to the CEO Equity Incentive Agreement, and 35,000 options to other key employees. The options and RSAs vest in four equal annual installments commencing on the first anniversary of the grant date.

In May 2015 (fiscal year 2016), the Company granted an aggregate of 80,000 time-based and 155,000 performance-based RSUs ("2016 RSUs") to certain officers of the Company. The time-based 2016 RSUs vest in four equal annual installments commencing on

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the first anniversary of the grant date. The performance-based 2016 RSUs vest over three years based upon the increase in net sales, if any, achieved each fiscal year relative to a three-year net sales increase goal. Performance-based 2016 RSUs that are earned based on organic revenue growth will be fully vested when earned, while those earned based on revenue growth via acquisitions will vest annually over a three-year period following the fiscal year in which the revenue growth occurs. Any performance-based 2016 RSUs that have not been earned at the end of the three-year performance period will be forfeited. The expense for such shares is recognized in the fiscal year in which the results are achieved, however, the shares are not fully earned until approved by the Compensation Committee in the first quarter of the following fiscal year. Based upon revenue in fiscal 2016, 15,810 of the performance based 2016 RSUs were earned in the first quarter of fiscal 2017.

In March 2016 (fiscal year 2017), the Company granted 50,000 options and 4,030 RSAs to its CEO pursuant to the CEO Equity Incentive Agreement. The options and RSAs vest in four equal annual installments commencing on the first anniversary of the grant date.

In May 2016, the Company granted 37,000 options to certain key employees. The options vest in four equal installments commencing on the first anniversary of the grant date.

We account for compensation cost related to share-based payments based on the estimated fair value of the award. We have estimated the fair value of each option on the date of grant using the Black-Scholes option-pricing model. Our estimate requires a number of complex and subjective assumptions including our stock price volatility, employee exercise patterns (expected life of the options), the risk-free interest rate and the Company's dividend yield. The stock price volatility assumption is based on the historical weekly price data of our common stock over a period equivalent to the weighted average expected life of our options. Management evaluated whether there were factors during that period which were unusual and would distort the volatility figure if used to estimate future volatility and concluded that there were no such factors. In determining the expected life of the option grants, the Company has observed the actual terms of prior grants with similar characteristics and the actual vesting schedule of the grant and has assessed the expected risk tolerance of different option groups. The risk-free interest rate is based on the actual U.S. Treasury zero coupon rate for bonds matching the expected term of the option as of the option grant date. The dividend assumption is based upon the prior year's average dividend yield. Our accounting for share-based compensation for RSUs and RSAs is also based on the fair value method. The fair value of the RSUs and RSAs is based on the closing market price of the Company's common stock on the date of grant. Reductions in compensation expense associated with forfeited awards are estimated at the date of grant, and this estimated forfeiture rate is adjusted periodically based on actual forfeiture experience.

Share-based compensation expense was recognized as follows:

| (In thousands)                                     | Three Months Ended |                   | Six Months Ended |                   |
|--|--------------------|-------------------|------------------|-------------------|
|  | July 30,<br>2016   | August 1,<br>2015 | July 30,<br>2016 | August 1,<br>2015 |
| Stock Options                                      | \$ 87              | \$ 70             | \$ 168           | \$ 144            |
| Restricted Stock Awards and Restricted Stock Units | 142                | 228               | 372              | 296               |
| Employee Stock Purchase Plan                       | 3                  | 3                 | 6                | 4                 |
| Total  | <u>\$ 232</u>      | <u>\$ 301</u>     | <u>\$ 546</u>    | <u>\$ 444</u>     |

### Stock Options

The fair value of stock options granted during the six months ended July 30, 2016 and August 1, 2015 was estimated using the following weighted average assumptions:

|                          | Six Months Ended |                   |
|--------------------------|------------------|-------------------|
|                          | July 30,<br>2016 | August 1,<br>2015 |
| Risk Free Interest Rate  | 1.4%             | 1.6%              |
| Expected Volatility      | 28.2%            | 22.7%             |
| Expected Life (in years) | 5.0              | 5.0               |
| Dividend Yield           | 1.9%             | 2.0%              |

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The weighted average fair value per share for options granted was \$2.86 and \$3.46 during the first and second quarters of fiscal 2017, respectively, compared to \$2.43 and \$2.44 during the first and second quarters of fiscal 2016.

Aggregated information regarding stock options granted under the plans for the six months ended July 30, 2016 is summarized below:

|                                 | <u>Number of Options</u> | <u>Weighted Average Exercise Price</u> | <u>Weighted Average Remaining Contractual Life (in Years)</u> | <u>Aggregate Intrinsic Value</u> |
|---------------------------------|--------------------------|--|---|----------------------------------|
| Outstanding at January 31, 2016 | 657,936                  | \$ 11.00                               | 6.1   | \$ 3,083,000                     |
| Granted                         | 117,000                  | 14.79                                  |   |                                  |
| Exercised                       | (67,757)                 | 8.43                                   |   |                                  |
| Forfeited                       | (975)                    | 13.71                                  |   |                                  |
| Canceled                        | (3,023)                  | 8.98                                   |   |                                  |
| Outstanding at July 30, 2016    | <u>703,181</u>           | <u>\$ 11.88</u>                        | <u>6.5</u>  | <u>\$ 2,807,040</u>              |
| Exercisable at July 30, 2016    | <u>437,606</u>           | <u>\$ 10.64</u>                        | <u>5.1</u>  | <u>\$ 2,298,670</u>              |

As of July 30, 2016, there was approximately \$629,000 of unrecognized compensation expense related to stock options which is expected to be recognized over a weighted average period of approximately 2.5 years.

[Table of Contents](#)*Restricted Stock Units (RSUs) and Restricted Stock Awards (RSAs)*

Aggregated information regarding RSUs and RSAs granted under the Plan for the six months ended July 30, 2016 is summarized below:

|                              | <u>RSAs &amp; RSUs</u> | <u>Weighted Average<br/>Grant Date Fair Value</u> |
|------------------------------|------------------------|---|
| Unvested at January 31, 2016 | 293,088                | \$ 13.28  |
| Granted                      | 13,460                 | 14.70   |
| Vested                       | (62,632)               | 12.88   |
| Forfeited                    | (18,600)               | 10.07   |
| Unvested at July 30, 2016    | <u>225,316</u>         | <u>\$ 13.75</u>                                   |

As of July 30, 2016, there was approximately \$1,104,000 of unrecognized compensation expense related to RSUs and RSAs which is expected to be recognized over a weighted average period of 2.4 years.

*Employee Stock Purchase Plan*

AstroNova has an Employee Stock Purchase Plan allowing eligible employees to purchase shares of common stock at a 15% discount from fair value on the date of purchase. A total of 247,500 shares were originally reserved for issuance under this plan. During the quarters ended July 30, 2016 and August 1, 2015, there were 1,507 and 1,293 shares, respectively, purchased under this plan. As of July 30, 2016, 48,486 shares remain available.

**(8) Inventories**

Inventories are stated at the lower of cost (first-in, first-out) or market and include material, labor and manufacturing overhead. The components of inventories are as follows:

| (In thousands)         | <u>July 30, 2016</u> | <u>January 31, 2016</u> |
|------------------------|----------------------|-------------------------|
| Materials and Supplies | \$ 11,993            | \$ 10,197               |
| Work-In-Process        | 1,063                | 1,025                   |
| Finished Goods         | 9,000                | 7,491                   |
|                        | 22,056               | 18,713                  |
| Inventory Reserve      | (4,490)              | (3,823)                 |
|                        | <u>\$ 17,566</u>     | <u>\$ 14,890</u>        |

**(9) Income Taxes**

The Company's effective tax rates for the period, which are based on the projected effective tax rate for the full year, are as follows:

|             | <u>Three Months Ended</u> | <u>Six Months Ended</u> |
|-------------|---------------------------|-------------------------|
| Fiscal 2017 | 27.7%                     | 29.6%                   |
| Fiscal 2016 | 37.0%                     | 32.7%                   |

During the three months ended July 30, 2016, the Company recognized income tax expense of \$496,000. The effective tax rate in this period was directly impacted by a \$97,000 tax benefit relating to the filing of amended returns and a \$39,000 tax benefit related to disqualifying dispositions of Company stock. During the three months ended August 1, 2015, the Company recognized income tax expense of \$687,000.

During the six months ended July 30, 2016, the Company recognized income tax expense of \$972,000. The effective tax rate in this period was directly impacted by a \$97,000 tax benefit relating to the filing of amended returns; a \$52,000 tax benefit related to the statute of limitations expiring on a previously uncertain tax position and a \$39,000 tax benefit related to disqualifying dispositions of Company stock. During the six months ended August 1, 2015, the Company recognized income tax expense of \$1,158,000. The effective tax rate in this period was directly impacted by a \$135,000 tax benefit related to the statute of limitations expiring on a previously uncertain tax position.

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As of July 30, 2016, the Company's cumulative unrecognized tax benefits totaled \$578,000 compared to \$591,000 as of January 31, 2016. There were no other developments affecting unrecognized tax benefits during the quarter ended July 30, 2016.

**(10) Note Receivable and Line of Credit Issued**

On January 30, 2012, the Company completed the sale of its label manufacturing operations in Asheboro, North Carolina to Label Line Ltd. The net sale price of \$1,000,000 was received in the form of a promissory note issued by Label Line Ltd. which was secured by a first lien on various collateral, including the Asheboro plant and plant assets. The note bears interest at 3.75% and was payable in sixteen quarterly installments of principal and interest which commenced on January 30, 2013. In February 2016, the balance remaining on this note was paid in full.

The terms of the Asheboro sale also included an agreement for AstroNova to provide Label Line Ltd. with additional financing in the form of a revolving line of credit in the amount of \$600,000. This line of credit is secured by a first lien on various collateral of Label Line Ltd., including the Asheboro plant and plant assets, and bears interest at a rate equal to the United States prime rate plus an additional margin of two percent on the outstanding credit balance. The term of this revolving line of credit has been extended through January 31, 2017. As of July 30, 2016, \$140,000 remains outstanding on this revolving line of credit.

**(11) Segment Information**

AstroNova reports two segments: Product Identification (previously the QuickLabel segment) and Test & Measurement (T&M). The Company evaluates segment performance based on the segment profit before corporate expenses.

Summarized below are the Net Sales and Segment Operating Profit for each reporting segment:

| (In thousands)             | Three Months Ended |                  |                          |                 | Six Months Ended |                  |                          |                 |
|----------------------------|--------------------|------------------|--------------------------|-----------------|------------------|------------------|--------------------------|-----------------|
|                            | Net Sales          |                  | Segment Operating Profit |                 | Net Sales        |                  | Segment Operating Profit |                 |
|                            | July 30, 2016      | August 1, 2015   | July 30, 2016            | August 1, 2015  | July 30, 2016    | August 1, 2015   | July 30, 2016            | August 1, 2015  |
| Product Identification     | \$17,628           | \$ 17,100        | \$ 2,632                 | \$ 2,720        | \$34,234         | \$ 32,744        | \$ 4,628                 | \$ 4,698        |
| T&M                        | 7,711              | 6,838            | 1,141                    | 897             | 15,215           | 13,400           | 2,343                    | 1,825           |
| <b>Total</b>               | <b>\$25,339</b>    | <b>\$ 23,938</b> | <b>3,773</b>             | <b>3,617</b>    | <b>\$49,449</b>  | <b>\$ 46,144</b> | <b>6,971</b>             | <b>6,523</b>    |
| Corporate Expenses         |                    |                  | 2,025                    | 1,783           |                  |                  | 3,676                    | 3,241           |
| Operating Income           |                    |                  | 1,748                    | 1,834           |                  |                  | 3,295                    | 3,282           |
| Other Income (Expense)—Net |                    |                  | 40                       | 21              |                  |                  | (12)                     | 254             |
| Income Before Income Taxes |                    |                  | 1,788                    | 1,855           |                  |                  | 3,283                    | 3,536           |
| Income Tax Provision       |                    |                  | 496                      | 687             |                  |                  | 972                      | 1,158           |
| <b>Net Income</b>          |                    |                  | <b>\$ 1,292</b>          | <b>\$ 1,168</b> |                  |                  | <b>\$ 2,311</b>          | <b>\$ 2,378</b> |

**(12) Recent Accounting Pronouncements**

*Revenue Recognition*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers (Topic 606).” ASU 2014-09 completes the joint effort by the FASB and International Accounting Standards Board to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. ASU 2014-09 applies to all companies that enter into contracts with customers to transfer goods or services. In August 2015, the FASB modified ASU 2014-09 to be effective for annual reporting periods beginning after December 15, 2017 (Q1 fiscal 2019 for AstroNova), including interim periods within that reporting period. As modified, the FASB permits the adoption of the new revenue standard early, but not before annual periods beginning after December 15, 2016. Entities have the choice to apply ASU 2014-09 either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying ASU 2014-09 at the date of initial application and not adjusting comparative information.

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In March 2016, the FASB issued ASU 2016-08, “Revenue from Contracts with Customers (Topic 606) –Principal versus Agent Consideration.” In April 2016, the FASB issued ASU 2016-10, “Revenue from Contracts with Customers (Topic 606) –Identifying Performance Obligations and Licensing.” In May 2016, the FASB issued ASU 2016-11, “Revenue from Contracts with Customers (Topic 606) and Derivatives and Hedging (Topic 815) – Rescission of SEC Guidance Because of ASU 2014-09 and 2014-16” and ASU 2016-12, “Revenue from Contracts with Customers (Topic 606) –Narrow Scope Improvements and Practical Expedients.” All of these ASUs do not change the core principle of the guidance in Topic 606 (as amended by ASU 2014-09), but rather provide further guidance to improve the operability and understandability of the implementation guidance included in ASU 2014-09. The effective date for all of these ASUs is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. The Company is currently evaluating the requirements of these ASUs along with ASU 2014-09 and has not yet determined its impact on the Company’s consolidated financial statements.

### *Share-Based Compensation*

In March 2016, the FASB issued ASU 2016-09, “Compensation – Stock Compensation (Topic 718) – Improvements to Employee Share-Based Payment Accounting.” ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public entities, ASU 2016-09 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods (Q1 fiscal 2018 for AstroNova). As permitted by ASU 2016-09, we adopted this guidance prospectively in fiscal 2017. The adoption of this guidance did not have a material effect on the Company’s consolidated financial statements.

### *Leases*

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842).” ASU 2016-02 supersedes current guidance related to accounting for leases and is intended to increase transparency and comparability among organizations by requiring lessees to recognize assets and liabilities in the balance sheet for operating leases with lease terms greater than twelve months. The update also requires improved disclosures to help users of financial statements better understand the amount, timing and uncertainty of cash flows arising from leases. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (Q1 fiscal 2020 for AstroNova), with early adoption permitted. At adoption, this update will be applied using a modified retrospective approach. The Company is currently evaluating the effect of this new guidance on the Company’s consolidated financial statements.

### *Inventory*

In July 2015, the FASB issued ASU 2015-11, “Inventory (Topic 330).” ASU 2015-11 requires inventory to be measured at the lower of cost and net realizable value instead of at lower of cost or market. This guidance does not apply to inventory that is measured using last-in, first out (LIFO) or the retail inventory method but applies to all other inventory including inventory measured using first-in, first-out (FIFO) or the average cost method. ASU 2015-11 will be effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years (Q1 fiscal 2018 for AstroNova) and should be applied prospectively. Early adoption is permitted as of the beginning of an interim or annual reporting period. AstroNova is currently evaluating the effect of this new guidance on the Company’s consolidated financial statements.

No other new accounting pronouncements, issued or effective during the second quarter of the current year, have had or are expected to have a material impact on our consolidated financial statements.

### **(13) Securities Available for Sale**

Pursuant to our investment policy, securities available for sale include state and municipal securities with various contractual or anticipated maturity dates ranging from 1 to 31 months. Securities available for sale are carried at fair value, with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss) in shareholders’ equity until realized. Realized gains and losses from the sale of available for sale securities, if any, are determined on a specific identification basis. A decline in the fair value of any available for sale security below cost that is determined to be other than temporary will result in a write-down of its carrying amount to fair value. No such impairment charges were recorded for any period presented. All short-term investment securities have original maturities greater than 90 days.

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The fair value, amortized cost and gross unrealized gains and losses of securities available for sale are as follows:

| (In thousands)<br><b>July 30, 2016</b> | <b>Amortized Cost</b> | <b>Gross Unrealized Gains</b> | <b>Gross Unrealized Losses</b> | <b>Fair Value</b> |
|--|-----------------------|-------------------------------|--------------------------------|-------------------|
| State and Municipal Obligations        | \$ 8,842              | \$ 22                         | \$ —                           | \$ 8,864          |

  

| <b>January 31, 2016</b>         | <b>Amortized Cost</b> | <b>Gross Unrealized Gains</b> | <b>Gross Unrealized Losses</b> | <b>Fair Value</b> |
|---------------------------------|-----------------------|-------------------------------|--------------------------------|-------------------|
| State and Municipal Obligations | \$ 10,363             | \$ 15                         | \$ (2)                         | \$ 10,376         |

**(14) Fair Value**

We measure our financial assets at fair value on a recurring basis in accordance with the guidance provided in ASC 820, “Fair Value Measurement and Disclosures” which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In addition, ASC 820 establishes a three-tiered hierarchy for inputs used in management’s determination of fair value of financial instruments that emphasizes the use of observable inputs over the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that reflect management’s belief about the assumptions market participants would use in pricing a financial instrument based on the best information available in the circumstances.

The fair value hierarchy is summarized as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities;
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash and cash equivalents, accounts receivable, accounts payable, line of credit receivable, accrued compensation, other liabilities and accrued expenses and income tax payable are reflected in the condensed consolidated balance sheet at carrying value, which approximates fair value due to the short term nature of the these instruments.

Assets measured at fair value on a recurring basis are summarized below:

| (In thousands)<br><b>July 30, 2016</b>                                      | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
| Money Market Funds (included in Cash and Cash Equivalents)                  | \$ 5,910       | \$ —           | \$ —           | \$ 5,910     |
| State and Municipal Obligations (included in Securities Available for Sale) | —              | 8,864          | —              | 8,864        |
| Total   | \$ 5,910       | \$ 8,864       | \$ —           | \$ 14,774    |

  

| <b>January 31, 2016</b>   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
| Money Market Funds (included in Cash and Cash Equivalents)                  | \$ 4,340       | \$ —           | \$ —           | \$ 4,340     |
| State and Municipal Obligations (included in Securities Available for Sale) | —              | 10,376         | —              | 10,376       |
| Total   | \$ 4,340       | \$ 10,376      | \$ —           | \$ 14,716    |

For our money market funds and state and municipal obligations, we utilize the market approach to measure fair value. The market approach is based on using quoted prices for identical or similar assets.

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**(15) Accumulated Other Comprehensive Loss**

The changes in the balance of accumulated other comprehensive loss by component are as follows:

| (In thousands)              | Foreign Currency<br>Translation<br>Adjustments | Unrealized Holding Gain<br>on Available for Sale<br>Securities | Total          |
|-----------------------------|--|--|----------------|
| Balance at January 31, 2016 | \$ (983)                                       | \$ 8   | \$(975)        |
| Other Comprehensive Income  | 134  | 7  | 141            |
| Balance at July 30, 2016    | <u>\$ (849)</u>                                | <u>\$ 15</u>   | <u>\$(834)</u> |

The amounts presented above in other comprehensive income are net of any applicable taxes.

**(16) Commitments and Contingencies**

*Product Replacement Program*

In April 2013, tests conducted by the Company revealed that one of its suppliers had been using a non-conforming part in power supplies for certain models of AstroNova's Test & Measurement printers. No malfunctions have been reported by customers as a result of the non-conforming material.

Upon identifying this issue, AstroNova immediately suspended production of the printers, notified all customers and contacted the supplier who confirmed the problem. AstroNova is continuing to work with its customers to replace the non-conforming material on existing printers with conforming material. The estimated costs associated with the replacement program were \$672,000, which was based upon the number of printers shipped during the period the non-conforming material was used. Those estimated costs were recognized and recorded as a reserve in the first quarter of fiscal 2014. Since fiscal 2014, the Company has expended a total of \$411,000 in replacement costs which have been charged against this reserve. The remaining reserve amount of \$261,000 is included in other accrued expenses in the accompanying condensed consolidated balance sheet at July 30, 2016.

Since the supplier deviated from the agreed upon specifications for the power supply while providing certificates of conformance to the original specifications, in January 2014, AstroNova received a non-refundable \$450,000 settlement from the supplier for recovery of the costs and expense associated with this issue. In addition to this cash settlement, the Company had received lower product prices from the supplier through the first quarter of fiscal 2017.

**(17) Line of Credit**

The Company has a \$10 million revolving line of credit available for ongoing working capital requirements, business acquisitions or general corporate purposes as needed. This line of credit is scheduled to expire on August 30, 2017. Any borrowings made under this line of credit bear interest at either a fluctuating base rate equal to the highest of (i) the Prime Rate, (ii) 1.50% above the daily one month LIBOR, and (iii) the Federal Funds Rate in effect plus 1.50% or at a fixed rate of LIBOR plus an agreed upon margin of between 0% and 2.25%, based on the Company's funded debt to EBITDA ratio as defined in the agreement. In addition, the agreement provides for two financial covenant requirements, namely, Total Funded Debt to Adjusted EBITDA (as defined) of not greater than 3 to 1 and a Fixed Charge Coverage Ratio (as defined) of not less than 1.25 to 1, both measured at the end of each quarter on a rolling four quarter basis. As of July 30, 2016, there have been no borrowings against this line of credit and the Company was in compliance with its financial covenants.

**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Business Overview**

This section should be read in conjunction with AstroNova's condensed consolidated financial statements included elsewhere herein and our Annual Report on Form 10-K for the fiscal year ended January 31, 2016.

On September 25, 2015, we announced we would immediately begin doing business as AstroNova on a worldwide basis. The name change is part of the plan to modernize the Company and effectively communicate our strategy. The AstroNova name and brand emphasizes our traditional strengths in aerospace and acknowledges our expanding presence in test & measurement, product identification and other new areas where we can apply our data visualization technology. On May 18, 2016, the name change was formally approved by the Company's shareholders and as such the Company's Restated Articles of Incorporation were amended to officially change the Company's name to AstroNova, Inc.

AstroNova is a multi-national enterprise that leverages its proprietary data visualization technologies to design, develop, manufacture, distribute and service a broad range of products that acquire, store, analyze and present data in multiple formats. The Company organizes its structure around a core set of competencies, including research and development, manufacturing, service, marketing and distribution. It markets and sells its products and services through the following two segments:

- Product Identification (previously QuickLabel)—offers product identification and label printer hardware, software, servicing contracts, and consumable products.
- Test and Measurement (T&M)— offers a suite of products and services that acquire and record visual and electronic signal data from local and networked data streams and sensors as well as wired and wireless networks. The recorded data is processed and analyzed and then stored and presented in various visual output formats. The T&M segment also includes a line of aerospace printers that are used to print hard copies of data required for the safe and efficient operation of aircraft including navigation maps, arrival and departure procedures, flight itineraries, weather maps, performance data, passenger data, and various air traffic control data. Aerospace products also include Ethernet switches which are used in military aircraft and military vehicles to connect multiple computers or Ethernet devices.

AstroNova markets and sells its products and services globally through a diverse distribution structure of direct sales personnel, manufacturer's representatives and authorized dealers that deliver a full complement of branded products and services to customers in our respective markets.

On June 19, 2015, AstroNova completed the asset purchase of the aerospace printer product line from RITEC. AstroNova's aerospace printer product line is part of the T&M product group and is reported as part of the T&M segment. The Company began shipment of the RITEC products in the third quarter of fiscal 2016. Refer to Note 4, "Acquisition," in the condensed consolidated financial statements included elsewhere in this report.

**Results of Operations****Three Months Ended July 30, 2016 vs. Three Months Ended August 1, 2015**

Net sales by segment and current quarter percentage change over prior year for the three months ended July 30, 2016 and August 1, 2015 were:

| <i>(Dollars in thousands)</i> | <b>July 30,<br/>2016</b> | <b>As a<br/>% of<br/>Net Sales</b> | <b>August 1,<br/>2015</b> | <b>As a<br/>% of<br/>Net Sales</b> | <b>% Change<br/>Over<br/>Prior Year</b> |
|-------------------------------|--------------------------|------------------------------------|---------------------------|------------------------------------|---|
| Product Identification        | \$17,628                 | 69.6%                              | \$ 17,100                 | 71.4%                              | 3.1%                                    |
| T&M                           | 7,711                    | 30.4%                              | 6,838                     | 28.6%                              | 12.8%                                   |
| <b>Total</b>                  | <b>\$25,339</b>          | <b>100.0%</b>                      | <b>\$ 23,938</b>          | <b>100.0%</b>                      | <b>5.9%</b>                             |

Net sales for the second quarter of the current year were \$25,339,000, representing a 5.9% increase compared to the previous year's second quarter sales of \$23,938,000. Sales through the domestic channels for the current quarter were \$17,648,000, an increase of 2.0% over the prior year's second quarter. International sales for the second quarter of the current year were \$7,691,000, representing a 16.0% increase from the previous year. Current year's second quarter international sales include an unfavorable foreign exchange rate impact of \$129,000.

Hardware sales in the current quarter were \$8,856,000, a 3.2% increase compared to prior year's second quarter hardware sales of \$8,581,000, driven by the 14.9% increase in T&M product group sales, primarily related to Aerospace product line sales.

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Consumables sales in the current quarter were \$14,412,000, representing an 8.0% increase over prior year's second quarter consumable sales of \$13,339,000.

Service and other revenues of \$2,071,000 in the current quarter were flat compared to prior year's second quarter service and other revenues of \$2,017,000, as the increased parts revenue during the quarter was offset by declines in revenue from repairs, service and freight.

Current year second quarter gross profit was \$10,305,000, representing a 4.7% improvement over prior year's second quarter gross profit of \$9,846,000; the gross profit margin of 40.7% in the current quarter decreased from the prior year's second quarter gross profit margin of 41.1%. The higher gross profit for the current quarter compared to prior year is primarily attributable to higher sales; while the current quarter's decrease in margin is due to product mix and higher manufacturing costs associated with product integration and rationalization.

Operating expenses for the current quarter were \$8,557,000, a 6.8% increase compared to prior year's second quarter operating expenses of \$8,012,000. Specifically, G&A expenses increased in the second quarter to \$2,025,000 compared to \$1,783,000 in the prior year's second quarter primarily due to an increase in professional and outside service fees. R&D expenses increased 12.1% in the current quarter compared to the prior year's second quarter, due to additional resources needed for R&D design and testing to accelerate on-going development. The R&D spending level, as a percentage of net sales, for the current quarter is 6.9% compared to 6.5% for the same period of the prior year. Selling and marketing expenses for the current quarter increased to \$4,777,000 compared to \$4,664,000 in the second quarter of the prior year, primarily due to increases in outside service fees related to the expanded marketing initiative as a result of the Company's rebranding.

Current year second quarter operating income of \$1,748,000 resulted in an operating profit margin of 6.9%, lower than the prior year's second quarter operating income of \$1,834,000 with a related operating margin of 7.1%. Product mix, lower factory absorption and an increase in manufacturing and operating expenses all contributed to the decline in operating income.

Other income during the second quarter was \$40,000 compared to \$21,000 in the second quarter of the previous year. Included in the current year second quarter other income is the \$99,000 recovery of a portion of the funds held in escrow related to the RITEC acquisition.

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The provision for federal, state and foreign income taxes for the second quarter of the current year was \$496,000, reflecting an effective tax rate of 27.7%. The effective tax rate in the second quarter was directly impacted by a \$97,000 tax benefit relating to the filing of amended returns and a \$39,000 tax benefit related to disqualifying dispositions of Company stock. This compares to the prior year's second quarter income tax provision of \$687,000, reflecting an effective tax rate of 29.6%.

The Company reported net income of \$1,292,000 for the second quarter of the current year, generating EPS of \$0.17 per diluted share compared to the prior year's second quarter net income of \$1,168,000 and related EPS of \$0.16 per diluted share. Return on sales was 5.1% for the second quarter fiscal 2017 compared to 4.9% in the second quarter of fiscal 2016.

**Six Months Ended July 30, 2016 vs. Six Months Ended August 1, 2015**

Net sales by product group and current quarter percentage change over prior year for the six months ended July 30, 2016 and August 1, 2015 were:

| <i>(Dollars in thousands)</i> | <u>July 30,<br/>2016</u> | <u>As a<br/>% of<br/>Net Sales</u> | <u>August 1,<br/>2015</u> | <u>As a<br/>% of<br/>Net Sales</u> | <u>% Change<br/>Over<br/>Prior Year</u> |
|-------------------------------|--------------------------|------------------------------------|---------------------------|------------------------------------|---|
| Product Identification        | \$34,234                 | 69.2%                              | \$32,744                  | 71.0%                              | 4.6%                                    |
| T&M                           | 15,215                   | 30.8%                              | 13,400                    | 29.0%                              | 13.5%                                   |
| Total                         | <u>\$49,449</u>          | <u>100.0%</u>                      | <u>\$46,144</u>           | <u>100.0%</u>                      | <u>7.2%</u>                             |

Net sales for the first six months of the current year were \$49,449,000, representing a 7.2% increase compared to the previous year's sales of \$46,144,000. Sales through the domestic channels for the first half of the current year were \$34,420,000, an increase of 4.2% over the prior year. International sales for the first six months of the current year were \$15,029,000, representing a 14.6% increase from the previous year. The current year's first six months international sales included an unfavorable foreign exchange rate impact of \$170,000.

Hardware sales in the first six months of the current year were \$17,587,000, an increase compared to prior year sales of \$16,982,000. Current year T&M hardware sales of \$12,350,000 increased 15.1% compared to prior year sales of \$10,731,000, due to the double-digit growth in Aerospace product line sales attributable to the fulfillment of orders received in previous quarters.

Consumables sales in the first half of the current year were \$27,789,000, representing a 10.7% increase over prior year's first six months sales of \$25,108,000. The current year increase in consumable sales is due primarily to the increase in label and tag sales, as well as digital color printer supplies product sales in the Product Identification segment.

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Service and other revenues of \$4,073,000 in the first six months of the current year were relatively flat compared to prior year's first six months service and other revenues of \$4,054,000, as the increased parts revenue during the quarter was offset by declines in revenue from repairs, service and freight.

Current year first six months gross profit was \$19,778,000, reflecting a 4.8% improvement compared to prior year's first six months gross profit of \$18,876,000. The Company's gross profit margin of 40.0% in the current year reflects a decrease from the prior year's first six months gross profit margin of 40.9%. The higher gross profit for the current year compared to the prior year is primarily attributable to increased sales, while the current quarter's decrease in margin is due to product mix and higher operating expenses.

Operating expenses for the first six months of the fiscal year were \$16,483,000, a 5.7% increase compared to prior year's first six months operating expenses of \$15,594,000. Selling and marketing expenses for the current year of \$9,608,000 increased 6.9% as compared to the previous year's first six months due primarily to increases in outside service fees related to the Company's rebranding initiative. G&A expenses increased to \$3,676,000 in the first six months of the current year compared to prior year's first six months G&A expenses of \$3,241,000 primarily due to an increase in professional and outside service fees. R&D spending in the first six months of the current year of \$3,199,000 slightly decreased compared to prior year's first six months spending of \$3,361,000 due primarily to a decrease in outside service cost required in the current year relative to the RITEC products. Current year spending in R&D represents 6.5% of sales compared to prior year's first six months level of 7.3%.

First six months operating income of \$3,295,000 for the current year, resulted in an operating profit margin of 6.7%, compared to the prior year's first six months operating income of \$3,282,000 with a related operating margin of 7.1%. The slight increase in operating profit for the current year is due to the increase in sales, while the lower current year operating profit margin is due to product mix, lower factory absorption and an increase in operating expenses.

Other expense during the first six months of the current year was \$12,000 compared to other income of \$254,000 in the first six months of the previous year. The current year decrease was due primarily to \$248,000 of income recognized from a settlement in an escrow account related to the Miltope transaction which was included in other income in fiscal year 2016.

The Company recognized a \$972,000 income tax expense for the first six months of the current fiscal year, which includes a \$97,000 tax benefit relating to the filing of amended returns; a \$52,000 tax benefit related to the statute of limitations expiring on a previously uncertain tax position; and a \$39,000 tax benefit related to disqualifying dispositions of Company stock. This compares to the prior year's first six months income tax expense of \$1,158,000 which included a \$135,000 benefit related to the statute of limitations expiring on a previously uncertain tax position.

The Company reported net income of \$2,311,000 for the first six months of the current year, reflecting a return on sales of 4.7% and generating EPS of \$0.31 per diluted share. On a comparative basis, in the prior year's first six months, the Company recognized net income of \$2,378,000, reflecting a return on sales of 5.2% and EPS of \$0.32 per diluted share.

## Segment Analysis

The Company reports two segments: Product Identification (previously the QuickLabel segment) and Test & Measurement (T&M). The Company evaluates segment performance based on the segment profit before corporate and financial administration expenses.

Summarized below are the Net Sales and Segment Operating Profit for each reporting segment:

| (In thousands)             | Three Months Ended |                  |                          |                 | Six Months Ended |                  |                          |                 |
|----------------------------|--------------------|------------------|--------------------------|-----------------|------------------|------------------|--------------------------|-----------------|
|                            | Net Sales          |                  | Segment Operating Profit |                 | Net Sales        |                  | Segment Operating Profit |                 |
|                            | July 30, 2016      | August 1, 2015   | July 30, 2016            | August 1, 2015  | July 30, 2016    | August 1, 2015   | July 30, 2016            | August 1, 2015  |
| Product Identification     | \$17,628           | \$ 17,100        | \$ 2,632                 | \$ 2,720        | \$34,234         | \$ 32,744        | \$ 4,628                 | \$ 4,698        |
| T&M                        | 7,711              | 6,838            | 1,141                    | 897             | 15,215           | 13,400           | 2,343                    | 1,825           |
| <b>Total</b>               | <b>\$25,339</b>    | <b>\$ 23,938</b> | <b>3,773</b>             | <b>3,617</b>    | <b>\$49,449</b>  | <b>\$ 46,144</b> | <b>6,971</b>             | <b>6,523</b>    |
| Corporate Expenses         |                    |                  | 2,025                    | 1,783           |                  |                  | 3,676                    | 3,241           |
| Operating Income           |                    |                  | 1,748                    | 1,834           |                  |                  | 3,295                    | 3,282           |
| Other Income (Expense)—Net |                    |                  | 40                       | 21              |                  |                  | (12)                     | 254             |
| Income Before Income Taxes |                    |                  | 1,788                    | 1,855           |                  |                  | 3,283                    | 3,536           |
| Income Tax Provision       |                    |                  | 496                      | 687             |                  |                  | 972                      | 1,158           |
| <b>Net Income</b>          |                    |                  | <b>\$ 1,292</b>          | <b>\$ 1,168</b> |                  |                  | <b>\$ 2,311</b>          | <b>\$ 2,378</b> |

### Product Identification

Sales revenues from the Product Identification segment increased 3.1% with sales of \$17,628,000 in the second quarter of the current year compared to \$17,100,000 in the same period of the prior year. The current quarter increase was due primarily to increased sales of the label and tag and digital color printer supplies. Product Identification current quarter segment operating profit was \$2,632,000, reflecting a profit margin of 14.9%. This compares to prior year second quarter segment profit of \$2,720,000 and related profit margin of 15.9%. The decrease in Product Identification current quarter segment operating profit and profit margin is primarily due to product mix as well as higher manufacturing and operating expenses.

Sales revenues from the Product Identification segment increased 4.6% with sales of \$34,234,000 in the first six months of the current year compared to \$32,744,000 in the same period of the prior year. This increase is attributable to a 9.2% increase in consumable sales due to a sustained increase in demand for label and tag products, as well as digital color printer supplies products, both of which have experienced double-digit growth in the first six months of the current year as compared to the same period in the prior year. The Product Identification segment current year operating profit was \$4,628,000, reflecting a profit margin of 13.5%, a decline compared to prior year second quarter segment profit of \$4,698,000 and related profit margin of 14.3%. The decrease in the current quarter segment operating profit and profit margin is primarily due to product mix as well as higher manufacturing and operating expenses.

### Test & Measurement—T&M

Sales revenues from the T&M segment were \$7,711,000 for the second quarter of the current fiscal year, representing a 12.8% increase compared to sales of \$6,838,000 for the same period in the prior year. The current quarter increase is traceable to sales of the Aerospace

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hardware product line, which has increased 27.8% compared to the same period in the prior year. The segment's second quarter operating profit of \$1,141,000 resulted in a 14.8% profit margin compared to prior year segment operating profit of \$897,000 and related operating margin of 13.1%. The higher segment operating profit and related margin in the current quarter is due to higher sales and favorable product mix.

Sales revenues from the T&M segment were \$15,215,000 for the first six months of the current fiscal year, representing a 13.5% increase compared to sales of \$13,400,000 for the same period in the prior year. The current year increase is attributable to sales in the Aerospace hardware product line, which have increased 23.1% compared to the same period of the prior year. The segment's first six months operating profit of \$2,343,000 resulted in a 15.4% profit margin compared to prior year segment operating profit of \$1,825,000 and related operating margin of 13.6%. The higher segment operating profit and related profit margin for the current year is due to higher sales and favorable product mix.

**Financial Condition and Liquidity**

The Company believes that cash provided by operations will continue to be sufficient to meet operating and capital needs for at least the next twelve months. However, in the event that cash from operations is not sufficient, the Company has a substantial cash and short term marketable securities balance as well as a \$10.0 million revolving bank line of credit. Borrowings made under this line of credit bear interest at either a fluctuating base rate equal to the highest of (i) the Prime Rate, (ii) 1.50% above the daily one month LIBOR, and (iii) the Federal Funds Rate in effect plus 1.50% or at a fixed rate of LIBOR plus an agreed upon margin of between 0% and 2.25%, based on the Company's funded debt to EBITDA ratio as defined in the agreement. As of the filing date of this Quarterly Report on Form 10-Q, there have been no borrowings against this line of credit, and the entire line is currently available.

The Company's statements of cash flows for the six months ended July 30, 2016 and August 1, 2015 are included on page 6 of this report. Net cash flows provided by operating activities were \$4,383,000 for the first six months of fiscal 2017 compared to \$4,159,000 for the same period of the previous year. The slight increase in operating cash flow is related to higher non-cash items offset by lower net income and higher working capital requirements for the first six months of the current year compared to the same period in the previous year. The accounts receivable balance decreased to \$15,228,000 at the end of the second quarter compared to \$15,325,000 at the previous fiscal year-end, however the accounts receivable collection cycle increased to 52 days from 50 days sales outstanding at year-end. Inventory increased to \$17,566,000 at the end of the second quarter compared to \$14,890,000 at the previous fiscal year-end, and inventory days on hand increased to 105 days on hand at the end of the current quarter from 92 days at year-end.

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The Company's cash, cash equivalents and investments at the end of the second quarter totaled \$23,764,000 compared to \$20,419,000 at year-end. The increased cash and investment position at July 30, 2016 resulted from the current period's operating cash flow, as discussed above. This increase was partially offset by dividends paid of \$1,036,000 and cash used to acquire property, plant and equipment of \$377,000.

The Company's backlog decreased 6.4% from year-end to \$15,559,000 at the end of the second quarter of fiscal 2017.

**Critical Accounting Policies, Commitments and Certain Other Matters**

In the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2016, the Company's most critical accounting policies and estimates upon which our financial status depends were identified as those relating to revenue recognition, warranty claims, bad debts, inventories, income taxes, long-lived assets, goodwill and share-based compensation. We considered the disclosure requirements of Financial Release ("FR") 60 ("FR-60") regarding critical accounting policies and FR-61 regarding liquidity and capital resources, certain trading activities and related party disclosures, and concluded that nothing materially changed during the quarter that would warrant further disclosure under these releases.

**Forward-Looking Statements**

This Quarterly Report on Form 10-Q may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, but rather reflect our current expectations concerning future events and results. We generally use the words "believes," "expects," "intends," "plans," "anticipates," "likely," "continues," "may," "will," and similar expressions to identify forward-looking statements. Such forward-looking statements, including those concerning our expectations, involve risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors which could cause actual results to differ materially from those anticipated include, but are not limited to (a) general economic, financial and business conditions; (b) declining demand in the test and measurement markets, especially defense and aerospace; (c) competition in the specialty printer industry; (d) ability to develop market acceptance of our products and effective design of customer required features; (e) competition in the data acquisition industry; (f) the impact of changes in foreign currency exchange rates on the results of operations; (g) the ability to successfully integrate acquisitions and realize benefits from divestitures; (h) the business abilities and judgment of personnel and changes in business strategy; (i) the efficacy of research and development investments to develop new products; (j) the launching of significant new products which could result in unanticipated expenses; (k) bankruptcy or other financial problems at major suppliers or customers that could cause disruptions in the Company's supply chain or difficulty in collecting amounts owed by such customers; and (l) other risks included under "Item 1A-Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2016. We assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The registrant is a smaller reporting company and is not required to provide this information.

**Item 4. Controls and Procedures**

***Evaluation of Disclosure Controls and Procedures***

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to have materially affected, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

There are no pending or threatened legal proceedings against the Company believed to be material to the financial position or results of operations of the Company.

**Item 1A. Risk Factors**

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2016, which could materially affect our business, financial condition or future operating results. The risks described in our Annual Report on 10-K are not the only risks that could affect our business, as additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results, as well as adversely affect the value of our common stock.

There have been no material updates to the risk factors previously disclosed in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2016.

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

During the second quarter of fiscal 2017, the Company made the following repurchases of its common stock:

|                 | <b>Total Number<br/>of Shares<br/>Repurchased</b> | <b>Average<br/>Price paid<br/>Per Share</b> | <b>Total Number of<br/>Shares Purchased as<br/>Part of Publicly<br/>Announced Plans or<br/>Programs</b> | <b>Maximum Number<br/>of Shares That<br/>May Be Purchased<br/>Under The Plans<br/>or Programs</b> |
|-----------------|---|---|---|---|
| May 1—May 28    | 6,381(a)  | \$ 14.73(a)                                 | —   | 390,000   |
| May 29—June 25  | 23,403(b)   | \$ 14.98(b)                                 | —   | 390,000   |
| June 26—July 30 | —   | \$ —  | —   | 390,000   |

- (a) An employee of the Company delivered 6,381 shares of the Company’s common stock toward the satisfaction of taxes due with respect to vesting of restricted shares. The shares delivered were valued at an average market value of \$14.73 per share and are included with treasury stock in the consolidated balance sheet. This transaction did not impact the number of shares authorized for repurchase under the Company’s current repurchase program.
- (b) Employees of the Company delivered 23,403 shares of the Company’s common stock to satisfy the exercise price for 26,350 stock options exercised. The shares delivered were valued at an average market value of \$14.98 per share and are included with treasury stock in the consolidated balance sheet. This transaction did not impact the number of shares authorized for repurchase under the Company’s current repurchase program.

**Item 6. Exhibits**

The following exhibits are filed as part of this report on Form 10-Q:

- 10.1 AstroNova, Inc. Amended and Restated Non-Employee Director Annual Compensation Program
- 10.2 Form of Restricted Stock Agreement granted under the Amended and Restated Non-Employee Director Annual Compensation Program
- 10.3 Form of Incentive Stock Option Agreement granted under the 2015 Equity Incentive Plan
- 10.4 Form of Non-Statutory Stock Option Agreement granted under the 2015 Equity Incentive Plan
- 10.5 Form of Non-Employee Director Non-Statutory Stock Option Agreement granted under the 2015 Equity Incentive Plan
- 10.6 Form of Restricted Stock Agreement granted under the 2015 Equity Incentive Plan
- 10.7 Form of Non-Employee Director Restricted Stock Agreement granted under the 2015 Equity Incentive Plan
- 10.8 Form of Time-Based Restricted Stock Unit Agreement granted under the 2015 Equity Incentive Plan
- 10.9 Form of Performance Restricted Stock Unit Agreement granted under the 2015 Equity Incentive Plan
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer Pursuant 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101 The following materials from Registrant's Quarterly Report on Form 10-Q for the period ended July 30, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to the Condensed Consolidated Financial Statements. Filed electronically herein.

SIGNATURES

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.

Date: September 13, 2016

**ASTRONOVA, INC.**  
**(Registrant)**

By /s/ Gregory A. Woods  
Gregory A. Woods,  
President and Chief Executive Officer  
(Principal Executive Officer)

By /s/ John P. Jordan  
John P. Jordan  
Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

**EXHIBIT A****ASTRONOVA, INC.****AMENDED AND RESTATED  
NON-EMPLOYEE DIRECTOR ANNUAL COMPENSATION PROGRAM**

This Amended and Restated Non-Employee Director Annual Compensation Program (the “Program”), effective as of August 1, 2016 (the “Effective Date”), sets forth the annual compensation payable to members of the Board of Directors (the “Board”) of AstroNova, Inc. (the “Company”) who are not also officers or other employees of the Company (each a “Non-Employee Director” and collectively, the “Non-Employee Directors”) for their Service as members of the Board. Each Non-Employee Director who is eligible to receive an Award of Restricted Stock under this Program is hereinafter referred to as a “Participant.” Capitalized terms used, but not otherwise defined, in this Program shall have the meanings set forth in the Company’s 2015 Equity Incentive Plan (the “Plan”).

**1. Eligibility and Participation.**

(a) A Non-Employee Director of the Company shall automatically become a Participant in the Program as of the later of (i) the Effective Date, or (ii) the date of such person’s initial election to the Board. A Director who is an officer or other employee of the Company is not eligible to participate in the Program.

(b) A Participant shall cease participation in the Program as of the date the Participant (i) fails to be re-elected to the Board, (ii) resigns or otherwise ceases to be a member of the Board, or (iii) becomes an officer or other employee of the Company.

**2. Restricted Stock Awards.**

(a) Each Non-Employee Director of the Company shall be automatically granted the following Awards of Restricted Stock: Commencing with the third fiscal quarter of fiscal year 2017, on the first business day of each fiscal quarter of each fiscal year, each Non-Employee Director on such day shall receive a number of whole shares of Restricted Stock equal to twenty-five percent (25%) of the number calculated by dividing the Director Compensation Amount (as hereinafter defined) by the Fair Market Value of the Company’s Stock on such day. The Director Compensation Amount shall be \$55,000 for the remainder of fiscal year 2017, \$65,000 for fiscal year 2018 and \$75,000 for fiscal year 2019.

(b) In addition to the grants specified in Section 2(a), commencing with the third fiscal quarter of fiscal year 2017, and for each fiscal year thereafter, if the Program is still in effect, on the first business day of each fiscal quarter of such fiscal year, a Non-Employee Director shall automatically be granted the following Awards of Restricted Stock, as applicable:

(i) each Non-Employee Director serving as Chairman of the Board on such day shall receive a number of whole shares of Restricted Stock equal to twenty-five percent (25%) of the number calculated by dividing \$6,000 by the Fair Market Value of the Company’s Stock on such day;

(ii) each Non-Employee Director serving as Chairman of the Audit Committee on such day shall receive a number of whole shares of Restricted Stock equal to twenty-five percent (25%) of the number calculated by dividing \$4,000 by the Fair Market Value of the Company's Stock on such day; and

(iv) each Non-Employee Director serving as Chairman of the Compensation Committee on such day shall receive a number of whole shares of Restricted Stock equal to twenty-five percent (25%) of the number calculated by dividing \$4,000 by the Fair Market Value of the Company's Stock on such day.

(c) In each of the foregoing calculations, the resulting number shall be rounded down to the nearest whole number of shares of Restricted Stock.

(d) All of the foregoing Awards of Restricted Stock shall be deemed made under the Plan, and all such Awards and this Program shall be subject to all of the provisions of the Plan. In addition to the terms and conditions of the Plan, each such Award of Restricted Stock shall be subject to the terms and conditions of this Program.

(e) If a person becomes a Non-Employee Director, Chairman of the Board or Chairman of the Audit or Compensation Committee other than on the first day of a fiscal quarter of the Company, such person shall receive an Award of Restricted Stock on such day with respect to the balance of such quarter, calculated in accordance with the foregoing provisions of this Section 2 but appropriately prorated to reflect the number of days remaining in the quarter and the total number of days in the quarter.

(f) Awards of Restricted Stock under this Program shall be evidenced by, and subject to the terms of, a Restricted Stock Agreement in a form approved by the Compensation Committee of the Board (the "Compensation Committee"). Restricted Stock Agreements shall comply, as applicable, with and be subject to the terms of the Plan and this Program.

(g) No Non-Employee Director shall receive cash compensation or meeting fees for such person's Service as a Director, as Chairman of the Board or as Chairman of the Audit or Compensation Committee or Service on any Board Committee. However, each Non-Employee Director will continue to receive reimbursement in accordance with the Company's policies for appropriate expenses incurred in connection with Service as a member of the Board or any Committee thereof.

### 3. Terms and Conditions.

(a) Vesting. Restricted Stock received pursuant to the Program shall become fully vested on the first anniversary of the date of grant, subject to the holder of the Restricted Stock's continuing Service as a member of the Board. If a Director's Service as a member of the Board terminates other than for death or Disability, no further Restricted Stock will vest following the date of such termination, and all Restricted Stock which is unvested at the time of such termination will be forfeited. The foregoing notwithstanding, in the event of a Non-Employee Director's death or Disability or a Change in Control of the Company during such Director's Service as a member of the Board, all Restricted Stock granted under this Program to

such Non-Employee Director which has not vested before such event shall become immediately vested and no longer subject to restrictions on Transfer hereunder. The Committee may, in its discretion, remove, modify or accelerate the release of restrictions on any Restricted Shares, including upon a Change in Control.

(b) Restrictions on Transfer. Other than as part of a Change in Control, a Non-Employee Director may not sell, transfer, assign, pledge or otherwise encumber (collectively, "Transfer") any Restricted Stock subject to a Restricted Stock Award or any interest therein until such Restricted Stock has vested. In addition, a Non-Employee Director may not Transfer any Restricted Stock if such Non-Employee Director has not satisfied the requirements of any stock ownership guidelines established for Directors by the Board or if such Transfer would cause the Non-Employee Director to be out of compliance with any such guideline. The periods during which all or any Restricted Stock is subject to forfeiture or restrictions on Transfer as provided in this Section 3 is referred to herein as a "Restricted Period" with respect to such Restricted Stock.

(c) Voting Rights; Dividends. Subject to the other provisions of this Section 3, during the Restricted Period applicable to shares of Restricted Stock subject to a Restricted Stock Award held by a Non-Employee Director, the Non-Employee Director shall have all of the rights of a shareholder of the Company holding shares of Stock, including the right to vote such shares and to receive all dividends and other distributions paid with respect to such shares; *provided, however*, that if any such dividends or distributions are paid in shares of Stock, such shares shall be subject to the same vesting schedule and restrictions on Transfer as the shares subject to the Restricted Stock Award with respect to which the dividends or distributions were paid.

(d) End of Restricted Period. On the expiration or termination of a Restricted Period, the restrictions on Transfer for the relevant Restricted Stock shall lapse, and it shall be free of all restrictions (except any that may be imposed by law or by any applicable stock ownership guidelines). The ownership by the relevant Non-Employee Director of the shares of Restricted Stock with respect to which the restrictions have lapsed shall be evidenced by either (i) a stock certificate or (ii) a book entry or other appropriate electronic record, registered in the name of the Holder.

(e) Forfeiture of Restricted Stock. In the event of the forfeiture of any Restricted Stock, the Company shall reacquire such Restricted Stock without the payment of consideration in any form to such holder of such Restricted Stock, and the holder of such Restricted Stock shall unconditionally forfeit any right, title or interest to such Restricted Stock. Automatically and without action by any person, all forfeited Restricted Stock and certificates therefor shall be transferred and delivered to the Company. The Committee may, in its sole discretion, waive in writing the Company's right to reacquire some or all of a holder's Restricted Stock and any Restricted Stock subject to such a waiver no longer be subject to forfeiture.

(f) Taxes. Each Non-Employee Director will be fully liable for any federal, state or local taxes of any kind owed by him or her with regard to issuance of the Restricted Stock, whether owed at the time of issuance pursuant to the Non-Employee Director having made an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, or at the time that the Shares vest pursuant to the vesting schedule set forth in this Section 3.

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4. Administration. The Program shall be administered by the Compensation Committee of the Board. All questions of interpretation of the Program or of any Award shall be determined by the Committee, and such determinations shall be final and binding upon all persons having an interest in the Program and such Award.

5. Amendment or Termination. The Compensation Committee may terminate or amend this Program. The termination of the Program shall not affect outstanding Restricted Stock, whether or not vested. This Program amends and restates in its entirety the Astro-Med, Inc. Amended and Restated Non-Employee Director Annual Compensation Program, effective as of February 1, 2014, which shall be of no further force or effect on and after the Effective Date.

6. Implied Consent. Every Participant, by acceptance of an Award under this Program, shall be deemed to have consented to be bound, on his or her own behalf and on behalf of his or her heirs, legal representatives, successors and assigns by all of the terms and conditions of this Program.

## ASTRONOVA, INC.

NON-EMPLOYEE DIRECTOR  
RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_ (the “Grant Date”), by and between AstroNova, Inc. (the “Company”), and \_\_\_\_\_ (the “Recipient”) pursuant to the Company’s Non-Employee Director Annual Compensation Program (the “Program”). This Agreement is and shall be subject in every respect to the provisions of the Company’s 2015 Equity Incentive Plan, as amended from time to time (the “Plan”) and the Program. The Program and the Plan are incorporated herein by reference and made a part hereof. The Recipient acknowledges that this Agreement shall be subject to all the terms and provisions of the Plan and the Program and agrees that (a) in the event of any conflict between the terms hereof and those of the Plan and/or Program, the terms of the Plan and/or Program shall prevail, and (b) all decisions under and interpretations of the Plan or Program by the Board or the Committee shall be final, binding and conclusive upon the Recipient and his or her heirs and legal representatives.

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Shares. Upon the execution of this Agreement, the Company shall issue to the Recipient, in consideration of the Recipient’s service to the Company, subject to the terms and conditions set forth in this Agreement, \_\_\_\_\_ shares of common stock, \$0.05 par value per share, of the Company (“Common Stock”). Such shares, together with any securities of the Company that may be issued in exchange for or in respect of the shares, whether by way of stock split, stock dividend, combination of shares, reclassification, recapitalization, reorganization or any other means, shall be referred to herein as the “Shares.”

2. Vesting. The Shares shall become fully vested on the first anniversary of the Grant Date, subject to the Recipient continuing Service as a member of the Board. If a Director’s Service as a member of the Board terminates other than for death or Disability (“Termination”), all of the Shares that have not vested as of the date of Termination (any such shares, “Unvested Shares”) will be forfeited. The foregoing notwithstanding, in the event of the Recipient’s death or Disability or a Change in Control of the Company during Recipient’s Service as a member of the Board, all Unvested Shares shall become immediately vested and no longer subject to restrictions on Transfer hereunder.

3. Restrictions on Transfer. Other than as part of a Change in Control, Recipient may not sell, transfer, assign, pledge or otherwise encumber (collectively, “Transfer”) any Shares or any interest therein until such Shares have vested. In addition, the Recipient may not Transfer any Shares if the Recipient has not satisfied the requirements of any stock ownership guidelines established for Directors by the Board or if such Transfer would cause the Recipient to be out of compliance with any such guideline. The periods during which all or any Shares are subject to forfeiture or restrictions on Transfer as provided in this Section 3 is referred to herein as a “Restricted Period” with respect to such Shares

4. Voting Rights; Dividends. Subject to the other provisions of this Agreement, during the Restricted Period applicable to the Shares, the Recipient shall have all of the rights of a shareholder of the Company holding shares of Common Stock, including the right to vote such shares and to receive all dividends and other distributions paid with respect to such shares; *provided, however*, that if any such dividends or distributions are paid in shares of Common Stock, such shares shall be subject to the same vesting schedule and restrictions on Transfer as the Shares with respect to which the dividends or distributions were paid.

5. End of Restricted Period. On the expiration or termination of a Restricted Period, the restrictions on Transfer shall lapse, and it shall be free of all restrictions (except any that may be imposed by law or by any applicable stock ownership guidelines). A stock certificate for the number of shares of Common Stock with respect to which the restrictions have lapsed shall be delivered to the Recipient or a book entry or other appropriate electronic record with respect to such shares shall be made.

6. Forfeiture of Unvested Shares. In the event of the forfeiture of any Unvested Shares, the Company shall reacquire such Unvested Shares without the payment of consideration in any form to such holder of such Unvested Shares, and the Recipient shall unconditionally forfeit any right, title or interest to such Unvested Shares. Automatically and without action by any person, all forfeited Unvested Shares and certificates therefor shall be transferred and delivered to the Company.

7. Effect of Prohibited Transfer. The Company shall not be required (a) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement, or (b) to treat as owner of such Shares or to pay dividends to any transferee to whom any such Shares shall have been so sold or transferred.

8. Restrictive Legend. All certificates representing Shares shall bear a legend which refers to the restrictions imposed by this Agreement and the Plan and any applicable state or federal securities laws or regulations, and which legend is otherwise in such form as the Company may deem appropriate. All Shares registered in book-entry shall include stop transfer instructions consistent with such legends.

9. Adjustments for Recapitalizations and Other Transactions. The Shares issued pursuant to this Agreement shall be adjusted to reflect any recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock, or any issue of bonds, debentures, preferred or prior preference stock or other capital stock ahead of or affecting the stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise pursuant to the provisions of Section 11 of the Plan.

8. Taxes. The Recipient understands and agrees that he or she will be fully liable for any federal, state or local taxes of any kind owed by him or her with regard to issuance of the Shares, whether owed at the time of transfer pursuant to the Recipient having made an election

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under Section 83(b) of the Internal Revenue Code of 1986, as amended (an “83(b) Election”), or at the time that the Shares vest pursuant to the vesting schedule set forth in Section 2 above.

9. 83(b) Election. The Recipient understands that it shall be his or her decision whether to make an 83(b) Election with respect to the Shares, and that if he or she chooses to make such election, it must be made within 30 days of the date of execution of this Agreement. The filing of a Section 83(b) election is solely the Recipient’s responsibility, and if the Recipient chooses to make such an election with respect to issuance of the Shares, he or she must provide a copy of such election to the Company.

10. Miscellaneous.

(a) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(b) Binding Effect. This Agreement shall be binding and inure to the benefit of the Company and the Recipient and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 4 of this Agreement.

(c) Notice. Any notice to be given to the Company hereunder shall be deemed sufficient if addressed to the Company and delivered to the office of the Company 600 East Greenwich Avenue, West Warwick, Rhode Island 02893 or such other address as the Company may hereafter designate. Any notice to be given to the Holder hereunder shall be deemed sufficient if addressed to and delivered in person to the Holder at his or her address furnished to the Company or when deposited in the mail, postage prepaid, addressed to the Holder at such address.

(d) Amendment. This Agreement may be amended or modified only by a written instrument executed by both of the Company and the Recipient.

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IN WITNESS WHEREOF, the parties hereto have executed this Restricted Stock Agreement as of the date first written above.

ASTRONOVA, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

**INCENTIVE STOCK OPTION**

Granted by

**AstroNova, Inc.**

Under the 2015 Equity Incentive Plan

This Option is and shall be subject in every respect to the provisions of the Company's 2015 Equity Incentive Plan, as amended from time to time (the "Plan") of AstroNova, Inc. (the "Company"), which is incorporated herein by reference and made a part hereof. The holder of this Option (the "Holder") hereby accepts this Option subject to all the terms and provisions of the Plan and agrees that (a) in the event of any conflict between the terms hereof and those of the Plan, the latter shall prevail, and (b) all decisions under and interpretations of the Plan by the Board or the Committee shall be final, binding and conclusive upon the Holder and his or her heirs and legal representatives. Capitalized terms used herein but not defined shall have the meaning set forth in the Plan.

1. **Name of Holder:**
2. **Date of Grant:**
3. **Maximum number of shares for which this Option is exercisable:**
4. **Exercise (purchase) price per share:**
5. **Method of Exercise:** The Option may be exercised, in whole or in part, by submitting a written notice (including by electronic mail) to the Company, signed by the Holder or such other person who may be entitled to exercise such option, and specifying the number of Common Shares as to which the option is being exercised. Such notice shall be accompanied by the payment of the full option price for such Common Shares. Payment shall be made (i) in the form of cash or check payable to the Company for an amount equal to the exercise price of the Common Shares being purchased, (ii) by delivering to the Company previously owned and unencumbered shares of Common Stock in an amount equal to the exercise price of the Common Shares being purchased, or, (iii) with the consent of the Company, by any of the other methods set forth in the Plan. After the exercise of the option and full payment therefor, Common Shares representing the number Common Shares for which this option has been exercised shall be issued either (i) in certificate form or (ii) in book entry or electronic form, registered in the name of the Holder.
6. **Expiration Date of Option:**
7. **Vesting Schedule:** Subject to the other terms of this Agreement regarding the exercisability of this option, this option shall become exercisable in cumulative installments in accordance with the following schedule:

Vesting DateNumber of Shares Vesting on Date

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All vesting shall cease on the date of termination of Service.

8. **Termination of Service.** This Option shall terminate on the earliest to occur of:
- (i) the date of expiration hereof;
  - (ii) the date of termination of the Holder's Service by the Company for Cause;
  - (iii) 30 days after the date of voluntary termination of Service by the Holder (other than for death or Disability as defined in the Plan);
  - (iv) 90 days after the date of termination of the Holder's Service by the Company without Cause (other than for death or Disability);
  - (v) one (1) year after the date of termination of the Holder's Service with the Company resulting from retirement from active employment at or after age 65, as determined by the Committee in its good faith discretion;
  - (vi) one (1) year after the death or Disability of the Holder; or
  - (vii) on the date the Holder accepts employment with any person, firm or corporation whose business in the sole opinion of the Committee competes with the then business of the Company.

Notwithstanding the above, any exercise of this Option more than ninety (90) days after termination of employment (other than for death or Disability) will result in the Option failing to qualify as an Incentive Stock Option and the Option shall be treated as a non-statutory option.

9. **Incentive Stock Option; Disqualifying Disposition.** Although this Option is intended to qualify as an incentive stock option under the Internal Revenue Code of 1986 (the "Code"), the Company makes no representation as to the tax treatment upon exercise of this Option or sale or other disposition of the shares covered by this Option, and the Holder is advised to consult a personal tax advisor. Upon a Disqualifying Disposition of shares received upon exercise of this Option, the Holder will forfeit the favorable income tax treatment otherwise available with respect to the exercise of this Option. A "Disqualifying Disposition" shall have the meaning specified in Section 421(b) of the Code; as of the date of grant of this Option a Disqualifying Disposition is any disposition

(including any sale) of such shares before the later of (a) the second anniversary of the date of grant of this Option and (b) the first anniversary of the date on which the Holder acquired such shares by exercising this Option, *provided* that such holding period requirements terminate upon the death of the Holder. The Holder shall notify the Company in writing immediately upon making a Disqualifying Disposition of any shares of Common Stock received pursuant to the exercise of this Option, and shall provide the Company with any information that the Company shall request concerning any such Disqualifying Disposition.

10. **Notice.** Any notice to be given to the Company hereunder shall be deemed sufficient if addressed to the Company and delivered to the office of the Company, 600 East Greenwich Avenue, West Warwick, RI 02893, attention of the president, or such other address as the Company may hereafter designate.

Any notice to be given to the Holder hereunder shall be deemed sufficient if addressed to and delivered in person to the Holder at his or her address furnished to the Company or when deposited in the mail, postage prepaid, addressed to the Holder at such address.

IN WITNESS WHEREOF, the parties have executed this Option, or caused this Option to be executed, as of the Date of Grant.

**ASTRONOVA, INC.**

By: \_\_\_\_\_  
Name:  
Title:

The undersigned Holder hereby acknowledges receipt of a copy of the Plan and this Option, and agrees to the terms of this Option and the Plan.

**NON-STATUTORY STOCK OPTION**

Granted by

**AstroNova, Inc.**

Under the 2015 Equity Incentive Plan

This Option is and shall be subject in every respect to the provisions of the 2015 Equity Incentive Plan, as amended from time to time (the "Plan") of AstroNova, Inc. (the "Company"), which is incorporated herein by reference and made a part hereof. The holder of this Option (the "Holder") hereby accepts this Option subject to all the terms and provisions of the Plan and agrees that (a) in the event of any conflict between the terms hereof and those of the Plan, the latter shall prevail, and (b) all decisions under and interpretations of the Plan by the Board or the Committee shall be final, binding and conclusive upon the Holder and his or her heirs and legal representatives. Capitalized terms used herein but not defined shall have the meaning set forth in the Plan.

1. **Name of Holder:**
2. **Date of Grant:**
3. **Maximum number of shares for which this Option is exercisable:**
4. **Exercise (purchase) price per share:**
5. **Method of Exercise :** The Option may be exercised, in whole or in part, by submitting a written notice (including by electronic mail) to the Company, signed by the Holder or such other person who may be entitled to exercise such option, and specifying the number of Common Shares as to which the option is being exercised. Such notice shall be accompanied by the payment of the full option price for such Common Shares. Payment shall be made (i) in the form of cash or check payable to the Company for an amount equal to the exercise price of the Common Shares being purchased, (ii) by delivering to the Company previously owned and unencumbered shares of Common Stock in an amount equal to the exercise price of the Common Shares being purchased, or, (iii) with the consent of the Company, by any of the other methods set forth in the Plan. After the exercise of the option and full payment therefor, Common Shares representing the number of Common Shares for which this option has been exercised shall be issued either (i) in certificate form or (ii) in book entry or electronic form, registered in the name of the Holder.
6. **Expiration Date of Option:**

7. **Vesting Schedule:**

The option shall vest as follows:

Vesting Date

Number of Shares Vesting on Date

All vesting shall cease on the date of termination of Service.

8. **Termination of Service.**

This Option shall terminate on the earliest to occur of:

- (i) the date of expiration hereof;
- (ii) the date of termination of the Holder's Service by the Company for Cause;
- (iii) 30 days after the date of voluntary termination of Service by the Holder (other than for death or Disability as defined in the Plan);
- (iv) 90 days after the date of termination of the Holder's Service by the Company without Cause (other than for death or Disability);
- (v) one (1) year after the date of termination of the Holder's Service with the Company resulting from retirement from active employment at or after age 65, as determined by the Committee in its good faith discretion;
- (vi) one (1) year after the death or Disability of the Holder; or
- (vii) on the date the Holder accepts employment with any person, firm or corporation whose business in the sole opinion of the Committee competes with the then business of the Company.

9. **Tax Withholding.** The Company's obligation to deliver shares shall be subject to the Holder's satisfaction of any federal, state and local income and employment tax withholding requirements, which withholding may be satisfied by cash payment or through the delivery or surrender to the Company of Shares, valued at fair market value, which the holder owned prior to exercise; provided that, any such already-owned Shares delivered to pay withholding taxes, if originally acquired from the Company, shall have been held at least six months.

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10. **Notice.** Any notice to be given to the Company hereunder shall be deemed sufficient if addressed to the Company and delivered to the office of the Company, 600 East Greenwich Avenue, West Warwick, RI 02893, attention of the president, or such other address as the Company may hereafter designate.

Any notice to be given to the Holder hereunder shall be deemed sufficient if addressed to and delivered in person to the Holder at his or her address furnished to the Company or when deposited in the mail, postage prepaid, addressed to the Holder at such address.

IN WITNESS WHEREOF, the parties have executed this Option, or caused this Option, as of the Date of Grant.

**ASTRONOVA, INC.**

By: \_\_\_\_\_  
Name:  
Title:

The undersigned Holder hereby acknowledges receipt of a copy of the Plan and this Option, and agrees to the terms of this Option and the Plan.

\_\_\_\_\_

**NON-EMPLOYEE DIRECTOR  
NON-STATUTORY STOCK OPTION**

Granted by

**AstroNova, Inc.**

Under the 2015 Equity Incentive Plan

This Option is and shall be subject in every respect to the provisions of the 2015 Equity Incentive Plan, as amended from time to time (the "Plan") of AstroNova, Inc. (the "Company"), which is incorporated herein by reference and made a part hereof. The holder of this Option (the "Holder") hereby accepts this Option subject to all the terms and provisions of the Plan and agrees that (a) in the event of any conflict between the terms hereof and those of the Plan, the latter shall prevail, and (b) all decisions under and interpretations of the Plan by the Board or the Committee shall be final, binding and conclusive upon the Holder and his or her heirs and legal representatives. Capitalized terms used herein but not defined shall have the meaning set forth in the Plan.

1. **Name of Holder:** \_\_\_\_\_
2. **Date of Grant:** \_\_\_\_\_
3. **Maximum number of shares for which this Option is exercisable:** \_\_\_\_\_
4. **Exercise (purchase) price per share:** \_\_\_\_\_
5. **Method of Exercise :** The Option may be exercised, in whole or in part, by submitting a written notice (including by electronic mail) to the Company, signed by the Holder or such other person who may be entitled to exercise such option, and specifying the number of Common Shares as to which the option is being exercised. Such notice shall be accompanied by the payment of the full option price for such Common Shares. Payment shall be made (i) in the form of cash or check payable to the Company for an amount equal to the exercise price of the Common Shares being purchased, (ii) by delivering to the Company previously owned and unencumbered shares of Common Stock in an amount equal to the exercise price of the Common Shares being purchased, or, (iii) with the consent of the Company, by any of the other methods set forth in the Plan. After the exercise of the option and full payment therefor, Common Shares representing the number of Common Shares for which this option has been exercised shall be issued either (i) in certificate form or (ii) in book entry or electronic form, registered in the name of the Holder.
6. **Expiration Date of Option:** \_\_\_\_\_
7. **Vesting Schedule:** The option shall vest in full immediately prior to the Company's next Annual Meeting of Shareholders following the date hereof. All vesting shall cease on the date of termination of Service.

8. **Termination of Service .**

If the Holder fails to be re-elected to the Board, resigns or otherwise ceases to be a director of the Company for reasons other than death or Disability (as defined in the Plan), any portion of the option which is not exercisable on such date shall immediately terminate, and any remaining portion shall terminate if not exercised before twenty-four (24) months following such termination, or at such earlier time as may be applicable under Paragraph 6 above.

If the Holder ceases to be a director of the Company by reason of death or Disability, any portion of the option which is not exercisable on such date shall become immediately exercisable, and may be exercised at any time before the expiration of twenty-four (24) months following the date of death or commencement of Disability, or such earlier time as may be applicable under Paragraph 6 above.

9. **Tax Withholding.** The Company's obligation to deliver shares shall be subject to the Holder's satisfaction of any federal, state and local income and employment tax withholding requirements, which withholding may be satisfied by cash payment or through the delivery or surrender to the Company of Shares, valued at fair market value, which the holder owned prior to exercise; provided that, any such already-owned Shares delivered to pay withholding taxes, if originally acquired from the Company, shall have been held at least six months.

10. **Notice.** Any notice to be given to the Company hereunder shall be deemed sufficient if addressed to the Company and delivered to the office of the Company, 600 East Greenwich Avenue, West Warwick, RI 02893, attention of the president, or such other address as the Company may hereafter designate.

Any notice to be given to the Holder hereunder shall be deemed sufficient if addressed to and delivered in person to the Holder at his or her address furnished to the Company or when deposited in the mail, postage prepaid, addressed to the Holder at such address.

IN WITNESS WHEREOF, the parties have executed this Option, or caused this Option, as of the Date of Grant.

**ASTRONOVA, INC.**

By: \_\_\_\_\_  
Name:  
Title:

The undersigned Holder hereby acknowledges receipt of a copy of the Plan and this Option, and agrees to the terms of this Option and the Plan.

\_\_\_\_\_

ASTRONOVA, INC.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_ (the “Grant Date”), by and between AstroNova, Inc. (the “Company”), and \_\_\_\_\_ (the “Recipient”). This Agreement is and shall be subject in every respect to the provisions of the Company’s 2015 Equity Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference and made a part hereof. The Recipient acknowledges that this Agreement shall be subject to all the terms and provisions of the Plan and agrees that (a) in the event of any conflict between the terms hereof and those of the Plan, the latter shall prevail, and (b) all decisions under and interpretations of the Plan by the Board or the Committee shall be final, binding and conclusive upon the Recipient and his or her heirs and legal representatives.

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Shares. Upon the execution of this Agreement, the Company shall issue to the Recipient, in consideration of the Recipient’s service to the Company, subject to the terms and conditions set forth in this Agreement, \_\_\_\_\_ shares of common stock, \$0.05 par value per share, of the Company (“Common Stock”). Such shares, together with any securities of the Company that may be issued in exchange for or in respect of the shares, whether by way of stock split, stock dividend, combination of shares, reclassification, recapitalization, reorganization or any other means, shall be referred to herein as the “Shares.”

2. Vesting. The restrictions applicable to the Shares shall lapse and the Shares shall become “Vested Shares” in accordance with the following schedule:

Vesting Date

Number of Shares Vesting on Date

3. Forfeiture of Unvested Shares. In the event that the Recipient ceases to provide Service to the Company for any reason or no reason, with or without cause (“Termination”), all of the Shares that have not become Vested Shares as of the date of Termination in accordance with the vesting schedule set forth in Section 2 above (any such shares, “Unvested Shares”) and all rights therein shall immediately be transferred to the Company pursuant to Section 3 below, and as of the date of Termination the Recipient shall have no further rights with respect to such Shares; provided, however, in the event the Recipient ceases to provide Service to the Company by reason of death or Disability (as defined in the Plan), any Unvested Shares shall be immediately vested and the Restricted Period shall immediately terminate.

4. Transfer of Unvested Shares to Company.

(a) The Recipient acknowledges and agrees that any certificate or other document evidencing any Shares shall be held by the Company until such Shares become Vested Shares. Promptly after any Shares become Vested Shares, the Company shall issue to the Recipient a certificate or other document evidencing such Vested Shares. The Recipient shall execute and deliver to the Company such number of stock assignments as and when the Company shall request, duly endorsed in blank, in the form requested by the Company. Upon Termination, the Unvested Shares shall be transferred to the Company, and the certificates or other documents evidencing the Unvested Shares shall be cancelled.

(b) From and after the date of Termination, the Company shall not pay any dividend to the Recipient on account of such Unvested Shares or permit the Recipient to exercise any of the privileges or rights as a stockholder with respect to the Unvested Shares, but shall, in so far as permitted by law, treat the Company as the owner of such Unvested Shares.

(c) No amount shall be payable to the Recipient with respect to Unvested Shares transferred to the Company pursuant to this Section 3.

5. Restrictions on Transfer of Unvested Shares. The Recipient shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, voluntarily or involuntarily, by operation of law or otherwise (collectively "Transfer") any Unvested Shares or any interest therein, except for Transfers to the Company pursuant to Section 3.

6. Effect of Prohibited Transfer. The Company shall not be required (a) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement, or (b) to treat as owner of such Shares or to pay dividends to any transferee to whom any such Shares shall have been so sold or transferred.

7. Restrictive Legend. All certificates representing Shares shall bear a legend which refers to the restrictions imposed by this Agreement and the Plan and any applicable state or federal securities laws or regulations, and which legend is otherwise in such form as the Company may deem appropriate. All Shares registered in book-entry shall include stop transfer instructions consistent with such legends.

8. Adjustments for Recapitalizations and Other Transactions. The Shares issued pursuant to this Agreement shall be adjusted to reflect any recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock, or any issue of bonds, debentures, preferred or prior preference stock or other capital stock ahead of or affecting the stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise pursuant to the provisions of Section 11 of the Plan.

9. Taxes. The Recipient understands and agrees that: (i) he or she will be fully liable for any federal, state or local taxes of any kind owed by him or her with regard to issuance of the Shares, whether owed at the time of transfer pursuant to the Recipient having made an

election under Section 83(b) of the Internal Revenue Code of 1986, as amended (an "83(b) Election"), or at the time that the Shares vest pursuant to the vesting schedule set forth in Section 2 above; and (ii) the Company has the right to deduct from payments of any kind otherwise due to the Recipient any federal, state or local taxes of any kind required by law to be withheld with respect to issuance or vesting of the Shares. The Company's obligations to issue the Shares shall be subject to the Recipient's satisfaction of any federal, state and local income and employment tax withholding requirements, which withholding may be satisfied by cash payment or through the delivery or surrender to the Company of Shares, valued at fair market value, which the holder owned prior to exercise; provided that, any such already-owned Shares delivered to pay withholding taxes, if originally acquired from the Company, shall have been held at least six months.

10. 83(b) Election. The Recipient understands that it shall be his or her decision whether to make an 83(b) Election with respect to the Shares, and that if he or she chooses to make such election, it must be made within 30 days of the date of execution of this Agreement. The filing of a Section 83(b) election is solely the Recipient's responsibility, and if the Recipient chooses to make such an election with respect to issuance of the Shares, he or she must provide a copy of such election to the Company.

11. Miscellaneous.

(a) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(b) Binding Effect. This Agreement shall be binding and inure to the benefit of the Company and the Recipient and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 4 of this Agreement.

(c) Notice. Any notice to be given to the Company hereunder shall be deemed sufficient if addressed to the Company and delivered to the office of the Company 600 East Greenwich Avenue, West Warwick, Rhode Island 02893 or such other address as the Company may hereafter designate. Any notice to be given to the Holder hereunder shall be deemed sufficient if addressed to and delivered in person to the Holder at his or her address furnished to the Company or when deposited in the mail, postage prepaid, addressed to the Holder at such address.

(d) Amendment. This Agreement may be amended or modified only by a written instrument executed by both of the Company and the Recipient.

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IN WITNESS WHEREOF, the parties hereto have executed this Restricted Stock Agreement as of the date first written above.

ASTRONOVA, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

## ASTRONOVA, INC.

NON-EMPLOYEE DIRECTOR  
RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_ (the “Grant Date”), by and between AstroNova, Inc. (the “Company”), and \_\_\_\_\_ (the “Recipient”). This Agreement is and shall be subject in every respect to the provisions of the Company’s 2015 Equity Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference and made a part hereof. The Recipient acknowledges that this Agreement shall be subject to all the terms and provisions of the Plan and agrees that (a) in the event of any conflict between the terms hereof and those of the Plan, the latter shall prevail, and (b) all decisions under and interpretations of the Plan by the Board or the Committee shall be final, binding and conclusive upon the Recipient and his or her heirs and legal representatives.

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Shares. Upon the execution of this Agreement, the Company shall issue to the Recipient, in consideration of the Recipient’s service to the Company, subject to the terms and conditions set forth in this Agreement, \_\_\_\_\_ shares of common stock, \$0.05 par value per share, of the Company (“Common Stock”). Such shares, together with any securities of the Company that may be issued in exchange for or in respect of the shares, whether by way of stock split, stock dividend, combination of shares, reclassification, recapitalization, reorganization or any other means, shall be referred to herein as the “Shares.”

2. Forfeiture of Unvested Shares. In the event that the Recipient ceases to provide Service to the Company for any reason or no reason, with or without cause (“Termination”), all of the Shares that have not become Vested Shares as of the date of Termination in accordance with the vesting schedule set forth in Exhibit A (any such shares, “Unvested Shares”) and all rights therein shall immediately be transferred to the Company pursuant to Exhibit A hereto, and as of the date of Termination the Recipient shall have no further rights with respect to such Shares; provided, however, in the event the Recipient ceases to provide Service to the Company by reason of death or Disability (as defined in the Plan), any Unvested Shares shall be immediately vested and the Restricted Period (as defined in Exhibit A) shall immediately terminate.

3. Transfer of Unvested Shares to Company.

(a) The Recipient acknowledges and agrees that any certificate or other document evidencing any Shares shall be held by the Company until such Shares become Vested Shares. Promptly after any Shares become Vested Shares, the Company shall issue to the Recipient a certificate or other document evidencing such Vested Shares. The Recipient shall execute and deliver to the Company such number of stock assignments as and when the Company shall request, duly endorsed in blank, in the form requested by the Company. Upon Termination, the Unvested Shares shall be transferred to the Company, and the certificates or other documents evidencing the Unvested Shares shall be cancelled.

(b) From and after the date of Termination, the Company shall not pay any dividend to the Recipient on account of such Unvested Shares or permit the Recipient to exercise any of the privileges or rights as a stockholder with respect to the Unvested Shares, but shall, in so far as permitted by law, treat the Company as the owner of such Unvested Shares.

(c) No amount shall be payable to the Recipient with respect to Unvested Shares transferred to the Company pursuant to this Section 3.

4. Restrictions on Transfer of Unvested Shares. The Recipient shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, voluntarily or involuntarily, by operation of law or otherwise (collectively "Transfer") any Unvested Shares or any interest therein, except for Transfers to the Company pursuant to Section 3.

5. Effect of Prohibited Transfer. The Company shall not be required (a) to transfer on its books any of the Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement, or (b) to treat as owner of such Shares or to pay dividends to any transferee to whom any such Shares shall have been so sold or transferred.

6. Restrictive Legend. All certificates representing Shares shall bear a legend which refers to the restrictions imposed by this Agreement and the Plan and any applicable state or federal securities laws or regulations, and which legend is otherwise in such form as the Company may deem appropriate. All Shares registered in book-entry shall include stop transfer instructions consistent with such legends.

7. Adjustments for Recapitalizations and Other Transactions. The Shares issued pursuant to this Agreement shall be adjusted to reflect any recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock, or any issue of bonds, debentures, preferred or prior preference stock or other capital stock ahead of or affecting the stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise pursuant to the provisions of Section 11 of the Plan.

8. Taxes. The Recipient understands and agrees that: (i) he or she will be fully liable for any federal, state or local taxes of any kind owed by him or her with regard to issuance of the Shares, whether owed at the time of transfer pursuant to the Recipient having made an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (an "83(b) Election"), or at the time that the Shares vest pursuant to the vesting schedule set forth in Section 2 above; and (ii) the Company has the right to deduct from payments of any kind otherwise due to the Recipient any federal, state or local taxes of any kind required by law to be withheld with respect to issuance or vesting of the Shares.

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9. 83(b) Election. The Recipient understands that it shall be his or her decision whether to make an 83(b) Election with respect to the Shares, and that if he or she chooses to make such election, it must be made within 30 days of the date of execution of this Agreement. The filing of a Section 83(b) election is solely the Recipient's responsibility, and if the Recipient chooses to make such an election with respect to issuance of the Shares, he or she must provide a copy of such election to the Company.

10. Miscellaneous.

(a) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(b) Binding Effect. This Agreement shall be binding and inure to the benefit of the Company and the Recipient and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 4 of this Agreement.

(c) Notice. Any notice to be given to the Company hereunder shall be deemed sufficient if addressed to the Company and delivered to the office of the Company 600 East Greenwich Avenue, West Warwick, Rhode Island 02893 or such other address as the Company may hereafter designate. Any notice to be given to the Holder hereunder shall be deemed sufficient if addressed to and delivered in person to the Holder at his or her address furnished to the Company or when deposited in the mail, postage prepaid, addressed to the Holder at such address.

(d) Amendment. This Agreement may be amended or modified only by a written instrument executed by both of the Company and the Recipient.

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IN WITNESS WHEREOF, the parties hereto have executed this Restricted Stock Agreement as of the date first written above.

ASTRONOVA, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

**Vesting Schedule**

The restrictions applicable to the Shares shall lapse and the Shares shall become “Vested Shares” on the earlier of (i) the date that is immediately prior to the occurrence of the next annual or special meeting in lieu of annual meeting of the shareholders of the Company following the Grant Date and (ii) the one year anniversary of the Grant Date, such date the “Vesting Date”; provided, however, that the Holder must be employed by or providing service to the Company as of the applicable date in order for vesting to occur. Notwithstanding the foregoing, the Grantee may not sell, transfer, pledge or otherwise encumber the Shares prior to the second anniversary of the Vesting Date. The period during which all or any portion of the Shares is subject to restrictions shall be referred to as the “Restricted Period”.

**ASTRONOVA, INC.  
2015 EQUITY INCENTIVE PLAN  
RESTRICTED STOCK UNIT AWARD AGREEMENT**

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the “**Agreement**”) is made and entered into as of \_\_\_\_\_ (the “**Grant Date**”) by and between AstroNova, Inc. (the “**Company**”) and \_\_\_\_\_ (the “**Grantee**”). Any capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan (as defined herein).

WHEREAS, the Company has adopted the Company’s 2015 Equity Incentive Plan (the “**Plan**”) pursuant to which Awards of Restricted Stock Units may be granted; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its shareholders to grant the Award of Restricted Stock Units provided for herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

**1. Restricted Stock Units Awarded.** Pursuant to Section 8 of the Plan, the Company hereby issues to the Grantee on the Grant Date an award consisting of \_\_\_\_\_ Restricted Stock Units (the “**RSUs**”). Each RSU represents the right to receive one share of the Company’s common stock, \$0.05 par value (the “**Common Stock**”), subject to the terms and conditions of this Agreement and the Plan, including the Grantee’s continued employment by the Company or a Subsidiary through the applicable Vesting Date (as defined below) as provided in Section 2 hereof.

**2. Vesting.**

(a) Subject to Sections 4 and 5, the Grantee shall become vested in the right to receive the RSUs in four (4) equal annual installments in accordance with the following schedule (each a “**Vesting Date**”):

| <u>Vesting Date</u> | <u>Number of Shares Vesting on Date</u> |
|---------------------|---|
|---------------------|---|

Except as provided in Section 5, if the Grantee has a termination from employment with the Company for any reason, prior to the respective Vesting Date, the Grantee will forfeit the unvested RSUs. An employment relationship between the Company and the Grantee shall be deemed to exist during any period in which the Grantee is employed by the Company or any Subsidiary of the Company. Whether authorized leave of absence, or absence on military or government service, shall constitute termination of the employment relationship between the Company and the Grantee shall be determined by the Committee at the time thereof.

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(b) Effect of Forfeiture. Neither the Company nor any Subsidiary will have any further obligations to the Grantee under this Agreement to the extent any of the Grantee's RSUs are forfeited.

**3. Delivery of Stock Certificates.**

(a) As soon as practicable after the Vesting Date of any RSUs, and consistent with Section 409A of the Code, the Company shall issue and deliver to the Grantee, or the Grantee's beneficiary or estate as the case may be, Common Stock representing the number of shares of Common Stock equal to the number of vested RSUs, shall be issued either (i) in certificate form or (ii) in book-entry or electronic form, registered in the name of the Grantee. All certificates representing Common Stock shall contain the legend(s) referenced in Section 4 hereof. The number of shares delivered shall be net of the number of shares withheld, if any, pursuant to Section 8. The Company shall not be required to deliver any fractional share of Common Stock, but will make a cash payment in lieu thereof equal to the Fair Market Value (determined as of the applicable Vesting Date) of the fractional share to which the Grantee or the Grantee's beneficiary or estate, as the case may be, is entitled to hereunder. No payment will be required from the Grantee upon the issuance or delivery of shares of Common Stock except that any amount necessary to satisfy applicable federal, state or local tax requirements shall be withheld or paid promptly in accordance with Section 8.

(b) If the Grantee is deemed a "specified employee" within the meaning of Section 409A of the Code, as determined by the Committee, at a time when the Grantee becomes eligible for settlement of the RSUs upon his "separation from service" within the meaning of Section 409A of the Code, then to the extent necessary to prevent any accelerated or additional tax under Section 409A of the Code, such settlement will be delayed until the earlier of: (i) the date that is six months following the Grantee's separation from service and (ii) the Grantee's death.

**4. Transfer Restrictions.**

(a) Absent prior written consent of the Committee, the Award granted hereunder to the Grantee may not be sold, assigned transferred, pledged or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise.

(b) Except for authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable or deliverable to the Grantee as a result of the vesting of the RSU, as permitted by Section 8(b)(ii) hereof, the Grantee may not sell, transfer, pledge or otherwise encumber more than fifty percent (50%) of the Common Stock issued upon vesting of the RSUs unless and until the Grantee meets the ownership level of Common Stock specified for such Grantee in the Company's Stock Ownership and Retention Guidelines, as the same may be amended from time to time in the discretion of the Board, provided, however, such restrictions shall lapse upon the death or Disability (as defined in the Plan) of the Grantee. Any and all certificates representing shares of Common Stock issued hereunder shall have appropriate legends evidencing such transfer restrictions.

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5. **Change In Control.**

- (a) Notwithstanding anything herein to the contrary, in the event that a Change in Control (as defined in the Plan) occurs prior to the Final Vesting Date, then:
- (i) In the event that the Acquiring Corporation, in connection with the Change in Control, elects to assume the Company's rights and obligations under any unvested RSUs or substitute for any of the unvested RSUs substantially equivalent awards in accordance with Section 12.1 of the Plan, and, prior to the Final Vesting Date, (A) the Company or the Acquiring Corporation terminates Grantee's employment for any reason other than Cause, death or Disability or (B) the Grantee voluntarily terminates employment for Good Reason, any unvested RSUs will become vested as of the date of such termination; and
  - (ii) In the event that the Acquiring Corporation elects not to assume the Company's rights and obligations under any unvested RSUs or substitute for any of the unvested RSUs substantially equivalent awards in connection with a Change in Control, any unvested RSUs will become vested as of the date immediately preceding the Change in Control Date.
- (b) When used in this Section 5, the following terms have the meanings set forth below:
- (i) "**Change in Control Date**" means the date on which a Change in Control is consummated.
  - (ii) "**Final Vesting Date**" means the fourth anniversary of the Grant Date.
  - (iii) "**Good Reason**" means (A) without the Grantee's prior written consent, assignment to the Grantee of duties materially inconsistent in any respect with his position, authority, duties or responsibilities, annual base salary or target bonus when compared with the same immediately prior to the Change in Control Date or if any change in the same is hereafter made in anticipation of a Change in Control or potential Change in Control, when compared with the same immediately before such change; (B) without the Grantee's prior written consent, reduction in the Grantee's annual base salary, target bonus or benefits when compared with the same immediately prior to the Change in Control Date, other than a reduction of fringe benefits required by law or applicable to all employees generally; or (C) assignment of the Grantee, without his prior written consent, to a place of business that is not within twenty-five miles of the Grantee's current place of business. Notwithstanding the foregoing, no such event shall constitute "Good Reason" unless (1) Grantee shall have given written notice of such event to the Company within ninety (90) days after the initial occurrence, (2) the Company shall have failed to cure the condition constituting Good Reason within thirty (30) days after expiration of such cure period, and (3) Grantee terminates employment within thirty (30) days after expiration of such cure period.

6. **Rights as Shareholder**. The Grantee shall not have any rights of a shareholder of the Company holding shares of Common Stock, unless and until the RSUs vest and are settled by the issuance of such shares of Common Stock. Notwithstanding the foregoing, with respect to any vested RSUs, the Grantee shall have the right to participate in any dividend on the Common Stock that has a record date on or after the Vesting Date for such RSUs.

7. **Adjustments**. If any change is made to the outstanding Common Stock or the capital structure of the Company, if required, the RSUs shall be adjusted as contemplated by Section 11 of the Plan.

8. **Tax Liability and Withholding**.

(a) The Grantee acknowledges and agrees that the Company and its Subsidiaries have the right to deduct from payments of any kind otherwise due to Grantee any federal, state or local taxes of any kind required by law to be withheld with respect to the grant or vesting of RSUs hereunder.

(b) The Committee may permit the Grantee to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of such means:

- (i) tendering a cash payment.
- (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable or deliverable to the Grantee as a result of the vesting of the RSUs; *provided, however*, that no shares of Common Stock shall be withheld with a value exceeding the minimum amount of tax required to be withheld by law.
- (iii) delivering to the Company previously owned and unencumbered shares of Common Stock.

Any shares of Common Stock withheld in accordance with this Section 8 shall be treated as if issued and sold by the Grantee when determining the share retention requirements applicable to the Grantee under the share ownership and/or retention requirements of this Agreement (including Section 4 hereof) and/ or guidelines of the Company.

(c) Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding (“**Tax-Related Items**”), the ultimate liability for all Tax-Related Items is and remains the Grantee’s responsibility and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or settlement of the RSUs or the subsequent sale of any shares; and (ii) does not commit to structure the RSUs to reduce or eliminate the Grantee’s liability for Tax-Related Items.

9. **Compliance with Law**. The issuance and transfer of shares of Common Stock shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's shares of Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel.

10. **Acceptance**. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof, and accepts the RSUs subject to all of the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that there may be adverse tax consequences upon the vesting or settlement of the RSUs or disposition of the underlying shares and that the Grantee has been advised to consult a tax advisor prior to such vesting, settlement or disposition.

11. **Notices**. Any notice hereunder to the Company shall be addressed to it at its office, 600 East Greenwich Avenue, West Warwick, Rhode Island 02893, and any notice hereunder to the Grantee shall be addressed to the Grantee at the address reflected on the records of the Company, subject to the right of either party to designate at any time hereafter in writing some other address.

12. **Interpretation**. Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Company.

13. **Rhode Island Law to Govern**. This Agreement shall be construed and administered in accordance with and governed by the laws of the State of Rhode Island.

14. **Successors and Assigns**. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors, administrators and the person(s) to whom the RSUs may be transferred by will or the laws of descent or distribution.

15. **Discretionary Nature of Plan**. The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the RSUs in this Agreement does not create any contractual right or other right to receive any RSUs or other Awards in the future. Future Awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Grantee's employment with the Company.

16. **Amendment**. The Committee has the right to amend, alter, suspend, discontinue or cancel the RSUs, prospectively or retroactively; *provided, that*, no such amendment shall adversely affect the Grantee's material rights under this Agreement without the Grantee's consent.

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17. **Section 409A**. This Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of non-compliance with Section 409A of the Code.

18. **No Impact on Other Benefits**. The value of the Grantee's RSUs is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

19. **Employment not Guaranteed**. This Agreement shall not create any right in the Grantee to continue in the Company employ for any specific length of time, nor does it create any other rights in the Grantee or obligations on the part of the Company, except those set forth in this Agreement.

20. **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

[ *Remainder of Page Intentionally Left Blank* ]

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Grantee has executed this Agreement as of the day and year first above written.

ASTRONOVA, INC.

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Grantee

**ASTRONOVA, INC.**  
**2015 EQUITY INCENTIVE PLAN**  
**PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT**

THIS PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT (the “**Agreement**”) is made and entered into as of (the “**Grant Date**”) by and between AstroNova, Inc. (the “**Company**”) and (the “**Grantee**”).

WHEREAS, the Company has adopted the Company’s 2015 Equity Incentive Plan (the “**Plan**”) pursuant to which Awards of Restricted Stock Units may be granted; and

WHEREAS, the Committee has determined that it is in the best interests of the Company and its shareholders to grant the Award of Restricted Stock Units provided for herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

**1. Restricted Stock Units Awarded.** Pursuant to Section 8 of the Plan, the Company hereby issues to the Grantee on the Grant Date an award consisting of, in the aggregate, Restricted Stock Units (the “**Total RSUs**”). Each Restricted Stock Unit (each, an “**RSU**” and, collectively, the “**RSUs**”) represents the right to receive one share of the Company’s common stock, \$0.05 par value (the “**Common Stock**”), subject to the terms and conditions of the Agreement and the Plan. The actual number of shares of Common Stock which will be earned and vest may be less than the Total RSUs, or even zero, and will be based on the actual performance level achieved by the Company with respect to Net Sales (as defined in Section 2 hereof), and the Grantee’s continued employment by the Company or a Subsidiary through the applicable Vesting Date (as defined in Section 4 hereof).

**2. Definitions.** Any capitalized terms and phrases used in this Agreement but not otherwise defined herein, shall have the respective meanings ascribed to them in the Plan. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“**Acquisition Growth**” means the year over year increase in Net Sales for the applicable Performance Year that is attributable to the sale and servicing of products acquired by the Company through the acquisition of a company, business or product line, and not developed internally by the Company, as determined in good faith by the Committee, in its sole discretion.

“**Acquisition Growth RSUs**” means the Earned RSUs for a Performance Year multiplied by the percentage obtained by dividing Acquisition Growth for such Performance Year by the Annual Revenue Increase for such Performance Year.

“**Annual Revenue Increase**” means the amount by which Net Sales for any Performance Year (excluding Net Sales in excess of \$ ) exceeds the greater of (i) \$ or (ii) the highest level of Net Sales for any prior Performance Year.

“ **Applicable Annual Percentage** ” means the percentage obtained by dividing the Annual Revenue Increase for a Performance Year, by the Performance Goal, provided that the sum of the Applicable Annual Percentages for all Performance Years in the Performance Period shall not exceed 100%.

“ **Determination Date** ” means, as to any Performance Year, the date on which the Committee certifies the amount of the Annual Revenue Increase for such Performance Year and the amount of Net Sales for such Performance Year (if any) that are attributable to Acquisition Growth.

“ **Earned RSUs** ” means, with respect to any Performance Year, the number of RSUs equal to the Total RSUs multiplied by the Applicable Annual Percentage for such Performance Year.

“ **Net Sales** ” means the consolidated net sales of the Company and its Subsidiaries for the applicable period, determined in accordance with United States generally accepted accounting principles, as reported in the Company’s audited financial statements for any Performance Year or, for purposes of determining Earned RSUs in the event of a Change in Control occurring during the Performance Period, as reported in its unaudited financial statements included in its Quarterly Reports on Form 10-Q.

“ **Organic Growth RSUs** ” means the Earned RSUs for a Performance Year minus the Acquisition Growth RSUs (if any) for such Performance Year.

“ **Performance Goal** ” means \$                      million.

“ **Performance Period** ” means                      through                      .

“ **Performance Year** ” means each fiscal year of the Company during the Performance Period.

“ **Retirement** ” shall mean the date that the Grantee incurs a “separation from service” within the meaning of Treasury Regulations, Section 1.409A-1(h)(1), provided that the Grantee has attained the age of sixty-five (65) years prior to such separation from service.

“ **Vested RSUs** ” means Earned RSUs that have vested in accordance with Sections 4 or 7 hereof.

**3.     Annual Determination of Earned RSUs.**

(a) RSUs shall be earned based on the Company’s annual progress in achieving \$                      in annual Net Sales by the end of the Performance Period. As soon as practicable following the completion of each Performance Year, but no later than the April 15th following the end of a Performance Year, the Committee shall determine and certify in writing the amount of Net Sales, the Annual Revenue Increase and the Applicable Annual Percentage for such Performance Year and the resulting number of Earned RSUs for such Performance Year (if

any), and, if the Committee determines, in its sole discretion, that a portion of the Annual Revenue Increase for such Performance Year is attributable to Acquisition Growth, the amount of the Annual Revenue Increase that constitutes Acquisition Growth and the allocation of Earned RSUs between Organic Growth RSUs and Acquisition Growth RSUs. The Committee may rely on others as the basis for its determination and certification, so long as such reliance is reasonable under the circumstances. As soon as practicable following the Committee's certification, the Company shall notify the Grantee of the Committee's determination.

(b) Forfeiture of Unearned RSUs. Except as set forth in Section 3(c) below, the Grantee must be an employee of the Company or a Subsidiary until the Determination Date following a Performance Year to earn any RSUs for such Performance Year and any RSUs that have not been earned and vested as of the date of the Grantee's termination of employment with the Company or any Subsidiary shall be canceled and forfeited. Any RSUs that are not, based on the Committee's determination, earned by performance as of the end of the Performance Period (or deemed to be earned in connection with a Change in Control under Section 7 below), shall be canceled and forfeited.

(c) Death, Disability or Retirement. Notwithstanding any other provision of this Agreement, in the event of the death, Disability (as defined in the Plan) or Retirement of the Grantee during the Performance Period (each, a "**Termination Event**"), then:

(i) if such Termination Event occurs during the first six (6) months of a Performance Year, any RSUs that have not been earned as of the date of the Termination Event shall be canceled and forfeited; and

(ii) if such Termination Event occurs during the last six (6) months of a Performance Year, the Grantee shall be entitled to receive a pro rata portion of the Earned RSUs for such Performance Year that constitute Organic Growth RSUs (based upon the Company's Annual Revenue Increase for such Performance Year) that the Grantee would have been entitled to receive if the Grantee had remained employed until the Determination Date for such Performance Year, prorated to the date of the Termination Event; and

(iii) if such Termination Event occurs after the end of a Performance Year but prior to the Determination Date for such Performance Year, the Grantee shall be entitled to receive the portion of the Earned RSUs for such Performance Year that constitute Organic Growth RSUs that the Grantee would have been entitled to receive under Section 3(a) if the Grantee had remained employed by the Company or a Subsidiary until the Determination Date for such Performance Year.

#### **4. Vesting of Earned RSUs**

(a) Subject to Section 7 of this Agreement, the Grantee shall become vested in the right to receive the Earned RSUs as follows: (i) 100% of the Organic Growth RSUs shall vest on the Determination Date therefor, and (ii) the Acquisition Growth RSUs shall vest in three equal installments commencing on the first anniversary of the Determination Date therefor (each a "**Vesting Date**"), provided that, the Grantee is employed on such Vesting Date by the Company or a Subsidiary. Except as provided in Sections 4(b) or 7 hereof, or as the Committee may determine in its sole discretion, if the Grantee has a termination of employment with the Company for any reason prior to the respective Vesting Date, any Earned RSUs that have not vested in accordance with this Section 4(a) shall be canceled and forfeited.

(b) If the Grantee's termination from employment with the Company is by reason of a Termination Event, any unvested Earned RSUs (including any RSUs that are determined to be Earned RSUs following the Termination Event in accordance with Section 3(c) hereof) shall vest as follows: (i) Organic Growth RSUs shall become vested as of the later of the date of such Termination Event or the Determination Date and (ii) any Acquisition Growth RSUs that would have otherwise vested within twelve months of the Termination Event shall become vested as of the date of such Termination Event.

(c) An employment relationship between the Company and the Grantee shall be deemed to exist during any period in which the Grantee is employed by the Company or any Subsidiary of the Company. Whether authorized leave of absence, or absence on military or government service, shall constitute termination of the employment relationship between the Company and the Grantee shall be determined by the Committee at the time thereof.

#### **5. Delivery of Stock Certificates.**

(a) As soon as practicable after the Vesting Date of any Earned RSUs, and consistent with Section 409A of the Code, the Company shall issue and deliver to the Grantee, or the Grantee's beneficiary or estate as the case may be, Common Stock representing the number of shares of Common Stock equal to the number of Vested RSUs, shall be issued either (i) in certificate form or (ii) in book-entry or electronic form, registered in the name of the Grantee. All certificates representing Common Stock shall contain the legend(s) referenced in Section 6 hereof. The number of shares delivered shall be net of the number of shares withheld, if any, pursuant to Section 10. The Company shall not be required to deliver any fractional share of Common Stock, but will make a cash payment in lieu thereof equal to the Fair Market Value (determined as of the applicable Vesting Date) of the fractional share to which the Grantee or the Grantee's beneficiary or estate, as the case may be, is entitled to hereunder. No payment will be required from the Grantee upon the issuance or delivery of shares of Common Stock except that any amount necessary to satisfy applicable federal, state or local tax requirements shall be withheld or paid promptly in accordance with Section 10.

(b) If the Grantee is deemed a "specified employee" within the meaning of Section 409A of the Code, as determined by the Committee, at a time when the Grantee becomes eligible for settlement of the RSUs upon his "separation from service" within the meaning of Section 409A of the Code, then to the extent necessary to prevent any accelerated or additional tax under Section 409A of the Code, such settlement will be delayed until the earlier of: (a) the date that is six months following the Grantee's separation from service and (b) the Grantee's death.

## 6. Transfer Restrictions.

(a) Absent prior written consent of the Committee, the Award granted hereunder to the Grantee may not be sold, assigned transferred, pledged or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise.

(b) Except for authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable or deliverable to the Grantee as a result of the vesting of the RSU, as permitted by Section 10(b)(ii), the Grantee may not sell, transfer, pledge or otherwise encumber more than fifty percent (50%) of the Common Stock issued upon vesting of the RSUs unless and until the Grantee meets the ownership level of Common Stock specified for such Grantee in the Company's Stock Ownership and Retention Guidelines, as the same may be amended from time to time in the discretion of the Board, provided, however, such restrictions shall lapse upon the death or Disability of the Grantee. Any and all certificates representing shares of Common Stock issued hereunder shall have appropriate legends evidencing such transfer restrictions.

## 7. Change In Control.

(a) Notwithstanding anything herein to the contrary, in the event that a Change in Control (as defined in the Plan) occurs during the Performance Period, the number of Earned RSUs shall be calculated as follows: Any unearned RSUs would be deemed earned based on upon the Projected Net Sales as of the end of the Performance Period, as determined by the Committee in its sole discretion. "Projected Net Sales" means the estimated Net Sales for the fiscal year ending ("Fiscal"), calculated by applying the average annualized rate of increase in Net Sales from through the fiscal quarter ended immediately preceding the Change in Control for the balance of the Performance Period.

(b) By way of example (and for no other purpose):

(i) Assume that the Change in Control occurs following the 6th fiscal quarter in the Performance Period (i.e., the second quarter of the fiscal year ending January 31, 2017) and Net Sales for the fiscal year ended January 31, 2016 ("Fiscal 2016") were \$100 million (representing a 13.25% annual rate of increase) and Net Sales for the first two quarters of the fiscal year ended January 31, 2017 ("Fiscal 2017") were \$55 million (representing a 10% annualized rate of increase), then (A) the average annual rate of increase in Net Sales over such 6-quarter period would be 11.625%, resulting in Projected Net Sales for Fiscal 2018 of \$124 million, or a total projected increase of \$35.7 million during the Performance Period, which equates to 57.86% of the Performance Goal ( $124-88.3=35.7$ ;  $35.7/61.7=57.86\%$ ); (B) 18.96% of the RSUs would have been earned with respect to Fiscal 2016 ( $100-88.3=11.7$ ;  $11.7/61.7=18.96\%$ ); (C) an additional 38.9% of the RSUs would be earned on the Change in Control ( $124-100=24$ ;  $42/61.7=38.9\%$ ); and (D) the balance of the RSUs (42.14%) would be forfeited.

(ii) Assume instead, that the Change in Control occurred during the first quarter of Fiscal 2017 and Net Sales for Fiscal 2016 were \$105 million, representing an 18.91% annual rate of increase, then (A) the average annual rate of increase in Net Sales over the 4-quarter period would be 18.91%, resulting in Projected Net Sales for Fiscal

2018 of \$148.5 million, representing a total projected increase of \$60.2 million during the Performance Period, which equates to 97.5% of the Performance Goal ( $148.5 - 88.3 = 60.2$ ;  $60.2 / 61.7 = 97.5\%$ ); (B) 27.07% of the RSUs would have been earned based upon Fiscal 2016 Net Sales ( $105 - 88.3 = 16.7$ ;  $16.7 / 61.7 = 27.07\%$ ); (C) an additional 70.50% of the RSUs would be earned on the Change in Control ( $148.5 - 105 = 43.5$ ;  $43.5 / 61.7 = 70.50\%$ ); and (D) the balance of the RSUs (2.43%) would be forfeited.

(c) Notwithstanding anything herein to the contrary, upon a Change in Control, any Earned RSUs (including RSUs deemed earned as provided in Sections 3(c) and Section 7(a) hereof), shall immediately vest.

**8. Rights as Shareholder.** The Grantee shall not have any rights of a shareholder of the Company holding shares of Common Stock, unless and until the RSUs vest and are settled by the issuance of such shares of Common Stock. Notwithstanding the foregoing, with respect to any Vested RSUs, the Grantee shall have the right to participate in any dividend of the Common Stock that has a record date on or after the Vesting Date for such RSUs.

**9. Adjustments.** If any change is made to the outstanding Common Stock or the capital structure of the Company, if required, the RSUs shall be adjusted as contemplated by Section 11.2 of the Plan.

**10. Tax Liability and Withholding.**

(a) The Grantee acknowledges and agrees that the Company and its Subsidiaries have the right to deduct from payments of any kind otherwise due to Grantee any federal, state or local taxes of any kind required by law to be withheld with respect to the grant of RSUs or vesting of Earned RSUs hereunder.

(b) The Committee may permit the Grantee to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of such means:

- (i) tendering a cash payment.
- (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable or deliverable to the Grantee as a result of the vesting of Earned RSUs; *provided, however*, that no shares of Common Stock shall be withheld with a value exceeding the minimum amount of tax required to be withheld by law.
- (iii) delivering to the Company previously owned and unencumbered shares of Common Stock.

Any shares of Common Stock withheld in accordance with this Section 10 shall be treated as if issued and sold by the Grantee when determining the share retention requirements applicable to the Grantee under the share ownership and/or retention requirements of this Agreement (including Section 6 hereof) and/ or guidelines of the Company.

(c) Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding (“**Tax-Related Items**”), the ultimate liability for all Tax-Related Items is and remains the Grantee’s responsibility and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or settlement of the RSUs or the subsequent sale of any shares; and (i) does not commit to structure the RSUs to reduce or eliminate the Grantee’s liability for Tax-Related Items.

**11. Compliance with Law.** The issuance and transfer of shares of Common Stock shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company’s shares of Common Stock may be listed. No shares of Common Stock shall be issued or transferred unless and until any then applicable requirements of state and federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel.

**12. Acceptance by Grantee.** The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof, and accepts the RSUs subject to all of the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that there may be adverse tax consequences upon the vesting or settlement of the RSUs or disposition of the underlying shares and that the Grantee has been advised to consult a tax advisor prior to such vesting, settlement or disposition.

**13. Notices.** Any notice hereunder to the Company shall be addressed to it at its office, 600 East Greenwich Avenue, West Warwick, Rhode Island 02893, and any notice hereunder to the Grantee shall be addressed to the Grantee at the address reflected on the records of the Company, subject to the right of either party to designate at any time hereafter in writing some other address.

**14. Interpretation.** Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Company.

**15. Rhode Island Law to Govern.** This Agreement shall be construed and administered in accordance with and governed by the laws of the State of Rhode Island.

**16. Successors and Assigns.** The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Grantee and the Grantee’s beneficiaries, executors, administrators and the person(s) to whom the RSUs may be transferred by will or the laws of descent or distribution.

**17. Discretionary Nature of Plan.** The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the RSUs in this Agreement does not create any contractual right or other right to receive any RSUs or other Awards in the future. Future Awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Grantee’s employment with the Company.

**18. Section 409A.** This Agreement is intended to comply with Section 409A of the Code or an exemption thereunder and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A of the Code and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of non-compliance with Section 409A of the Code.

**19. Clawback.** The Common Stock received under this Agreement constitutes incentive compensation. The Grantee agrees that any Common Stock received with respect to this Agreement will also be subject to any clawback/forfeiture provisions required by any law, now or in the future, applicable to the Company, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and/or any applicable regulations or listing standards and/or policy adopted by the Company.

**20. Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

*[ Remainder of Page Intentionally Left Blank ]*

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Grantee has executed this Agreement as of the day and year first above written.

ASTRONOVA, INC.

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Grantee

## CERTIFICATION

## Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gregory A. Woods, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AstroNova, 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(s) 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 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(s) 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: September 13, 2016

/s/ Gregory A. Woods

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Gregory A. Woods,  
President and Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION

## Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John P. Jordan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AstroNova, 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(s) 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 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(s) 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: September 13, 2016

/s/ John P. Jordan

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John P. Jordan,  
Vice President,  
Chief Financial Officer and Treasurer  
(Principal Financial Officer)

**ASTRONOVA, INC.  
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 AstroNova, Inc. (the "Company") on Form 10-Q for the period ended July 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory A. Woods, President and Chief Executive Officer, certify, pursuant to Rule 13a-14(b) and 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 result of operations of the Company.

Date: September 13, 2016

/s/ Gregory A. Woods

Gregory A. Woods,  
President and Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to AstroNova, Inc. and will be retained by AstroNova, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**ASTRONOVA, INC.  
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 AstroNova, Inc. (the "Company") on Form 10-Q for the period ended July 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John P. Jordan, Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to Rule 13a-14(b) and 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 result of operations of the Company.

Date: September 13, 2016

/s/ John P. Jordan

John P. Jordan  
Vice President,  
Chief Financial Officer and Treasurer  
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to AstroNova, Inc. and will be retained by AstroNova, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.