

Risk Factors Comparison 2024-10-30 to 2023-10-12 Form: 10-K

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The following describes major risks to our business and should be considered carefully. Any of these factors could significantly and negatively affect our business, prospects, financial condition, or operating results, which could cause the trading prices of our equity securities to decline. The risks described below are not the only risks we may face. Additional risks and uncertainties not presently known to us, or risks that we currently consider immaterial, could also negatively affect us.

Summary of Risk Factors The following is a summary of the principal risks that could significantly and negatively affect our business, prospects, financial conditions, or operating results. For a more complete discussion of the material risks facing our business, please see below:

Global Risks

- New and ongoing challenges relating to current supply chain constraints and impacts from inflation, including for satellite ground station and troposcatter components, could adversely impact our revenue, gross margins and financial results.
- ~~Our business outlook is difficult to forecast and operating results are subject to significant fluctuations and are likely to be volatile.~~ • If global economic business and political conditions deteriorate as compared to the current environment it could have a material adverse impact on our business outlook and our business, operating results and financial condition.
- We have significant operations in locations which could be materially and adversely impacted in the event of a terrorist attack **and government responses thereto** or other significant disruptions (including natural disasters) **to our business**.
- ~~The military~~ **Ongoing instability and conflict** ~~conflicts~~ **between Russia and in global markets, including in the** Ukraine ; and **Eastern Europe, Israel, Lebanon,** the global response **Gaza Strip and the Middle East and Asia, and the attending possibility of economic sanctions, have created and may continue to it create economic and political disruption that** could adversely impact our ~~revenues~~ **revenue**, gross margins and financial results.

Strategic Transformation Risks

- **We may fail to realize all** ~~The U. S. Government's budget deficit, as well as a breach of~~ **the anticipated benefits of our operational initiatives, including the strategic alternatives for our Terrestrial and Wireless Networks segment and further portfolio-shaping opportunities, or the those debt ceiling benefits may take longer to realize than expected.**
- **Our transformation strategy may require a substantial portion of the time and attention of our management team** ~~could~~ **which may have an adverse impact effect on our business and results of operations**, and we may face increased levels of employee attrition.

Business Risks

- **Our current cash and liquidity projections raise substantial doubt about our ability to continue as a going concern.**
- **Our business outlook is difficult to forecast and operating results are subject to significant fluctuations and are likely to be volatile.**
- Our backlog is subject to customer cancellation or modification **and such cancellations or modifications could result in a decline in sales and increased provisions for excess and obsolete inventory.**
- **Our efforts to invoice and collect unbilled receivables may be unsuccessful.**
- Contract cost growth on our firm fixed- price contracts exposes us to reduced profitability and the potential loss of future business and other risks.
- Our business is highly dependent on the budgetary decisions of our government customers.
- Our contracts with the U. S. government are subject to unique business, commercial and government audit risks.
- Our dependence on sales to international customers exposes us to unique business, commercial and export compliance audit risks.
- A change in our relationship with our large wireless carrier customers could have a material adverse effect.
- A change by wireless carrier partners in the pricing and other terms by which they offer our products to their end- customers could have a material adverse affect.
- Disputes with our subcontractors or key suppliers or their inability to deliver on a timely basis, could cause ~~unanticipated~~ delays in our shipments.
- **Our estimates regarding future warranty obligations may change based on a variety of factors, impacting future cost of revenue.**

Strategic Growth Risks

- We face a number of risks relating to the expected long- term growth of our business.
- Loss of our executive officers or other key personnel or other changes to our management team could disrupt our operations and growth plans or harm our business.
- We must service the debt and maintain compliance with various covenants under a ~~Credit~~ **credit Facility facility** that imposes restrictions on our business.
- ~~Acquisitions~~ **Divestitures** of companies **portions of our business in the course of pursuing strategic alternatives** and ~~investments~~ **revisiting our portfolio** could prove difficult to ~~integrate~~ **carve out**, disrupt our business, dilute stockholder value or adversely affect operating results or the market price of our common stock.
- Our investments in recorded goodwill and other intangible assets ~~could~~ **have been impaired and may be further** impaired as a result of future business conditions, a deterioration of the global economy or if we change our reporting unit structure **as we pursue strategic alternatives.**

Cybersecurity Risks

- We could be negatively impacted by a system failure, breach, attack or intrusion of our IT networks or those we operate for certain customers, or third- party data center facilities, servers and related systems.
- The measures we have implemented to secure information we collect and store or enable access to may be breached.

Legal, Regulatory and Litigation Risks

- Changes in U. S. federal, state and local and foreign tax law could adversely affect our business and financial condition.
- Our U. S. federal, state and local and foreign tax returns are subject to audit and a resulting tax assessment or settlement could have a material adverse effect on our business, results of operations and financial condition.
- We may be subject to environmental liabilities.
- The success of our business is dependent on compliance with FCC rules and regulations and similar foreign, **state and local** laws and regulations.
- Regulation of the mobile communications industry and VoIP is evolving, and unfavorable changes or our failure to comply with existing and potential new legislation or regulations could harm our business and operating results.
- Ongoing compliance with the provisions of securities laws, related regulations and financial reporting standards could unexpectedly materially increase our costs and compliance related expenses.
- Indemnification provisions in our contracts could have a material adverse effect on our consolidated results of operations, financial position, or cash flows.
- We are, from time to time, and could become a party to additional litigation or subject to claims. Additionally, we may become subject to government investigations, which may have an adverse effect on our financial

condition. • Protection of our intellectual property is limited and pursuing infringers of our patents and other intellectual property rights can be costly. • Third parties may claim we are infringing their intellectual property rights and we could be prevented from selling our products, or suffer significant litigation expense, even if these claims have no merit. Competitive Risks • All of our business activities are subject to rapid technological change, new entrants, the introduction of other distribution models and long development and testing periods each of which may harm our competitive position. • Our business is highly competitive, we are reliant upon the success of our partners, and some of our competitors have significantly greater resources than we do, which could result in a loss of customers, market share and / or market acceptance. • We rely upon various third- party companies and their technology to provide services to our customers. • Because our software may contain defects or errors, and our hardware products may incorporate defective components, our sales could decrease if these defects or errors adversely affect our reputation or delay shipments of our products. Risks Related to our Common Stock • Our stock price is volatile. • Future issuances of our shares of common stock could dilute a stockholder's ownership interest in Comtech and reduce the market price of our shares of common stock. • Actions of activist stockholders could impact the pursuit of our business strategies and adversely affect our results of operations, financial condition and / or share price. • Provisions in our corporate documents and Delaware law could delay or prevent a change in control of Comtech. The global supply chain for certain raw materials and components, including those used in our satellite ground station and troposcatter equipment, has experienced significant strain in recent periods. The constrained supply environment has adversely affected, and could further affect, availability and lead times of raw materials and components, thereby impeding our ability to meet customer demand in circumstances where we cannot timely secure supply of components that meet our quality standards. Even when raw materials and components are available, they often come with higher prices reflecting an imbalance between supply and demand, as well as inflationary pressures affecting global markets. The effects of inflation and labor challenges have caused, and we expect will continue to cause further delays in the supply chain. Despite our attempts to mitigate the impact on our business, constrained supply chain conditions have and are expected to continue to adversely impact our costs of goods sold and may impact the timing and amount of revenue we realize. During fiscal 2023-2024, we experienced disruptions in our supply chain relating to later- than- expected delivery of certain key components from several suppliers that adversely impacted our revenue in fiscal 2023-2024. In addition, the ongoing supply chain issues have affected the quality of the components we receive. Certain parts received in fiscal 2023-2024 did not meet our quality specifications and we were unable to use them. We obtain certain components and subsystems from a single source or a limited number of sources. Some of our single source suppliers, particularly those that provide satellite ground station and troposcatter components, have reported to us that they are having disruptions in their respective supply chains. These single source components, which include items such as **cooling fans, RF filters and power supplies, custom fiber connectors** are in limited supply **with very long lead times**. In some cases, we have now depleted our stock inventory and we are on waiting lists to obtain additional components. In order to ship certain items during fiscal 2024, we must obtain additional components to produce certain finished goods. We continue to seek new suppliers and inventory elsewhere. In light of current challenges in the supply chain, we may not be able to qualify alternate suppliers for our components. Heading into our fiscal 2024-2025, we have a significant portion of our targeted revenues in our backlog. However, if shipments from our backlog are delayed or we are unable to obtain expected orders or components, our business outlook will prove to be inaccurate. These aforementioned supply chain constraints, and their related challenges could result in future shortages, increased material costs or use of cash, engineering design changes, and delays in new product introductions, each of which could adversely impact our revenue, gross margins and financial results. There can be no assurance that the impacts of all the aforementioned conditions will not continue, or worsen, in the future. **If global economic business and political conditions deteriorate as compared to the current environment it could have an adverse impact on our business outlook and our business, operating results and financial condition**. Many of the end- markets for our products and services may be significantly impacted for other issues that result in adverse global economic conditions. For example, many of our international end- customers are in emerging and developing countries that are subject to sweeping economic and political changes. Many governments around the world are under pressure to reduce their spending. **In recent years** ~~From time to time~~, global oil and natural gas prices have been volatile and have significantly impaired the ability of certain of our government customers in the oil and gas producing regions of the world to invest in telecommunications products and infrastructure. Additionally, from time to time, the relative strength of the U.S. dollar against many international currencies has negatively impacted the purchasing power for many of our international end- customers because most of our sales are denominated in U.S. dollars. We generate significant sales from many emerging and developing countries and any such reduced purchasing power of our customers could adversely impact our sales and backlog. If credit in financial markets outside of the U.S. remains difficult to obtain, our international customers and suppliers may find it difficult to obtain financing, which could result in a decrease in or cancellation of orders for our products and increased transaction costs (e.g., insurance, performance bonds). Volatility of financing conditions may cause our customers to be reluctant to spend funds required to purchase our **solutions equipment** and could cause their projects to be postponed or canceled. In addition, if an adverse economic environment and lack of financing results in insolvencies for our customers, it would adversely impact the recoverability of our accounts receivable and / or inventories which would, in turn, adversely impact our results of operations. We believe that the current global economic business environment is unstable and sudden negative changes could result in the immediate suppression of end- market demand for many of our products such as satellite ground station technologies and other short lead- time products. The timing, impact, severity and duration of these conditions are difficult to predict. If U.S. or global economic conditions deteriorate, or political conditions become unstable, or additional economic sanctions are imposed on some of our end- customers, it could adversely impact our business in a number of ways. In the past, our businesses have been negatively affected by uncertain economic environments in the overall market and, more specifically, in the telecommunications sector. Our customers have reduced their budgets for spending on telecommunications equipment and systems and in some cases postponed or reduced the purchase of our products and systems. In the future, our customers may

again reduce their spending on telecommunications equipment and systems which would negatively impact **both of our business operating segments**. If this occurs, it would adversely affect our **business** outlook, net sales, profitability and the recoverability of our assets, including intangible assets such as goodwill. We have significant operations in Arizona, Florida, California, Washington State, Maryland, **New York** and other locations which could be materially and adversely impacted in the event of a terrorist attack and government responses thereto or significant disruptions (including natural disasters) to our business. Terrorist attacks, the U.S. and other governments' responses thereto, and threats of war could adversely impact our business, results of operations and financial condition. For example, our 911 hosted location-based services and satellite teleport services operations depend on our ability to maintain our computer **and** equipment and systems in effective working order, and to protect our systems against damage from fire, natural disaster, terrorist attack, power loss, telecommunications failure, sabotage, unauthorized access to our system or similar events. Any unanticipated interruption or delay in our operations or breach of security could have an adverse effect on our business, results of operations and financial condition. Our property and business interruption insurance may not be adequate to compensate us for any losses that may occur in the event of a terrorist attack, threat, system failure or a breach of security. Insurance may not be available to us at all or, if available, may not be available to us on commercially reasonable terms. We currently, and intend to continue to, operate a high-volume technology manufacturing center located in Arizona. A terrorist attack or similar future event may disrupt our operations or those of our customers or suppliers and may affect the availability of materials needed to manufacture our products or the means to transport those materials to manufacturing facilities and finished products to customers. If a natural disaster or other business interruption occurred with respect to our high-volume technology manufacturing center, we do not have immediate access to other manufacturing facilities and, as a result, our business, results of operations and financial condition could be materially adversely affected. **The To support our long-term business goals for our satellite earth station product line, in fiscal 2023, we completed our relocation of certain of our satellite earth station product line operations to our new 146,000 square foot facility in Chandler, Arizona. Nevertheless, loss of our that facility in Arizona would have a negative impact on our production capability and we would incur unexpected costs and lost revenue associated with our inability to meet our contractual commitments. We design and manufacture our over-the-horizon microwave equipment and systems in Florida, where major hurricanes have occurred in the past, and amplifiers in Santa Clara, California, an area close to major earthquake fault lines, and also manufacture amplifiers in Melville, New York, an area subject to hurricanes.** Additionally, certain of our Terrestrial and Wireless Networks segment activities are conducted in Washington State near a fault line. We maintain operations in Maryland near a U.S. Navy facility which may be more prone to a terrorist attack. Our operations in these and other locations (such as in our high-volume technology manufacturing center located in Arizona **and our antenna production facility in the United Kingdom**), could be subject to natural disasters or other significant disruptions, including hurricanes, tornadoes, typhoons, tsunamis, floods, earthquakes, fires, water shortages, other extreme weather conditions, medical epidemics, acts of terrorism, power shortages and blackouts, telecommunications failures, and other natural and man-made disasters or disruptions. We cannot be sure that our systems will operate appropriately if we experience hardware or software failure, intentional disruptions of service by third parties, an act of God or an act of war. A failure in our systems could cause delays in transmitting data, and as a result we may lose customers or face litigation that could involve material costs and distract management from operating our business. In the event of any such disaster or other disruption, we could experience disruptions or interruptions to our operations or the operations of our suppliers, distributors, resellers or customers; destruction of facilities; and / or loss of life, all of which could materially increase our costs and expenses and adversely affect our business, results of operations and financial condition. The U.S. government and other nations have imposed significant restrictions on most companies' ability to do business in Russia. It is not possible to predict the broader or longer-term consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts, adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets. Such geopolitical instability and uncertainty could have a negative impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions based on trade restrictions, embargoes, export control law restrictions, and logistics restrictions including closures of air space, and could increase the costs, risks and adverse impacts from these new challenges. We may also be the subject of increased cyber-attacks as a result of the conflict. The military conflict between Russia and Ukraine has impacted our sales pipeline and continues to have **significant** repercussions for our business. Although sales into Russia represented approximately 1 % of our consolidated net sales in fiscal **2024 and 2023 and 2022**, consolidated net sales into Russia in fiscal **2025-2024** and beyond **were had been** expected to **significantly** grow. As a result of the economic sanctions against Russia, however, we have stopped accepting new orders in Russia and **initiated a plan to** wind down of operations in fiscal 2024. **Accordingly, we are completing the production of backlog for approved in-country customers and repatriating cash proceeds as permitted by both U.S. and Russian law.** As a result of this conflict, **in fiscal 2022 and 2023 from time to time over the past two years, we believe that** certain customers (including the U.S. **and Ukrainian** government, **Ukraine and neighboring countries**) paused procurement and deployment of satellite and troposcatter communication systems, and instead began purchasing war-fighting equipment. **It** Accordingly, it has become difficult to predict the timing or dollar amount of our contract awards in the region. For example, we **had anticipated being awarded** several opportunities to provide wireless communication systems (including troposcatter systems) to Ukraine **and neighboring countries** for a variety of both defense and communications uses. **However, while we continue Funding for these systems was expected to track such opportunities be provided by Ukraine and by believe that they the will ultimately U.S. government and these items were expected to be awarded to us and shipped in the second half of fiscal 2022. As result of the conflict in Ukraine, such opportunities continue to be delayed however, the award was not received and shipped until the first half of our fiscal 2023** Additionally, funding for opportunities with other customers that we expected to book and ship has also been shifted to other programs and / or temporarily delayed as a result of changes in defense spending priorities. Prior to this conflict, we maintained a

small group of employees **in Moscow, Russia** who supported certain UHP- branded satellite communications products. In fiscal **2024-2023**, we continued to expand our **Canadian** operations and **shift-shifted** certain commercial software development and support activities **to Canada outside of Russia**. However, as we are currently in an environment where software engineering talent is already in high demand and commands a premium, we expect to incur additional annual expenses in connection with this personnel shift for our UHP products. We may not be able to timely ramp up our operations in Canada or elsewhere on a sufficient scale to support anticipated growth of our UHP products, which could adversely impact future revenues, gross margins and **operations**. **The U.S. Government's budget deficit, as well as a breach of the debt ceiling, could have an adverse impact on our** operations. Our sales to government customers are highly dependent on the U.S. defense budget, which in turn is driven by an annual appropriation by Congress. These appropriations rarely align with the performance period of our contracts — for instance, most of our government contracts are only partially funded at inception. DoD budgets are driven by factors that are outside our control (such as economic conditions, administration policy shifts within the Executive branch and geopolitical events). Any one or combination of these factors may adversely impact our operations, resulting in a decline of sales and operating income. **Our backlog is subject** On October 17, 2024, we announced that we are executing a strategy to **customer cancellation or modification** transform Comtech into a pure-play satellite and **such cancellations could** space **communications company**. There can be no assurance that the exploration of strategic alternatives will result in a **decline in sales and increased provisions** transaction on terms acceptable to us or other strategic changes or outcomes. Even if a transaction or series of transactions were completed, there can be no assurance as to the timing of completing these activities. Moreover, we may not realize any or all of the anticipated benefits from our pursuit of strategic alternatives for **excess** our Terrestrial and **obsolete inventory** Wireless Networks segment, or the anticipated benefits from further portfolio-shaping opportunities, and related transactions could in fact adversely affect our business. Our ability to realize the anticipated benefits of our transformation strategy and further portfolio-shaping opportunities will depend, to a large extent, on our ability to continue to focus on satellite and space. Historically, our business outlook is difficult to forecast and backlog (sometimes referred to herein as orders or bookings), net sales and operating results may vary significantly from period to period due to a number of factors including: **the impact of strategic alternatives and portfolio reshaping**; sales mix; fluctuating market demand; **start-up costs associated with the opening of our two new high-volume technology manufacturing centers**; price competition; **delayed collections from customers**; new product introductions by us or our competitors; customer bankruptcies; changing customer partnering procurement strategies; fluctuations in foreign currency exchange rates; unexpected changes in the timing of delivery of components or subsystems; the financial performance and impact of acquisitions **or divestitures**; new accounting standards; political instability; regulatory developments; changes in income tax rates or tax credits; the price and expected volatility of our stock (which will impact, among other items, the amount of stock-based compensation expense we may record); **perceptions of our financial condition and ability to continue as a going concern**; general global economic conditions, and the impact of natural disasters or global pandemics, such as the COVID-19 pandemic. We have experienced, and will experience in the future, significant fluctuations in bookings, net sales and operating results from period to period. For example, a sudden change in global economic or political conditions could have an immediate impact on a large portion of our net sales, a large amount of which are derived from products such as satellite ground station technologies, amplifier products and mission-critical technologies that generally have short order and lead times. Similarly, sales of certain of our public safety and location technologies are subject to sudden changes in wireless carrier procurement strategies, including decisions to sole-source such solutions or to perform such solutions internally. As a result, bookings and backlog related to these solutions are extremely sensitive to short-term fluctuations in customer demand. In addition, a large portion of our consolidated net sales are derived in part from large U. S. federal and state government programs or large foreign government opportunities that are subject to lengthy sales cycles (including funding requirements) and are therefore difficult to predict. **If global economic business and political..... increased provisions for excess and obsolete inventory**. We currently have a backlog of orders, mostly under contracts that our customers may modify or terminate. Almost all of the contracts in our backlog (including firm orders previously received from the U. S. government) are subject to cancellation at the convenience of the customer or for default in the event that we are unable to perform under the contract. For some contracts, where we are a subcontractor (and not the prime contractor), the U. S. government could terminate the prime contractor for convenience without regard for our performance as a subcontractor. In some cases, such as contracts received from large U. S. based telecommunication companies, our backlog is computed by multiplying the most recent month's contract or revenue by the months remaining under the existing long-term agreements, which we consider to be the best available information for anticipating revenue under those agreements. Also, a significant portion of the backlog from our U. S. commercial customers relates to large, multi-year contracts to provide state and local governments (and their agencies) with public safety and location technology solutions. Funding of these contracts is often subject to the approval of budgets (for example, on an annual or bi-annual basis). Although funding for these multi-year contracts are dependent on future budgets being approved, we include the full estimated value of these large, multi-year contracts in our backlog given the critical nature of the services being provided and the positive historical experience of our state and local government customers passing their respective budgets. There can be no assurance that our backlog will result in actual revenue in any particular period, or at all, particularly during periods of economic instability. Nor can there be any assurance that any contract included in backlog will be profitable. The actual amount and timing of any revenue is subject to various contingencies, many of which are beyond our control. The actual recognition of revenue on contracts included in backlog may never occur or may change because a program schedule could change; a customer may not follow up with order details (e. g., delivery instructions), fluctuations in currency exchange rates after an order is placed could cause our products to become too expensive for a foreign customer; a customer's program could be canceled, a contract could be reduced, modified or terminated early due to changes in a customer's priorities; funding may not be included in future budgets; actual indirect rates being reimbursed on U. S. government contracts may ultimately be less than those indirect rates included in our initial

proposals; or an option that we had assumed would be exercised is not exercised. We record a provision for excess and obsolete inventory based on historical and projected usage trends and other factors, including the consideration of the amount of backlog we have on hand at any particular point in time. If orders in our backlog are canceled or modified, our estimates of future product demand may prove to be inaccurate, in which case we may have understated the provision required for excess and obsolete inventory. In the future, if we determine that our inventory is overvalued, we will be required to recognize such costs in our financial statements at the time of such determination. Any such charges could be materially adverse to our results of operations and financial condition. **As of July 31, 2024, we had \$ 123.7 million of contract assets recorded on our Consolidated Balance Sheet, commonly referred to as unbilled receivables. Under U. S. generally accepted accounting principles, such contract assets generally result from timing differences between (a) when we must recognize revenue on contracts based on our activities to satisfy performance obligations related to products that have no alternative use and for which we have the right to payment in the event of a contract termination, and (b) when we can invoice our customers under the terms of those associated contracts (i. e., which is often based on our successful achievement of a milestone, such as an acceptance test or physical delivery of a product). Unbilled receivables remain at risk for collection due to several factors, including but not limited to our inability to meet invoicing milestones, customer contracts being terminated for default or actual indirect rates on cost reimbursable contracts ultimately being less than those rates estimated for revenue recognition purposes.** Contract cost growth on our firm fixed-price contracts, including most of our government contracts, cost reimbursable type contracts and other contracts that cannot be justified as an increase in contract value due from customers exposes us to reduced profitability and the potential loss of future business and other risks. A substantial portion of our products and services are sold under firm fixed-price contracts. Firm fixed-price contracts inherently have more risk than flexibly priced contracts, **particularly if they involve non-recurring engineering efforts that are not yet proven**. This means that we bear the risk of unanticipated technological, manufacturing, supply or other problems, price increases or other increases in the cost of performance. Future events could result in either upward or downward adjustments to those estimates which could negatively impact our profitability. Operating margin could be materially adversely affected when contract costs that cannot be billed to the customer are incurred. This cost growth can occur if initial estimates used for calculating the contract price were incorrect, **or if estimates to complete increase or if we encounter unanticipated growth in research and development activity to support our firm fixed-price development contracts**. To a lesser extent, we provide products and services under cost reimbursable type contracts which carry the entire burden of costs exceeding a negotiated contract ceiling price. **Also, if contract costs grow beyond our or our customer's expectations, we may not be awarded future anticipated orders from customers related to their longer-term production needs.** The cost estimation process requires significant judgment and expertise. Reasons for cost growth may include unavailability and productivity of labor, the nature and complexity of the work to be performed, the effect of change orders, the availability of materials, the effect of any delays in performance, availability and timing of funding from the customer, natural disasters, and the inability to recover any claims included in the estimates to complete. A significant change in an estimate on one or more programs could have a material adverse effect on our business, results of operations and financial condition. Our business is highly dependent on the budgetary decisions of our government customers, including the U. S. government (including prime contractors to the U. S. government), and changes in the U. S. government's fiscal policies or budgetary priorities may have a material adverse effect on our business, operating results and financial condition. During our fiscal years ended July 31, **2024, 2023, and 2022 and 2021**, sales to the U. S. government (including sales to prime contractors to the U. S. government) were **\$ 182.3 million, \$ 172.0 million, and \$ 132.6 million, and \$ 201.1 million** or **33.7 %, 31.3 %, and 27.2 % and 34.6 %** of our consolidated net sales, respectively. In addition, a large portion of our existing backlog consists of orders related to U. S. government contracts and our Business Outlook for Fiscal **2024-2025** and beyond depends, in part, on significant new orders from the U. S. government, which undergoes extreme budgetary pressures from time to time. We rely on U. S. government spending on our communication solutions, and our receipt of future orders depends in large part on continued funding by the U. S. government for the programs in which we participate. These spending levels are not generally correlated with any specific economic cycle, but rather follow the cycle of general public policy and political support for this type of spending. Government contracts are conditioned upon the continuing availability of congressional appropriations and Congress's failure to appropriate funds, or Congress's actions to reduce or delay spending on, or reprioritize its spending away from, U. S. government programs which we participate in, could negatively affect our results of operations. Because many of the items we sell to the U. S. government are included in large programs realized over a period of several years, it is difficult, if not impossible, to determine specific amounts that are or will be appropriated for our products and services. As such, our assessments relating to the impact of changes in U. S. government spending may prove to be incorrect. The federal debt limit continues to be actively debated as plans for long-term national fiscal policy are discussed. The outcome of these discussions, **which could be affected by the presidential and congressional elections in 2024**, could have a significant impact on defense spending broadly and programs we support in particular. The failure of Congress to approve future budgets and / or increase the debt ceiling of the U. S. on a timely basis could delay or result in the loss of contracts for the procurement of our products and services and we may be asked or required to continue to perform for some period of time on certain of our U. S. government contracts, even if the U. S. government is unable to make timely payments. A decrease in DoD or Department of Homeland Security expenditures, the elimination or curtailment of a material program in which we are involved, or changes in payment patterns of our customers as a result of changes in U. S. government spending could have an adverse effect on our business, results of operations and financial condition. **It On September 25, 2024, the U. S. Senate voted to pass a bipartisan Continuing Resolution (CR; H. R. 9747) to extend federal spending and avert a government shutdown through December 20, 2024. The U. S. House passed the measure that same day and the measure was signed by President Biden prior to the beginning of fiscal year 2025. Accordingly, it is still possible that a partial shutdown of the U. S. government may occur, or additional interim budgets may be adopted. As such,**

we may experience delayed orders, delayed payments and adverse impacts on our results of operations. We may experience related supply chain delays, disruptions or other problems associated with financial constraints faced by our suppliers and subcontractors. All of the aforementioned conditions and factors could, ~~in the aggregate,~~ have a material adverse effect on our business, results of operations and financial condition. Additionally, cost cutting, efficiency initiatives, reprioritization, other affordability analyses, and changes in budgetary priorities by our governmental customers, including the U. S. government, could adversely impact both of our operating segments. We are unable to predict the impact these or similar events could have on our business, financial position, results of operations or cash flows. We depend on the U. S. government for a significant portion of our revenues. Our contracts with the U. S. government are subject to unique business and commercial risks, including:

- **protest following an award by an unsuccessful bidder, resulting in a stop-work order;**
- unexpected contract or project terminations or suspensions;
- unpredictable order placements, reductions, accelerations, delays or cancellations;
- higher than expected final costs, particularly relating to software and hardware development, for work performed under contracts where we commit to specified deliveries for a fixed-price; and
- unpredictable cash collections of unbilled receivables that may be subject to acceptance of contract deliverables by the customer and contract close out procedures, including government audit and approval of final indirect rates.

Although we take steps to mitigate our risk with respect to contracts with the U. S. government, we may not be able to do so in every instance for any of the following reasons, among others:

- Our U. S. government contracts can easily be terminated by the U. S. government- Our U. S. government contracts and subcontracts can be terminated by the U. S. government for its convenience or upon an event of default by us. Termination for convenience provisions provide us with little to no recourse related to: our potential recovery of costs incurred or costs committed, potential settlement expenses and hypothetical profit on work completed prior to termination.
- Our U. S. government contracts are subject to funding by the U. S. Congress- Our U. S. government contracts are conditioned upon the continuing approval by Congress of the necessary funding. Congress usually appropriates funds for a given program on a fiscal year basis even though contract performance may take more than one year. Consequently, at the beginning of a major program, the contract may not be fully funded, and additional monies are normally committed to the contract only if, and when, appropriations are made by Congress for future fiscal years. Delays or changes in funding can impact the timing of awards or lead to changes in program content. We obtain certain of our U. S. government contracts through a competitive bidding process. There can be no assurance that we will win additional contracts or that actual contracts that are awarded will ultimately be profitable.
- **We Failure to comply with government contractor obligations can result in adverse consequences for be disqualified as a supplier to the company U. S. government-** As a supplier to the U. S. government, we must comply with numerous regulations, including those governing security, contracting practices and classified information. Failure to comply with these regulations and practices could result in fines being imposed against us, **civil or criminal penalties, termination of contracts,** our suspension for a period of time from eligibility for bidding on, or for award of, new government contracts, **or other adverse consequences**. If we are disqualified as a supplier to government agencies, we would lose most, if not all, of our U. S. government customers and revenues from sales of our products would decline significantly.
- Our employees may not be able to obtain and maintain the required security clearances for the facilities in which we perform sensitive government work- Certain of our U. S. government contracts require our employees to maintain various levels of security clearances, and we are required to maintain certain facility security clearances. If we cannot maintain or obtain the required security clearances for our facilities and our employees, or obtain these clearances in a timely manner, we may be unable to perform certain U. S. government contracts. Further, loss of a facility clearance, or an employee's failure to obtain or maintain a security clearance, could result in a U. S. government customer terminating an existing contract or choosing not to renew a contract. Lack of required clearances could also impede our ability to bid on or win new U. S. government contracts. This could damage our reputation and adversely affect our business, financial condition and results of operations. In addition, all of our U. S. government contracts can be audited by the Defense Contract Audit Agency ("DCAA") and other U. S. government agencies and we can be subject to penalties arising from post-award contract audits (sometimes referred to as a Truth in Negotiations Act or "TINA" audit) **or,** cost audits in which the value of our contracts may be reduced **or increased costs to implement corrective actions**. If costs are found to be improperly allocated to a specific contract, those costs will not be reimbursed, and any such costs already reimbursed would be required to be refunded. Although we record contract revenues based upon costs we expect to realize upon final audit, we cannot predict the outcome of any such future audits and adjustments, and we may be required to materially reduce our revenues or profits upon completion and final negotiation of audits. Negative audit findings could also result in termination of a contract, forfeiture of profits, suspension of payments, fines and suspension or debarment from U. S. government contracting or subcontracting for a period of time.
- **Our dependence on sales to international customers exposes us to unique business, commercial and export compliance risks**. Sales for use by international customers (including sales to U. S. companies for inclusion in products that will be sold to international customers) represented approximately **21.5 %**, **24.0 %**, **and 25.0 %** ~~and 23.9%~~ of our consolidated net sales for the fiscal years ended July 31, **2024**, **2023**, **and 2022** ~~and 2021~~, respectively, and we expect that international sales will continue to be a significant portion of our consolidated net sales for the foreseeable future. These sales expose us to certain risks, including barriers to trade, declining trade relations, fluctuations in foreign currency exchange rates (which may make our products less price-competitive), political, legal, social and economic instability, exposure to public health epidemics, availability of suitable export financing, tariff regulations, and other U. S. and foreign regulations that may apply to the export of our products.
- **Some of our business partners also have international operations and are subject to the risks described above. Even if we are able to successfully manage the risks of international operations, our business may be adversely affected if our business partners are not able to successfully manage these risks**. Although we take steps to mitigate our risk with respect to international sales, we may not be able to do so in every instance for any of the following reasons, among others:
- We may not be able to continue to structure our international contracts to reduce risk- We attempt to reduce the risk of doing business in foreign countries by seeking subcontracts with large systems suppliers, contracts

denominated in U. S. dollars, advance or milestone payments and irrevocable letters of credit in our favor. However, we may not be able to reduce the economic risk of doing business in foreign countries in all instances. In such cases, billed and unbilled receivables relating to international sales are subject to increased collectability risk and may result in significant write-offs, which could have a material adverse effect on our business, results of operations and financial condition. In addition, foreign defense contracts generally contain provisions relating to termination at the convenience of the government. • We rely on a limited number of international sales agents- In some countries, we rely upon one or a small number of sales agents, exposing us to risks relating to our contracts with, and related performance of, those agents. We attempt to reduce our risk with respect to sales agents by establishing additional foreign sales offices where it is practical and by engaging, where practicable, more than one independent sales representative in a territory. It is our policy to require all sales agents to operate in compliance with applicable laws, rules and regulations. Violations of any of these laws, rules or regulations, and other business practices that are regarded as unethical, could interrupt the sales of our products and services, result in the cancellation of orders or the termination of customer relationships, and could damage our reputation, any of which developments could have a material adverse effect on our business, results of operations and financial condition. • We must comply with all applicable export control laws and regulations of the U. S. , **the U. K.** and other countries- Certain of our products and systems may require licenses from U. S. government agencies for export from the U. S., and some of our products are not permitted to be exported. In addition, in certain cases, U. S. export controls also severely limit unlicensed technical discussions, such as discussions with any persons who are **foreign nationals** ~~not U. S. citizens or permanent residents~~. As a result, in cases where we may need a license, our ability to compete against a non- U. S. domiciled foreign company that may not be subject to the same U. S. laws may be materially adversely affected. U. S. laws and regulations applicable to us include the Arms Export Control Act, the IEEPA, the ITAR, the EAR and the trade sanctions laws and regulations administered by the U. S. Treasury Department's OFAC. **We are also subject to similar restrictions in the U. K. and other countries.** • We must comply with the FCPA and similar laws elsewhere- We are subject to the FCPA and other foreign laws prohibiting corrupt payments to government officials, which generally bar bribes or unreasonable gifts to foreign governments or officials. Violations of these laws or regulations could result in significant sanctions, including disgorgement of profits, fines, criminal sanctions against us, our officers, our directors, or our employees, more onerous compliance requirements, more extensive debarments from export privileges or loss of authorizations needed to conduct aspects of our international business. A violation of any of the regulations enumerated above could materially adversely affect our business, financial condition and results of operations. **These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions.** Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors, agents, or subsidiaries will not **commit acts that** violate ~~our policies~~ **these laws for which we may be ultimately held responsible**. Additionally, changes in regulatory requirements which could restrict our ability to deliver services to our international customers, including the addition of a country to the list of sanctioned countries under the IEEPA or similar legislation could negatively impact our business. For the fiscal years ended July 31, **2024, 2023, and 2022 and 2021**, we conducted no business with states designated as sponsors of terrorism. • We must maintain a company-wide Office of Trade Compliance- In the past, we have self-reported violations of export control laws or regulations to the U. S. Department of State, Directorate of Defense Trade Controls ("DDTC"), DoC ~~and~~, OFAC **and similar regulatory authorities in the jurisdictions where we have operations, including His Majesty's Revenue & Customs ("HMRC") in the United Kingdom**. In addition, we have made various commitments to U. S. government agencies that oversee trade and export matters and have committed that we will maintain certain policies and procedures including maintaining a company-wide Chief Trade Compliance Officer and Office of Trade Compliance and conducting ongoing internal ~~assessment~~ **assessments** and reporting **of** any future violations to those agencies. Even though we take precautions to avoid engaging in transactions that may violate U. S. export control laws or regulations **and their foreign counterparts**, including trade sanctions, those measures may not be effective in every instance. If it is determined that we have violated ~~U. S.~~ export control laws or regulations or trade regulations **in any jurisdictions**, civil and criminal penalties could apply, and we may suffer reputational harm. • We are subject to future export compliance audits- We continue to implement policies and procedures to ensure that we comply with all applicable export control laws and regulations. We may be subject to future compliance audits that uncover improper or illegal activities that would subject us to material remediation costs, civil and criminal fines and / or penalties and / or an injunction. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us. Each of these outcomes could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial condition. The absence of comparable restrictions on competitors in other countries may adversely affect our competitive position. In addition, in order to ship our products into and implement our services in some countries, the products must satisfy the technical requirements of that particular country. If we were unable to comply with such requirements with respect to a significant quantity of our products, our sales in those countries could be restricted, which could have a material adverse effect on our business, results of operations and financial condition. • We may be affected by the future imposition of tariffs and trade restrictions- The current U. S. administration has generally not amended the trade policies and tariffs on imported products from the prior administration, and has increased sanctions against Russia. Our inability to effectively manage the negative impacts of U. S. and foreign trade policies, including, in connection with our business with customers outside of the United States or with newly sanctioned entities could adversely affect our business and financial results. A change in our relationship with our large wireless carrier customers could have a material adverse effect on our business, results of operations and financial condition. Although we have a long history of providing services to many of our wireless carrier partners, a change in purchasing or procurement strategies by a wireless carrier partner could result in the loss of business from that partner. Additionally, from time to time, we routinely perform services without a multi- period contract while we negotiate new and extended contract terms and pricing. These negotiations are complex and may take long periods of time. Even when we

successfully negotiate a multi- period contract, our wireless carrier contracts , such as the ones with Verizon which collectively accounted for 10. 6 % of our sales in fiscal 2023, provide for terminations with notice and provide a mechanism for the wireless carrier to renegotiate lower fees and / or change services. Fee pressure from these carriers is constant and ongoing. Thus, even when we obtain a multi- period contract term, our revenues could be suddenly and materially reduced. **From time to time, Competitors offer technology that has functionality similar to ours for free, under different business models.** Competition from such free offerings may reduce our revenue and harm our business. If our wireless carrier partners or our competition can offer such technology to their subscribers or customers for free, they may elect to cease their relationships with us, alter or reduce the manner or extent to which they market or offer our services or require us to substantially reduce our subscription fees or pursue other business strategies that may not prove successful for us and could have a material adverse effect on our business, results of operations and financial condition. If our wireless carrier partners change the pricing and other terms by which they offer our products to their end- customers or do not continue to provide our services at all or renegotiate lower fees with us, our business, results of operations, and financial condition could be suddenly and materially adversely affected. We generate a significant portion of our revenue from customers that are wireless carriers. In addition, a portion of our revenue is derived from subscription fees that we receive from our wireless carrier partners for end- users who subscribe to our service on a standalone basis or in a bundle with other services. Future revenue will depend on the pricing and quality of those services and subscriber demand for those services, which may vary by market, and the level of subscriber turnover experienced by our wireless carrier partners. If subscriber turnover increases more than we anticipate, our financial results could be materially adversely affected. Poor performance in or disruptions of the services included in our advanced communication solutions could harm our reputation, delay market acceptance of our services and subject us to liabilities (including breach of contract claims brought by our customers and third- party damages claims brought by end- users). Our wireless carrier agreements and certain customers require us to meet specific requirements including operational uptime requirements or be subject to penalties. If we are unable to meet contractual requirements with our wireless carrier partners, they could terminate our agreements or we may be required to refund a portion of monthly subscriptions fees they have paid us. Our subcontractors and key suppliers are essential members of our team. Nevertheless, we may occasionally have commercial disputes with them (e. g., over the quality, timeliness or cost of their products **or payment patterns in connection with rendered goods and services**). **As suppliers evaluate our financial condition on an ongoing basis, they may also take steps to revise payment terms (e. g., by requiring payment in advance of delivery or payment milestones) that may negatively impact the anticipated timing of components required for the assembly of our products or services rendered in support of our programs** . Additionally, our subcontractors and suppliers may experience financial difficulties which may impact their ability to execute against their contractual commitments and delay or otherwise disrupt deliveries. In such instances, we may not receive the components or subsystems for which we have contracted. Taken together, each of the risks set forth herein may have a material adverse effect on our results of operations and financial condition. External events outside our control may disrupt our supply chain. **With recent history in mind, natural disasters, pandemics, extreme weather conditions, legislative or regulatory changes may all impact the performance of our supplier base.** Our subcontractors and suppliers may also, in turn, be unable to maintain the quality of the materials they receive from their respective suppliers. Our reliance on a single partner to source critical parts (i. e., where we are unable to develop a critical redundant source of supply) may impair our ability to produce and deliver our products. This negative impact could be even greater where we are required to comply with sourcing requirements within our U. S. government contracts regarding the purchase of counterfeit or otherwise non- compliant parts or materials. In some instances, where we rely on supplier certifications of compliance with these laws and regulations, an improper or incomplete certification may adversely impact our production capability. **Our products are complex, and we cannot ensure that our extensive testing will detect all defects. Quality issues reported by our customers for products covered under warranty could adversely impact our reputation and negatively affect our operating results. If significant warranty obligations arise due to reliability or quality issues arising from such defects, our reputation and operating results could be negatively impacted** . We face a number of risks relating to the expected long- term growth of our business. Our business and operating results may be negatively impacted if we are unable to manage this growth. Our business is uniquely subject to certain risks related to its long term growth. These risks include: • We may not be ultimately successful in implementing our "One Comtech" transformation **activities and integration of individual businesses into two segments** - The transformation **pursuit of Comtech from strategic alternatives stand- and portfolio reshaping** - alone individual businesses toward a single "One Comtech" is a complex undertaking , requiring the consolidation of both manufacturing and back- office teams around the globe in parallel with a global re- branding effort . Managing the merger **disposition** of multiple production facilities and their attending employee populations is difficult and may negatively impact business prospects in the short and long term. **Similarly Additionally, in the course of evaluating our re- portfolio, we determined that our Satellite and Space Communications reporting unit had an estimated fair value below its carrying value and concluded that our goodwill in this reporting unit was impaired, as noted in the " Impairment of long - lived assets, including branding of the company as Comtech risks damaging goodwill accumulated over decades" line item on our Consolidated Statements of operation Operations as individual businesses.** • The loss of key technical and / or management personnel **in the course of our restructuring** could adversely affect our business. **Our future success depends on The pursuit of strategic alternatives and reshaping of our portfolio businesses will require** the continued contributions of key technical and management personnel. The management skills that have been appropriate for us in the past may not continue to be appropriate if we grow and diversify. Filling new positions may be difficult in the current competitive labor market. Moreover, many of our key and technical management personnel would be difficult to replace and are not subject to employment or non- competition agreements. We currently have research and development employees in areas that are located a great distance away from our U. S. headquarters and some work out of their respective homes. Managing remote product development operations is difficult and

we may not be able to manage the employees in these remote centers successfully. Our expected growth and future success will depend, in large part, upon our ability to attract and retain highly qualified engineering, sales and marketing personnel. Competition for such personnel from other companies, academic institutions, government entities and other organizations is intense. Although we believe that we have been successful to date in recruiting and retaining key personnel, we may not be successful in attracting and retaining the personnel we will need to grow and operate profitably, especially in the current competitive labor market. • We may not be able to improve our processes and systems to keep pace with anticipated growth- The future growth of our business may place significant demands on our managerial, operational, production and financial resources. In order to manage that growth, we must be prepared to improve and expand our management, operational and financial systems and controls, as well as our production capabilities. We also need to continue to recruit and retain personnel and train and manage our employee base. We must carefully manage research and development capabilities and production and inventory levels to meet product demand, new product introductions and product and technology transitions. If we are not able to timely and effectively manage our growth and maintain the quality standards required by our existing and potential customers, it could have an adverse effect on our business, results of operations and financial condition. **Additionally, in light of various factors including but not limited to our announcement to pursue strategic alternatives, we have postponed and or re- prioritized certain initiatives (e. g., our drive toward an common company- wide ERP tool), which may result in certain inefficiencies and or increased costs in the future.** • Our markets are highly competitive and there can be no assurance that we can continue to compete effectively- The markets for our products are highly competitive. There can be no assurance that we will be able to continue to compete successfully on price or other terms, or that our competitors will not develop new technologies and products that are more effective than our own. We expect the DoD’ s increased use of commercial off- the- shelf products and components in military equipment will encourage new competitors to enter the market. Also, although the implementation of advanced telecommunications services is in its early stages in many developing countries, we believe competition will continue to intensify as businesses and foreign governments realize the market potential of telecommunications services. Many of our competitors have financial, technical, marketing, sales and distribution resources greater than ours. **We continue to** ~~Recently, we have seen~~ ~~see~~ ~~increased~~ requests for proposals from large wireless carriers for sole- source solutions and have responded to several such requests. In order to induce retention of existing customer contracts and obtain business on a sole- source basis, we may ultimately agree to adjust pricing on a retroactive basis. If our sole- source proposals are rejected in favor of a competitor’ s proposal, it could result in the termination of existing contracts, which could have a material adverse effect on our business, results of operations and financial condition. • We may not be able to obtain sufficient components to meet expected demand- Our dependence on component availability, government furnished equipment, subcontractors and key suppliers, including the core manufacturing expertise of our high- volume technology manufacturing center located in Arizona exposes us to risk. Although we obtain certain components and subsystems from a single source or a limited number of sources, we believe that most components and subsystems are available from alternative suppliers and subcontractors. During the past ~~four~~ **several** years, ~~partly driven by the COVID- 19 pandemic and~~ as a result of overall increased industry- wide demand, lead times for many components have increased as well as freight costs. In addition, threats of or actual tariffs, **disruptions in shipping vessels having access to normal trade routes and / or unexpected port closures** could limit our ability to obtain certain parts on a cost- effective basis, or at all. A significant interruption in the delivery of such items could have an adverse effect on our business, results of operations and financial condition. Similarly, if our high- volume technology manufacturing center located in Arizona is unable to produce sufficient product or maintain quality, it could have a material adverse effect on our business, results of operations and financial condition. • Our ability to maintain affordable credit insurance may become more difficult- In the normal course of our business, we purchase credit insurance to mitigate some of our domestic and international credit risk. Although credit insurance remains generally available, upon renewal, it may become more expensive to obtain or may not be available for existing or new customers in certain international markets and it might require higher deductibles than in the past. If we acquire a company with a different customer base, we may not be able to obtain credit insurance for those sales. As such, there can be no assurance that, in the future, we will be able to obtain credit insurance on a basis consistent with our past practices. We depend on the efforts of our executive officers and certain key personnel. Any unplanned turnover or our failure to develop an adequate succession plan or business continuity plan for one or more of our executive officers, including our Chief Executive Officer (“ CEO ”), or other key positions could deplete our institutional knowledge base and erode our competitive advantage. **In March 2024, we terminated our former President and CEO for cause due to conduct unrelated to Comtech’ s business strategy, financial results or previously filed financial statements and appointed John Ratigan, who was our Chief Corporate Development Officer, as interim CEO. Mr. Ratigan was appointed as President and CEO on October 28, 2024, following a lengthy search process during which internal and external candidates were evaluated by a retained search firm and interviewed by our Board of Directors. Additionally, Maria Hedden, our Chief Operating Officer, resigned from the Company on September 13, 2024.** The loss or limited availability of the services of one or more of our executive officers or other key personnel, or our inability to recruit and retain qualified executive officers or other key personnel in the future, could, at least temporarily, have an adverse effect on our operating results and financial condition. Leadership transitions can be inherently difficult to manage, and an inadequate transition may cause disruption to our business ~~an and~~ **growth plans, including to our relationships with our customers and employees.** We have incurred indebtedness under a ~~Credit~~ **credit Facility facility and an unsecured subordinated loan**, and may incur substantial additional indebtedness in the future, and may not be able to service that debt in the future and we must maintain compliance with various covenants that impose restrictions on our business. On ~~October 31, 2018~~ **June 17, 2018- 2024**, we entered into a ~~First Amended and Restated~~ **new \$ 222. 0 million Credit credit Agreement facility with a syndicate of lenders** (the " Credit Facility") ~~with a syndicate of lenders~~. On ~~November 30, 2022~~ **As of July 31, 2022- 2024**, ~~total borrowings we~~ **refinanced the amount** outstanding under the Credit Facility ~~were~~ by entering into a ~~Second Amended and Restated Credit~~

Agreement (also referred to herein as the “Credit Facility”) with the existing lenders. The Credit Facility provides a senior secured loan facility of up to \$ 300.0 million consisting of: (i) a revolving loan facility (“Revolving Loan Facility”) with a borrowing limit of \$ 150.0 million, including a \$ 20.0 million letter of credit sublimit and a swingline loan credit sublimit of \$ 15.0 million; (ii) a \$ 50.0 million term loan A (“Term Loan”); and (iii) an accordion feature allowing us to make a request to borrow up to an additional \$ 100.0 million subject to the satisfaction of specified conditions, including approval by our lenders. As of July 31, 2023, the amount outstanding under our Credit Facility was \$ 164.4 million, of which \$ 4.4 million and \$ 160.0 million is reflected in the current and non-current portion of long-term debt, respectively, on our Consolidated Balance Sheet. As of July 31, 2023, to enhance our liquidity while we pursue strategic alternatives, other restructuring related activities and the collection of our unbilled receivables, we amended our Credit Facility to, among other things, relax certain financial and non-financial covenants. We also had entered into a \$ 125.0 million senior subordinated unsecured loan agreement with of standby letters of credit outstanding under our existing preferred shareholders. See “Notes to Consolidated Financial Statements” included in “Part II- Item 8. Financial Statements and Supplementary Data” included in this Form 10-K, for further information. On the Maturity Date of the Credit Facility related to guarantees of future performance on certain customer contracts. Currently, the Credit Facility has a maturity date of October 31, 2024 (“Maturity Date”), which is approximately one year out from now. In anticipation of the upcoming Maturity Date, we engaged a third-party financial advisor to assist us with both the refinancing of our existing Credit Facility, as well as with our evaluation of other capital structure-related alternatives. In tandem with these activities, which we believe are nearing closure, we are also in discussions with our existing lenders to amend and extend the Maturity Date of the Credit Facility, if needed to complete these important initiatives. However, we may not be successful in securing an amendment and extension of the Credit Facility or complete such refinancing activities by October 31, 2023, when the debt outstanding under our Credit Facility would become a short-term current liability. At the Maturity Date of the Credit Facility, as it currently stands or as may be extended, if we do not have sufficient funds to repay our debt when due, it may be necessary to refinance our debt through additional debt or equity financings. If, at the time of any such refinancing, prevailing interest rates or other factors result in higher interest rates on such refinancing, increases in interest expense could have a material adverse effect on our business, results of operations and financial condition. In addition, if we are not able to obtain favorable terms pursuant to any such refinancing, the size of our Credit Facility could be reduced, more restrictive covenants could be imposed on our business and features of the existing Credit Facility could otherwise be altered or eliminated. Our Credit Facility contains various affirmative and negative covenants that may restrict our ability to, among other things, incur additional indebtedness, permit liens on our property, change the nature of our business, transact business with affiliates and / or merge or consolidate with any other person or sell or convey certain of our assets to any one person. We anticipate maintaining compliance with the terms and financial covenants in our Credit Facility for the foreseeable future, however, there can be no assurance that we will be able to meet these covenants. Further, our ability to comply with covenants, terms of and conditions on our Credit Facility may be affected by events beyond our control. Failure to comply with covenants could result in an event of default, which, if not cured or waived, could accelerate our repayment obligations and permit the agents under the Credit Facility to enforce on the collateral pledged to the secured parties thereunder. Our substantial debt obligations could impede, restrict or delay the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business. For example: • we may be required to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows for other purposes, including but not limited to business development efforts, capital expenditures, dividends (to the extent applicable) or strategic acquisitions; • if we are not able to generate sufficient cash flows to meet our substantial debt service obligations or to fund our other liquidity needs, we may have to take actions such as selling assets or raising additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and joint ventures, restructuring our debt and other capital-intensive activities; • we may not be able to fund future working capital, capital investments and other business activities; • we may not be able to make certain other distributions; • we may become more vulnerable in the event of a downturn in our business or a worsening of general economic or industry-specific conditions; and • our flexibility in planning for, or reacting to, changes in our business and industry may be limited, thereby placing us at a competitive disadvantage compared to our competitors that have less indebtedness. Moreover, we may incur substantial additional indebtedness in the future to fund acquisitions or to fund other activities for general business purposes. If additional new debt is added to the current or planned debt levels, or if we are unable to obtain financing on favorable terms, the related risks that we now face could intensify. A substantial increase in our indebtedness could also have a negative impact on our credit ratings. In this regard, failure to maintain our credit ratings could adversely affect the interest rate available to us in future financings, as well as our liquidity, competitive position and access to capital markets, including for bonding requirements. Any decision regarding future borrowings will be based on the facts and circumstances existing at the time, including market conditions and our credit ratings. The holders of our Series A Preferred Convertible Stock have a majority vote consent right over our ability to amend, restate, or replace the Credit Facility on terms that are materially different to those of the Credit Facility or that adversely affect our ability to fulfill its repurchase obligations of the Series A Preferred Convertible Stock. If we need to amend, restate or replace the Credit Facility on materially different terms or terms adverse to the interests of the holders of our Series A Preferred Convertible Stock, and we are unable to obtain the consent of such holders, we may be unable to obtain required financing or liquidity on favorable terms, or at all. We expect to pursue strategic alternatives continue to evaluate other acquisitions and investments as part of our growth plans. Such efforts may not result in an acquisition or for ultimately be beneficial to us our Terrestrial and Wireless Networks segment while evaluating further portfolio shaping opportunities. Future divestitures acquisitions or investments may result in the use of significant amounts of cash, potentially dilutive issuances of equity securities, incurrence of large amounts of debt, increases to amortization expense and future write-offs of the acquired intangibles. Acquisitions and

investments. **Divestiture related activities also** involve risks that include failing to: • properly evaluate the technology **obtain competitive bids for our assets**; • accurately forecast the financial impact of the transaction, including accounting charges and transaction expenses; • **support** integrate the technologies, products and services, research and development, sales and marketing, support and other operations **during the pendency of disposition activity**; • integrate and retain key management personnel and other key employees; **and** • retain **and cross-sell to acquired customers** **Divestiture activity**; **and** • combine potentially different corporate cultures. Acquisitions and investments could also: • divert management's attention away from the operation of our businesses; • result in **additional** significant goodwill and intangibles write-offs in the event **an acquisition a disposition negatively impacts** or our investment does not meet expectations **future results of operations and or cash flows**; and • increase expenses, including **transaction** expenses of managing **associated with the disposition** growth of such acquired businesses. There can be no assurance that any future acquisition or our investment **pursuit of strategic alternatives** will be successful within the anticipated time frame, or at all, **will**. **There can also be no assurance that such activity** as valuable as the amount we pay to acquire it, and will not adversely affect our business, results of operations or financial condition. In addition **After completing restructuring activities and related expenses**, if we consummate **our decision to cease operations of our steerable antenna product line in Basingstoke, UK is expected to result in** future acquisitions using our equity securities **annual cash savings relative to the past three fiscal years. If we are unsuccessful in negotiating termination liabilities with** or our customers securities convertible into our **or vendors** equity securities, existing stockholders **however, our UK entity may become insolvent** be diluted, which could have a material adverse effect on the market price of our common stock. Foreign acquisitions and investments are regularly subject to scrutiny by the U. S. government and its agencies, such as the Committee on Foreign Investment in the United States ("CFIUS") and the Defense Counterintelligence and Security Agency ("DCSA") and our **assumptions** role as a U. S. federal contractor escalates such scrutiny, in particular, with respect to compliance with industrial security requirements **the liquidity of our Basingstoke operations may not materialize**. Failure to comply with **Our investments in recorded goodwill and the other intangible assets** requirements of the U. S. government could **be further impaired as a** result in fines being imposed against us or our suspension for a period of **future** time of authority to operate under certain government programs or from eligibility for bidding on, or for award of, new government contracts, which could have a material adverse effect on our business, **results of operations and financial condition** **conditions, a deterioration of the global economy or if we change our reporting unit structure as we pursue strategic alternatives**. As of July 31, 2023-2024, goodwill recorded on our Consolidated Balance Sheet aggregated \$ 347-284 . 7-2 million. Additionally, as of July 31, 2023-2024, net intangibles recorded on our Consolidated Balance Sheet aggregated \$ 225-194 . 9-8 million. **Goodwill** For purposes of reviewing impairment and the recoverability of goodwill and other intangible assets, our Satellite and Space Communications and Terrestrial and Wireless Networks segments each constitute a reporting unit and we must make various assumptions in determining their estimated fair values. Reporting units are defined by how our **Chief Executive Officer ("CEO")** manages the business, which includes resource allocation decisions. We may, in the future, change our management approach which in turn may change the way we define our reporting units, as such term is defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350 "Intangibles-Goodwill and Other." A change to our management approach may require us to perform an interim goodwill impairment test and possibly record impairment charges in a future period. In accordance with FASB ASC 350, "Intangibles- Goodwill and Other," we perform a goodwill impairment analysis at least annually (in the first quarter of each fiscal year), unless indicators of impairment exist in interim periods. If we fail the quantitative assessment of goodwill impairment ("quantitative assessment"), we would be required to recognize an impairment loss equal to the amount that a reporting unit's carrying value exceeded its fair value; however, any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. **On** **During the fourth quarter of fiscal year 2024, our lower- than- expected financial performance, cured default on certain credit facility covenants and sustained decrease in our stock price since** August 1, 2023 **(the first day were each considered triggering events requiring an interim quantitative impairment test as** of our fiscal **July 31, 2024**), we performed our annual quantitative assessment and estimated the fair value of each of our reporting units using a combination of the income and market approaches. Based on our quantitative evaluation, we determined that our Satellite and Space Communications and Terrestrial and Wireless Networks reporting units **unit had an** estimated fair values **value** in excess of their **its** carrying values **value** of at least **18-24** . **3-7** % and **8-9** %, respectively, and concluded that our goodwill **in this reporting unit** was not impaired **and**. **However, we determined** that neither of our two **Satellite and Space Communications** reporting units **unit had an estimated fair value below its carrying value and concluded that our goodwill in this reporting unit** was at risk **impaired**. As a result, in the fourth quarter of **failing** fiscal 2024, we recognized a non- cash \$ 48, 925, 000 **goodwill impairment charge in our Satellite and Space Communications reporting unit**. Such loss is included in the "Impairment of long- lived assets, including goodwill" line item on our Consolidated Statements of Operations. Due to their proximity, the quantitative assessment **impairment test as of July 31, 2024 is deemed to satisfy our annual goodwill impairment test requirement as of August 1, 2024 (the first day of fiscal 2025)**. It is possible that, during fiscal 2024-2025 or beyond, business conditions (both in the U. S. and internationally) could deteriorate from the current state, our current or prospective customers could materially postpone, reduce or even forgo purchases of our products and services to a greater extent than we currently anticipate, or our common stock price could **further** fluctuate. A significant decline in our customers' spending that is greater than we anticipate or a shift in funding priorities may also have a negative effect on future orders, sales, income and cash flows and we might be required to perform a quantitative assessment during fiscal 2024-2025 or beyond. If assumed net sales and cash flow projections are not achieved in future periods or our common stock price significantly declines from current levels, our Satellite and Space Communications and Terrestrial and Wireless Networks reporting units could be at risk of failing the quantitative assessment and goodwill and intangibles assigned to the respective reporting units could be impaired. **Also, as announced on October 17, 2024, we are executing a strategy to transform Comtech into a pure- play satellite and space**

communications company. Ongoing and future actions supporting our transformation strategy include: an exploration of strategic alternatives for our Terrestrial and Wireless Networks segment, which is well underway; the pursuit of further portfolio- shaping opportunities to enhance profitability, efficiency and focus; and the implementation of additional operational initiatives to both achieve profitable results from operations as well as to align our go- forward cost structure with a pure- play focus on satellite and space communications. Such activities could result in a material impairment of our goodwill and / or intangible assets. See " Strategic Transformation" section above for more information. In any event, we are required to perform the next annual goodwill impairment analysis on August 1, 2024-2025 (the start of our fiscal 2025-2026). If our assumptions and related estimates change in the future, or if we change our reporting unit structure or other events and circumstances change (e. g., a sustained decrease in the price of our common stock (considered on both absolute terms and relative to peers)), we may be required to record impairment charges when we perform these tests, or in other future periods. In addition, Net Intangibles with Finite Lives Similar to our impairment analysis of goodwill, we also review the recoverability of our net intangibles with finite lives when whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of an event occurs indicating asset or asset group to be held and used is measured by a comparison of the potential carrying amount of an asset or asset group to the estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of the asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset or asset group exceeds the fair value of the asset or asset group. Accordingly, in addition to testing goodwill associated with our Satellite and Space Communications reporting unit for impairment -We believe that, during the fourth quarter of fiscal year 2024, we also assessed the recoverability of the carrying values of our other long- lived assets, including identifiable intangible assets with finite useful lives. Such testing also considered our decision in the fourth quarter of fiscal year 2024 to cease our steerable antenna operations located in the United Kingdom. Based on our evaluation, we determined that the fair value of the asset group related to such operations was lower than its carrying value and recorded a non- cash \$ 15, 600, 000 long- lived asset impairment charge in our Satellite and Space Communications segment. Such loss is included in the " Impairment of long- lived assets, including goodwill" line item on our Consolidated Statements of Operations. Of the total amount, \$ 9, 925, 000 relates to net intangible assets with finite lives, \$ 1, 151, 000 relates to operating lease right- of- use assets, \$ 2, 651, 000 relates to property, plant and equipment and \$ 1, 873, 000 relates to other assets. We determined that the carrying values of our remaining net intangibles were recoverable as of July 31, 2023-2024. Any impairment charges that we may record in the future could be material to our results of operations and financial condition. We could be negatively impacted by a system failure, lack of or failure of redundant system components, security breach through cyber- attack, cyber intrusion or otherwise, by other significant disruption of our IT networks or those we operate for certain customers, or third- party data center facilities, servers and related systems. If any such events occur, we may have to reimburse our customers for damages that they may have incurred, pay contract penalties, or provide refunds. We face risk of Cybersecurity threats ranging from, ransomware and denial- of- service, to attacks from more advanced and persistent, highly organized adversaries, including nation state actors, which target the defense industrial base and other critical infrastructure sectors are persistent. Our corporate information security organization, led by our Chief Information Security Officer (" CISO"), manages our overall information security strategy. The current CISO has extensive information technology experience and partners closely with our Technology, Innovation & Cyber Committee of the Board of Directors. More broadly, we routinely audit our systems and practices against the DFARS and proposed Cybersecurity Maturity Model Certification (" CMMC") program, DoD' s cybersecurity requirements for handling government contracts and Controlled Unclassified Information (" CUI"), respectively. Nevertheless, Similar similar to all companies in our industry, we are under constant cyber- attack and are subject to an ongoing risk of security breaches and disruptions of our IT networks and related systems, including third- party data center facilities, whether through actual breaches, cyber- attacks (including ransomware) or cyber intrusions via the Internet, malware, computer viruses, attachments to e- mails, persons inside our organization or persons with access to systems inside our organization. We also maintain databases with private information regarding our customers and our employees. Actual security breaches or disruption, particularly through cyber- attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, have increased in recent years and have become more complex. Our IT networks and systems, as well as third- party data center facilities, have been and, we believe will continue to be under constant attack. We face an added risk of a security breach or other significant disruption to certain of our equipment used on some of our customers' IT networks and related systems which may involve managing and protecting information relating to public safety agencies, wireless carriers as well as national security and other sensitive government functions. Many of our systems have, or are required to have, system redundancies and back- up; in some cases, we may not have sufficient redundancy and / or redundancy and / or back- ups may fail. We may incur significant costs to prevent and respond to system failures, failure of redundant system components, actual breaches, cyber- attacks and other systems disruptions. As a communications company, and particularly as a government contractor and a provider of public safety and location technologies (including 911 hosted systems), we face a heightened risk of a security breach or disruption from actual breaches, cyber- attacks and other threats to gain unauthorized access to our and our customers' proprietary or classified information on our IT networks, third- party data center facilities and related systems and to certain of our equipment used on some of our customers' IT networks and related systems. These types of information, IT networks and related systems are critical to the operation of our business and essential to our ability to perform day- to- day operations, and, in some cases, are critical to the operations of certain of our customers. There can be no assurance that our security efforts and measures will be effective or that actual security breaches or disruptions will not be successful or damaging. Techniques used in such breaches and cyber- attacks are constantly evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be

detected. In some cases, the resources of foreign governments may be behind such attacks. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is virtually impossible for us to entirely mitigate this risk. A security breach or other significant disruption (including as a result of a lack of redundancy and / or failure of such redundancy) involving these types of information, IT networks and related systems could: • Disrupt the proper functionality of these networks, data center facilities and systems and therefore our operations and / or those of certain of our customers; • Result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of ours or our customers, including **employee information**, trade secrets, which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes; • Compromise national security and other sensitive government functions; • Require significant management attention and resources to remedy the damage that results and delay progress on other business objectives; • Require us to make payments to our customers to reimburse them for damages, pay them penalties or provide refunds; and • Damage our reputation with our customers (particularly agencies of the U. S. government) and the public generally. In addition, the cost of continually defending against cyber- attacks and actual breaches has increased in recent years and future costs and any or all of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

For example, as vulnerability standards evolve, our customers may attempt to pass along development and certification costs to us even following the deployment of our products, which may negatively impact our financial performance. The measures we have implemented to secure information we collect and store or enable access to may be breached, which could cause us to breach agreements with our partners and expose us to potential investigation and penalties by authorities and potential claims for contract breach, product liability damages, credits, penalties or termination by persons whose information was disclosed. We take reasonable steps to protect the security, integrity and confidentiality of the information we collect and store and to prevent unauthorized access to third- party data to which we enable access through our products, but there is no guarantee that inadvertent or unauthorized disclosure will not occur or that third parties will not gain unauthorized access despite our efforts. If such unauthorized disclosure or access does occur, we may be required to notify **regulators, customers and** persons whose information was disclosed or accessed under existing and proposed laws. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. In the event of such disclosure, we also may be subject to claims of breach of contract, investigation and penalties by regulatory authorities and potential claims by persons whose information was disclosed. If there is a security breach or if there is an inappropriate disclosure of any of these types of information, we could be exposed to investigations, litigation, fines and penalties. Remediation of and liability for loss or misappropriation of end user or employee personal information could have a material adverse effect on our business, results of operations and financial condition. Even if we were not held liable for such event, a security breach or inappropriate disclosure of personal, private or confidential information could harm our reputation and our relationships with current and potential customers and end users. Even the perception of a security risk could inhibit market acceptance of our products and services. We may be required to invest additional resources to protect against damage caused by any actual or perceived disruptions of our services. We may also be required to provide information about the location of an end user' s mobile device to government authorities, which could result in public perception that we are providing the government with intelligence information and deter some end users from using our services. Any of these developments could have a material adverse effect on our business, results of operations and financial condition. The laws, rules, and regulations dealing with U. S. federal, state and local and foreign income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U. S. Treasury Department. Changes to tax laws (which changes may have immediate and / or retroactive application) could adversely affect us or holders of our common stock. In recent years, many changes have been made to applicable tax laws and changes are likely to continue to occur in the future. It cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be enacted, promulgated or issued under existing or new tax laws, which could result in an increase in our tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof. Our U. S. federal, state and local and foreign tax returns are subject to audit and a resulting tax assessment or settlement could have a material adverse effect on our business, results of operations and financial condition. Significant judgment is required in determining the provision for income taxes. The final determination of tax examinations and any related litigation could be materially different than what is reflected in historical income tax provisions and accruals. Our U. S. federal income tax returns for fiscal **2020-2021** through **2022-2023** are subject to potential future Internal Revenue Service (" IRS") audit. None of our state **income tax** returns prior to fiscal **2019-2020** are subject to audit. Although adjustments relating to past audits of our federal **and state** income tax returns were immaterial, a tax assessment or settlement for other periods or other jurisdictions that may be selected for future audit could have a material adverse effect on our business, consolidated results of operations and financial condition. We engage in manufacturing and are subject to a variety of local, state and federal laws and regulations relating to the storage, discharge, handling, emission, generation, manufacture and disposal of toxic or other hazardous substances used to manufacture our products. We are also subject to the Restriction of Hazardous Substance (" RoHS") directive which restricts the use of lead, mercury and other substances in electrical and electronic products. The failure to comply with current or future environmental requirements could result in the imposition of substantial fines, suspension of production, alteration of our manufacturing processes, cessation of operations or reputational damage that could have a material adverse effect on our business, results of operations and financial condition. In addition, the handling, treatment or disposal of hazardous substances by us or our predecessors may have resulted, or could in the future result, in contamination requiring investigation or remediation, or lead to other liabilities, any of which could have a material adverse effect on our business, results of operations and financial condition. Many of our products are incorporated into wireless

communications systems that must comply with various U. S. government regulations, including those of the FCC, as well as similar **state, local and** international laws and regulations. As a result, our business faces increased risks including the following:

- We must obtain various licenses from the FCC- We operate FCC licensed teleports that are subject to the Communications Act of 1934, as amended, or the FCC Act, and the rules and regulations of the FCC. We cannot guarantee that the FCC will grant renewals when our existing licenses expire, nor are we assured that the FCC will not adopt new or modified technical requirements that will require us to incur expenditures to modify or upgrade our equipment as a condition of retaining our licenses. We may, in the future, be required to seek FCC or other government approval if foreign ownership of our stock exceeds certain specified criteria. Failure to comply with these policies could result in an order to divest the offending foreign ownership, fines, denial of license renewal and / or license revocation proceedings against the licensee by the FCC, or denial of certain contracts from other U. S. government agencies.
- We are dependent on the allocation and availability of frequency spectrum- Adverse regulatory changes related to the allocation and availability of frequency spectrum and in the military standards and specifications that define the current satellite networking environment, could materially harm our business by: (i) restricting development efforts by us and our customers, (ii) making our current products less attractive or obsolete, or (iii) increasing the opportunity for additional competition. The increasing demand for wireless communications has exerted pressure on regulatory bodies worldwide to adopt new standards and reassign bandwidth for these products and services. The reduced number of available frequencies for other products and services and the time delays inherent in the government approval process of new products and services have caused, and may continue to cause, our customers to cancel, postpone or reschedule their installation of communications systems including their satellite, over- the- horizon microwave, or terrestrial line- of- sight microwave communication systems. This, in turn, could have a material adverse effect on our sales of products to our customers. Changes in, or our failure to comply with, applicable laws and regulations could materially adversely harm our business, results of operations, and financial condition.
- Our future growth is dependent, in part, on developing NG- 911 compliant products- The FCC requires that certain location information be provided to network operators for public safety answering points when a subscriber makes a 911 call. Technical failures, greater regulation by federal, state or foreign governments or regulatory authorities, time delays or the significant costs associated with developing or installing improved location technology could slow down or stop the deployment of our mobile location products. If deployment of improved location technology is delayed, stopped or never occurs, market acceptance of our products and services may be materially adversely affected. Because we rely on some third- party location technology instead of developing all of the technology ourselves, we have little or no influence over its improvement. The technology employed with NG- 911 services generally anticipates a migration to internet- protocol ("IP") based communication. Since many companies are proficient in IP- based communication protocols, the barriers to entry to providing NG- 911 products and services are lower than for traditional switch- based protocols. If we are unable to develop unique and proprietary solutions that are superior to and / or more cost effective than other market offers, our 911 business could get replaced by new market entrants, resulting in a material adverse effect on our business, results of operations and financial condition.
- Under the FCC' s mandate, our 911 and emerging 988 businesses are dependent on state and local governments- Under the FCC' s mandate, wireless carriers are required to provide 911 services only if state and local governments request the service. As part of a state or local government' s decision to request 911, they have the authority to develop cost recovery mechanisms. However, cost recovery is no longer a condition to wireless carriers' obligation to deploy the service. If state and local governments do not widely request that 911 services be provided or we become subject to significant pressures from wireless carriers with respect to pricing of 911 services, our 911 business would be harmed and future growth of our business would be reduced.

On May 17, 2023, the U. S. Department of Health and Human Services announced \$200.4 million in new funding for expanding services, including regional call centers and crisis intervention teams. This funding is aimed at distributing emergency- type communications more efficiently, by providing a direct response for mental health crises. Some states, territories like Michigan, have launched their own versions of 988 services with additional state and tribal support. However, despite these efforts, the system is still far from fully optimized. Challenges include staffing shortages, particularly for behavioral health professionals, and the need for technological improvements like georouting to build better connect callers with the appropriate local services. Some states are also exploring sustainable funding models, such as implementing 988 capacity surcharges similar to those used for 911 services, to ensure long- term viability. At the federal level, the 988 Implementation Act introduced in 2023 seeks to expand access further by requiring health insurance plans to cover crisis services and addressing gaps in care for populations like those on Medicare. This follows law is expected to enhance the reach and effectiveness of the lifeline initial \$432.0 million investment by the federal government in July 2022 to support the transition to 988 and build building up crisis center capacity. Our ability to develop this aspect of our business each community' s needs. Despite these advancements, experts note that the system will take years to fully optimize as it contends with both logistical and workforce challenges across the country. Some local initiatives, like those in Michigan, are already seeing increased call volumes and struggling to keep pace with the demand, particularly for youth mental health services. Overall, the lifeline is highly dependent on seen as a critical step in improving mental health responses, but it faces significant hurdles in achieving full efficacy in the coming years deployment of this federal funding.

If deployment of those funds is delayed, stopped or never occurs, our results of operations or financial condition **in future periods** could be materially **and** adversely affected. As the mobile communications industry continues to evolve, we believe greater regulation by federal, state or foreign governments or regulatory authorities is likely and we face certain risks including:

- We must adhere to existing and potentially new privacy rules- We believe increased regulation is likely in the area of data privacy, and laws and regulations applying to the

solicitation, collection, processing or use of personal or consumer information could affect our customers' ability to use and share data, potentially reducing our ability to utilize this information in the resale of certain of our products. In order for mobile location products and services to function properly, wireless carriers must locate their subscribers and store information on each subscriber's location. Although data regarding the location of the wireless user resides only on the wireless carrier's systems, users may not feel comfortable with the idea that the wireless carrier knows and can track their location. Carriers will need to obtain subscribers' permission to gather and use the subscribers' personal information, or they may not be able to provide customized mobile location services which those subscribers might otherwise desire. If subscribers view mobile location services as an annoyance or a threat to their privacy, that could reduce demand for our products and services and have a material adverse effect on our business, results of operations and financial condition. Over the past several years, there have been a number of laws and regulations enacted that affect companies conducting business on the Internet, including the European General Data Protection Regulation ("GDPR"). The GDPR imposes certain privacy related requirements on companies that receive or process personal data of residents of the European Union that are currently different than those in the United States and include significant penalties for non-compliance. Similarly, there are a number of **state privacy laws, as well as** legislative proposals in the United States, at both the federal and state level, that could impose new obligations in areas affecting our business, such as liability for personal data protection. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. Our costs to comply with the GDPR as well any other similar laws and regulations that emerge may negatively impact our business. • We may face increased compliance costs in connection with health and safety requirements for mobile devices- If wireless handsets pose health and safety risks, we may be subject to new regulations and demand for our products and services may decrease. Media reports have suggested that certain radio frequency emissions from wireless handsets may be linked to various health concerns, including cancer, and may interfere with various electronic medical devices, including hearing aids and pacemakers. Concerns over radio frequency emissions may have the effect of discouraging the use of wireless handsets, which would decrease demand for our services. In recent years, the FCC and foreign regulatory agencies have updated the guidelines and methods they use for evaluating radio frequency emissions from radio equipment, including wireless handsets. In addition, interest groups have requested that the FCC investigate claims that wireless technologies pose health concerns and cause interference with airbags, hearing aids and other medical devices. There also are some safety risks associated with the use of wireless handsets while driving. Concerns over these safety risks and the effect of any legislation that may be adopted in response to these risks could limit our ability to market and sell our products and services, which could negatively impact our business, consolidated results of operations and financial condition. • The regulatory environment for VoIP services is developing- The FCC has determined that VoIP services are not subject to the same regulatory scheme as traditional wireline and wireless telephone services. If the regulatory environment for VoIP services evolves in a manner other than the way we anticipate, our 911 business would be significantly harmed and future growth of our business would be significantly reduced. For example, the regulatory scheme for wireless and wireline service providers requires those carriers to allow service providers such as us to have access to certain databases that make the delivery of a 911 call possible. No such requirements exist for VoIP service providers, so carriers could prevent us from continuing to provide VoIP 911 service by denying us access to the required databases. Because we are a publicly traded company, we are required to comply with provisions of securities laws, related regulations and financial reporting standards. Because securities laws, related regulations and financial reporting standards pertaining to our business are relatively complex, our business faces increased risks including the following: • ~~If we identify~~ **Our costs will likely increase as a result of our identification of** material weaknesses ~~within~~ **weaknesses within** in the future, our ~~control environment~~ **control environment** costs may unexpectedly increase. Pursuant to Section 404 of the Sarbanes- Oxley Act of 2002 and related SEC rules, we are required to furnish a report of management's assessment of the effectiveness of our internal controls as part of our Form 10- K. Our independent registered public accountants are required to attest to and provide a separate opinion. To issue our report, we document our internal control design and the testing processes that support our evaluation and conclusion, and then we test and evaluate the results. **See" Part II- Item 9A Controls and Procedures" for information related to the material weaknesses that we identified as of July 31, 2024.** There can be no assurance, ~~however,~~ that we will be able to remediate ~~the~~ material weaknesses, ~~if any,~~ that ~~may be we have~~ identified in future periods, or maintain all of the controls necessary for continued compliance. There likewise can be no assurance that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies. • Stock- based compensation accounting standards could negatively impact our stock- Since our inception, we have used stock- based awards as a fundamental component of our employee compensation packages. We believe that stock- based awards directly motivate our employees to maximize long- term stockholder value and, through the use of long- term vesting, encourage employees to remain with us. We apply the provisions of ASC 718," Compensation- Stock Compensation," which requires us to record compensation expense in our statement of operations for employee and director stock- based awards using a fair value method. In the first quarter of fiscal 2018, we adopted FASB ASU No. 2016- 09 which modified certain aspects of ASC 718, including the requirement to recognize excess tax benefits and shortfalls in the income statement. The ongoing application of this standard will have a significant effect on our reported earnings, and could adversely impact our ability to provide accurate guidance on our future reported financial results due to the variability of the factors used to estimate the value of stock- based awards (including long- term performance shares which are subject to the achievement of three- year goals which are based on several performance metrics). The ongoing application of this standard could impact the future value of our common stock and may result in greater stock price volatility. To the extent that this accounting standard makes it less attractive to grant stock- based awards to employees, we may incur increased compensation costs, change our equity compensation strategy or find it difficult to attract, retain and motivate employees, each of which could have a material adverse effect on our business, results of operations and financial condition. Also, as further discussed in" Notes to Consolidated

Financial Statements- Note (1)- Summary of Significant Accounting and Reporting Policies" included in" Part II- Item 8. Financial Statements and Supplementary Data," included in this Form 10- K, the accounting rules and regulations that we must comply with are complex and are continually changing in ways that could materially impact our financial statements. We must comply with these new rules on a go- forward basis. Because of the uncertainties of the estimates, judgments and assumptions associated with new accounting standards, as well as with any future guidance or interpretations related to them, we may incur additional costs and cannot provide any assurances that we will be able to comply with such complex rules. Our costs to comply with the aforementioned and other regulations continue to increase and we may have to add additional accounting staff, engage consultants or change our internal practices, standards and policies which could significantly increase our costs to comply with ongoing or future requirements. In addition, the Nasdaq Stock Market LLC (" Nasdaq") routinely changes its requirements for companies, such as us, that are listed on Nasdaq. These changes (and potential future changes) have increased and may increase our legal and financial compliance costs, including making it more difficult and more expensive for us to obtain director and officer liability insurance or maintain our current liability coverage. We believe that these new and proposed laws and regulations could make it more difficult for us to attract and retain qualified members of our Board of Directors, particularly to serve on our Audit Committee, and qualified executive officers. **Our management has concluded that our disclosure controls and procedures were not effective as of July 31, 2024 due to material weaknesses in internal control over financial reporting. If we are unable to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and financial results. After consultation with our independent registered public accounting firm and our management team, our audit committee concluded that we: (a) lacked a sufficient complement of resources with an appropriate level of knowledge and experience to establish effective process and controls. As a result, we identified a material weakness in our internal control over financial reporting. The control environment material weakness contributed to other material weaknesses within our system of internal control over financial reporting at the control activity level, where we did not design and implement effective control activities, including controls related to revenue, inventory and other assets. Deficiencies in control activities contributed to accounting errors and the potential for there to have been material accounting errors within revenue, inventory and other assets. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. If we identify any new material weaknesses in the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and our stock price may decline as a result. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.** In the ordinary course of business, we include indemnification provisions in certain of our customer contracts. Pursuant to these agreements, we have agreed to indemnify, hold harmless and reimburse the indemnified party for losses suffered or incurred by the indemnified party, including but not limited to losses related to third- party intellectual property claims. Some customers seek indemnification under their contractual arrangements with us for claims and other costs associated with defending lawsuits alleging infringement of patents through their use of our products and services, and the use of our products and services in combination with products and services of other vendors. In some cases, we have agreed to assume the defense of the case. In others, we will negotiate with these customers in good faith because we believe our technology does not infringe the cited patents or due to specific clauses within the customer contractual arrangements that may or may not give rise to an indemnification obligation. It is not possible to determine the maximum potential amount we may spend under these agreements due to the unique facts and circumstances involved in each particular agreement. Our assessments related to indemnification provisions are based on estimates and assumptions that have been deemed reasonable by management, but that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions. Therefore, it is possible that an unfavorable resolution of one or more of these matters could have a material adverse effect on our consolidated financial statements in a future period. We are, from time to time, and could become a party to additional litigation or subject to claims, including product liability claims, **current and former** employee claims, government investigations and other proceedings that could cause us to incur unanticipated expenses and otherwise have a material adverse effect on our business, results of operations and financial condition. We are, from time to time, involved in commercial disputes and civil litigation relating to our businesses. Our agreements with customers may require us to indemnify such customers. Direct claims against us or claims against our customers may relate to defects in or non- conformance of our products, or our own acts of negligence and non- performance. Occasionally, we are called upon also to provide information in connection with litigation involving other parties or government investigations. Product liability and other forms of insurance are expensive and may not be available in the future. We cannot be sure that we will be able to maintain or obtain insurance coverage at acceptable costs or in sufficient amounts or that our insurer will not disclaim coverage as to a future claim. In many cases, we are unable to obtain insurance and are self- insured. Any such claim, including any out of pocket payments we are required to make and the costs of the defense against such claim, could result in material costs and have an adverse effect on our business, results of operations and financial condition. For additional information related to these lawsuits, see" Notes to Consolidated Financial Statements- Note (~~12~~**13**) (a)- Commitments and Contingencies- Legal Proceedings and Other Matters" included in" Part II- Item 8. Financial Statements and Supplementary Data," included in this Form 10- K. Our businesses rely, in large part, upon our proprietary scientific and engineering know- how and production techniques. We rely on a combination of

patent, copyright, trademark, service mark, trade secret and unfair competition laws, restrictions in licensing agreements, confidentiality provisions and various other contractual provisions to protect our intellectual property and related proprietary rights, but these legal means provide only limited protection. We cannot guarantee that our issued and acquired patents will be upheld if challenged by another party. Additionally, with respect to any patent applications which we have filed, we cannot guarantee that any patents will be issued as a result of these applications. The departure of any of our key management and technical personnel, the breach of their confidentiality and non-disclosure obligations to us or the failure to achieve our intellectual property objectives could have an adverse effect on our business, results of operations and financial condition. Our ability to compete successfully and achieve future revenue growth will depend, in part, on our ability to protect our proprietary technology and operate without infringing upon the rights of others. We may fail to do so. In addition, the laws of certain countries in which our products are or may be sold may not protect our products or intellectual property rights to the same extent as the laws of the U. S. Our ability to protect our intellectual property rights is also subject to the terms of future government contracts. We cannot assure you that the federal government will not demand greater intellectual property rights or restrict our ability to disseminate intellectual property. We are also a member of standards-setting organizations and have agreed to license some of our intellectual property to other members on fair and reasonable terms to the extent that the license is required to develop non-infringing products. Pursuing infringers of our proprietary rights could result in significant litigation costs, and any failure to pursue infringers could result in our competitors utilizing our technology and offering similar products, potentially resulting in loss of a competitive advantage and decreased revenues. Despite our efforts to protect our proprietary rights, existing patent, copyright, trademark and trade secret laws afford only limited protection. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of the U. S. Protecting our know-how is difficult especially after our employees or those of our third-party contract service providers end their employment or engagement. Attempts may be made to copy or reverse-engineer aspects of our products or to obtain and use information that we regard as proprietary. Accordingly, we may not be able to prevent the misappropriation of our technology or prevent others from developing similar technology. Furthermore, policing the unauthorized use of our products is difficult and expensive. Litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. The costs and diversion of resources could significantly harm our business. If we fail to protect our intellectual property, we may not receive any return on the resources expended to create the intellectual property or generate any competitive advantage based on it. Our competitive position is driven in part by our intellectual property and other proprietary rights. Third parties, however, may claim that we, our products, operations or any products or technology we obtain from other parties are infringing their intellectual property rights, and we may be unaware of intellectual property rights of others that may impact some of our assets, technology and products. From time to time our customers are parties to allegations of intellectual property infringement claims based on our customers' incorporation and use of our products and services, which may lead to demands from our customers for us to indemnify them for costs in defending those allegations. Any litigation regarding patents, trademarks, copyrights or intellectual property rights, even those without merit, and the related indemnification demands of our customers, can be costly and time consuming, and divert our management and key personnel from operating our business. The complexity of the technology involved, and inherent uncertainty and cost of intellectual property litigation increases our risks. If any third party has a meritorious or successful claim that we are infringing its intellectual property rights, we may be forced to change our products or enter into licensing arrangements with third parties that may include payment of a reasonable royalty, which may be costly or impractical. This also may require us to stop selling our products as currently engineered, which could harm our competitive position. We also may be subject to significant damages or injunctions that prevent the further development and sale of certain of our products or services and may result in a material loss of revenue. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their products. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software. Some open source licenses contain requirements that we make available source code for modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. If we combine our proprietary software products with open source software in a certain manner, we could under certain of the open source licenses, be required to release our proprietary source code. Open source license terms may be ambiguous and many of the risks associated with usage of open source software cannot be eliminated, and could if not properly addressed, negatively affect our business. If we were found to have inappropriately used open source software, we may be required to release our proprietary source code, re-engineer our products and client applications, discontinue the sale of our products or services in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, results of operations, and financial condition. All of our business activities are subject to rapid technological change, new entrants, the introduction of other distribution models and long development and testing periods each of which may harm our competitive position, render our product or service offerings obsolete and require us to continuously develop technology and / or obtain licensed technology in order to compete successfully. We are engaged in business activities characterized by rapid technological change, evolving industry standards, frequent new product announcements and enhancements, and changing customer demands. The introduction of products and services or future industry standards embodying new technologies **and approaches**, such as multi-frequency time division multiple access ("MF-TDMA") based technologies could render any of our products and services obsolete or non-competitive. **New satellite operators such as Starlink have driven significant changes in the way communications equipment is procured, and may further disrupt our markets. The introduction of optical communications technology, including from satellite to satellite and satellite to ground, as well as potential offerings for satellite / cellular direct connectivity, may impact our future business.** The successful execution of our business strategy is contingent upon wireless network operators launching and maintaining mobile location services, our ability to maintain a technically skilled development

and engineering team, our ability to create new network software products and adapt our existing products to rapidly changing technologies, industry standards and customer needs. As a result of the complexities inherent in our product offerings, new technologies may require long development and testing periods. Additionally, new products may not achieve market acceptance or our competitors could develop alternative technologies that gain broader market acceptance than our products. If we are unable to develop and introduce technologically advanced products that respond to evolving industry standards and customer needs, or if we are unable to complete the development and introduction of these products on a timely and cost effective basis, it could have a material adverse effect on our business, results of operations and financial condition or could result in our technology becoming obsolete. New entrants seeking to gain market share by introducing new technology and new products may make it more difficult for us to sell our products and services and could create increased pricing pressure, reduced profit margins, increased sales and marketing expenses, or the loss of market share or expected market share, any of which could have a material adverse effect on our business, results of operations and financial condition. For example, many companies are developing new technologies and the shift towards open standards such as IP-based satellite networks will likely result in increased competition and some of our products may become commoditized as a result. Our Terrestrial and Wireless Networks segment provides various technologies that are utilized on mobile phones devices. Applications from competitors for location-based or text-based messaging platforms may be preloaded on mobile devices by original equipment manufacturers, or OEMs, or offered by OEMs directly. Increased competition from providers of location-based services which do not rely on a wireless carrier may result in fewer wireless carrier subscribers electing to purchase their wireless carrier's branded location-based services, which could harm our business and revenue. In addition, these location-based or text-based services may be offered for free or on a one-time fee basis, which could force us to reduce monthly subscription fees or migrate to a one-time fee model to remain competitive. We may also lose end users or face erosion in our average revenue per user if these competitors deliver their products without charge to the consumer by generating revenue from advertising or as part of other applications or services. Our expected growth and our financial position depends on, among other things, our ability to keep pace with such changes and developments and to respond to the increasing variety of electronic equipment users and transmission technologies. We may not have the financial or technological resources to keep pace with such changes and developments or be successful in our research and development and we may not be able to identify and respond to technological improvements made by our competitors in a timely or cost-effective fashion. Any delays could result in increased costs of development or redirect resources from other projects. In addition, we cannot provide assurances that the markets for our products, systems, services or technologies will develop as we currently anticipate. The failure of our products, systems, services or technologies to gain market acceptance could significantly reduce our net sales and harm our business. Our business is highly competitive. We will continue to invest in research and development for the introduction of new and enhanced products and services designed to improve capacity, data processing rates and features. We must also continue to develop new features and to improve functionality of our software. Research and development in our industry is complex, expensive and uncertain. We believe that we must continue to dedicate a significant amount of resources to research and development efforts to maintain our competitive position. If we continue to expend a significant amount of resources on research and development, but our efforts do not lead to the successful introduction of product and service enhancements more quickly than our competitors that are competitive in the marketplace, our business, results of operations and financial condition could be materially adversely affected. Several of our potential competitors are substantially larger than we are and have greater financial, technical and marketing resources than we do. In particular, larger competitors have certain advantages over us which could cause us to lose customers and impede our ability to attract new customers, including: larger bases of financial, technical, marketing, personnel and other resources; more established relationships with wireless carriers and government customers; more funds to deploy products and services; and the ability to lower prices of (or not charge any price for) competitive products and services because they are selling larger volumes. Furthermore, we cannot be sure that our competitors will not develop competing products, systems, services or technologies that gain market acceptance in advance of our products, systems, services or technologies, or that our competitors will not develop new products, systems, services or technologies that cause our existing products, systems, services or technologies to become non-competitive or obsolete, which could adversely affect our results of operations. Our Terrestrial and Wireless Networks segment provides public safety and location technologies to various state and local municipalities and to a large extent, we are reliant on the success of our wireless partners and distributors to meet our growth objectives. In some cases, our wireless partners may have different objectives, or our distributors may not be successful. We also began an evaluation and repositioning of certain of our location technology solutions within our Terrestrial and Wireless Networks segment in order to focus on providing higher-margin solution offerings and increase our penetration into the public safety space. To date, we have ceased offering certain location technology solutions, have worked with customers to wind-down certain legacy contracts and have not renewed certain contracts. Going forward, we intend to continue to work with our partners and expand our direct and indirect sales and distribution channels in this area. If we are not successful in doing so, we may not be able to achieve our long-term business goals. We rely upon various third-party companies and their technology to provide services to our customers and if we are unable to obtain such services at reasonable prices, or at all, our gross margins and our ability to provide the services of our wireless applications business could be materially adversely affected. We rely on various third-party companies and their technology in our business. Risks from our reliance with these third parties include:

- The loss of mapping and third-party content-
- The wireless data services provided to our customers are dependent on real-time, continuous feeds from map data, points of interest data, traffic information, gas prices, theater, event and weather information from vendors and others. Any disruption of this third-party content from our satellite feeds or backup landline feeds or other disruption could result in delays in our subscribers' ability to receive information. We obtain this data that we sell to our customers from companies owned by current and potential competitors, who may act in a manner that is not in our best interest. If our suppliers of this data or content were to enter into exclusive relationships with other providers of location-based services or were to discontinue providing such

information and we were unable to replace them cost effectively, or at all, our ability to provide the services of our wireless applications business would be materially adversely affected. Our gross margins may also be materially adversely affected if the cost of third- party data and content increases substantially. • Third- party data centers or third- party networks may fail- Many products and services of our advanced communication solutions, in particular our public safety and location technology solutions, are provided through a combination of our servers, which are hosted at third- party data centers, and on the networks, as well as within the data centers of our wireless carrier partners. Our business relies to a significant degree on the efficient and uninterrupted operation of the third- party data centers, customer data centers, and cloud providers we use. Network failures, disruptions or capacity constraints in our third- party data center facilities or in our servers maintained at their location could affect the performance of the products and services of our wireless applications and 911 business and harm our reputation and our revenue. The ability of our subscribers **(or those of our customers)** to receive critical location and business information requires timely and uninterrupted connections with our wireless network carriers. Any disruption from our satellite feeds or backup landline feeds could also result in delays in our subscribers' ability to receive information. • We must integrate our technologies and routinely upgrade them- We may not be able to upgrade our location services platform to support certain advanced features and functionality without obtaining technology licenses from third parties. Obtaining these licenses may be costly and may delay the introduction of such features and functionality, and these licenses may not be available on commercially favorable terms, or at all. Problems and delays in development or delivery as a result of issues with respect to design, technology, licensing and patent rights, labor, learning curve assumptions, or materials and components could prevent us from achieving contractual obligations. In addition, our products cannot be tested and proven in all situations and are otherwise subject to unforeseen problems. The inability to offer advanced features or functionality, or a delay in our ability to upgrade our location- based services platform, may materially adversely affect demand for our products and services and, consequently, have a material adverse effect on our business, results of operations and financial condition. • We rely upon "open- source" software- We have incorporated some types of open- source software into our products, allowing us to enhance certain solutions without incurring substantial additional research and development costs. Thus far, we have encountered no unanticipated material problems arising from our use of open- source software. However, as the use of open- source software becomes more widespread, certain open- source technology could become competitive with our proprietary technology, which could cause sales of our products to decline or force us to reduce the fees we charge for our products, which could have a material adverse effect on our business, results of operations and financial condition. Products as complex as ours are likely to contain undetected errors or defects, especially when first introduced or when new versions are released. Software products, such as our 911 call handling software solutions, must meet stringent customer technical requirements and we must satisfy our warranty obligations to our customers. Our hardware products are also subject to warranty obligations and integrate a wide variety of components from different vendors. Our products including software may not be error or defect free after delivery to customers, which could damage our reputation, cause revenue losses, result in the rejection of our products or services, divert development resources and increase service and warranty costs, each of which could have a material adverse effect on our business, results of operations and financial condition. The stock market in general and the stock prices of technology- based companies, in particular, experience extreme volatility that often is unrelated to the operating performance of any specific public company. The market price of our common stock has fluctuated significantly in the past and is likely to fluctuate significantly in the future as well. Factors that could have a significant impact on the market price of our stock include, among others: • strategic transactions, such as acquisitions and ~~divestitures~~ **divestitures** by us and our competitors; • our ability to successfully integrate and manage ~~recent~~ acquisitions **or unwind and manage divestitures**; • our issuance of potentially dilutive equity or equity- type securities; • our issuance of **debt or refinancing our** debt; • our ability to successfully access equity and debt capital markets; • future announcements concerning us or our competitors; • shareholder activism involving our common stock, board of directors or corporate governance; • receipt or non- receipt of substantial orders for products and services; • quality deficiencies in services or products; • results of technological innovations and new commercial products; • changes in **our own outlook or** recommendations of securities analysts; • government regulations; • changes in the status or outcome of government audits; • proprietary rights or product or patent litigation; • changes in U. S. government policies; • changes in economic conditions generally, particularly in the terrestrial and wireless networks and satellite and space communications markets; • changes in securities market conditions, generally; • changes in prevailing interest rates; • changes in the status of litigation and legal matters (including changes in the status of export matters); • cyber attacks; • energy blackouts; • acts of terrorism or war; • inflation or deflation; • rumors or allegations regarding our financial disclosures or practices; ~~and~~ • ~~potential resurgences of the COVID-19 or our similar~~ **ability to timely file documents required by the SEC within prescribed time periods; and** • **global** pandemics. Shortfalls in our sales or earnings in any given period relative to the levels expected by securities analysts could immediately, significantly and adversely affect the trading price of our common stock. In addition to potential issuances of our shares of common stock associated with acquisitions, in the future, we may issue additional securities to raise capital. We may also acquire interests in other companies by using a combination of cash and our common stock or just our common stock. We may also issue securities convertible into our common stock. Any of these events may dilute a stockholder's ownership interest in Comtech and have an adverse impact on the price of our common stock. Our Board of Directors and management team value constructive input from investors, regularly engage in dialogue with our stockholders, and are committed to acting in the best interests of all of our stockholders ~~;~~ ~~however~~ **However**, we have been, and may in the future be, subject to actions, campaigns, or proposals that may not align with our business strategies or the interests of our other stockholders. Accordingly, there is no assurance that the actions taken by the Board of Directors and management **team** in seeking to maintain constructive engagement with certain stockholders will be successful in preventing the occurrence of stockholder activist campaigns. **Such campaigns may not align with our business strategies or what the Board of Directors believes is in the best interest of all of our stockholders.** Campaigns by activist stockholders to effect changes at publicly traded companies ~~often~~ **can result in**

different types of demand demands , such as that companies undertake or pursue financial restructuring, increase debt, issue special dividends, repurchase shares, or undertake sales of assets or other transactions, including strategic transactions - Campaigns may also be initiated by activist stockholders advocating for particular environmental or social causes. Activist stockholders who disagree with the composition of a company's board of directors, or with its strategy and/or management leadership often seek to involve themselves or their designees in the governance and strategic direction of a company through various activities - ~~As discussed elsewhere in this report , we have been~~ **including the nomination of director candidates. In September 2024 , Michael Porcelain, a former Chief Executive Officer and President of the Company, nominated a group of eight candidates to and stand for election at our fiscal 2024 annual meeting of** ~~may in the future be, subject to~~ **activities and campaigns initiated by activist stockholders . During the course of our Board' s discussions with Mr. Porcelain and in public communications, Mr. Porcelain has made certain proposals for our Board' s consideration regarding the composition of the Board and management team. We expect to continue to engage with Mr. Porcelain and certain stockholders associated with him on these and related topics** . Responding to proxy contests and other actions by activist stockholders , **including the current campaign by Mr. Porcelain,** can be costly and time- consuming, and could divert the attention of our Board of Directors, management team and employees from the management of our operations and the pursuit of our business strategies. Further, actions of activist stockholders may cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. ~~Perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist stockholder campaigns or initiatives may result in the loss of potential business opportunities and make it more difficult to attract and retain investors, customers, employees, and other business partners.~~ Also, we could be required to incur significant expenses related to any activist stockholder matters , **including the current campaign by Mr. Porcelain, or accompanying litigation** (~~included including~~ but not limited to legal fees, fees for financial advisors, fees for public relation advisors and proxy solicitation expenses). As a result, activist stockholder campaigns could adversely affect our business, results of operations, financial condition and / or share price in ways that can be difficult to predict or foresee. Even if we are successful in any proxy contest or **other activism campaign** in defending against any unsolicited takeover attempt , our business could be adversely affected by any such proxy contest or ~~unsolicited takeover attempt~~ **activist stockholder campaign could adversely affect our business** due to: • perceived uncertainties as to future direction , **strategy or leadership that** may result in the loss of potential **business opportunities,** acquisitions, collaborations or other strategic opportunities, and **that** may make it more difficult to attract and retain qualified personnel, **investors,** customers, suppliers, and other business partners; and • **if the risk that** individuals ~~are may be~~ elected or appointed to our Board of Directors with a specific agenda or who do not agree with our strategic plan, **adversely affecting** the ability of our Board of Directors to function effectively ~~could be adversely affected,~~ which could in turn adversely affect our ability to effectively and timely implement our strategic plan and create additional value for our stockholders, and / or adversely affect our business, ~~operating results~~ **of operations** and financial condition. We cannot predict, and no guarantees can be given, as to the outcome or timing of any matters relating to the foregoing actions by **activist stockholders** and our responses thereto or the ultimate impact on our business, ~~liquidity,~~ **results of operations or** financial condition ~~or results of operations~~ . Any of these matters or any further actions by **activist** stockholders and our responses thereto may impact ~~and result in volatility~~ **the trading value of or our securities** ~~stagnation of our share price~~ . We have taken a number of actions that could have the effect of discouraging, delaying or preventing a merger, acquisition or divestiture involving Comtech that our stockholders may consider favorable. For example, we currently have a classified board **which will be fully declassified at our 2024 Annual Meeting of Stockholders** and the employment contract with our CEO and agreements with other of our executive officers provide for substantial payments in certain circumstances or in the event of a change of control of Comtech. In the future, we may adopt a stockholder rights plan which could cause substantial dilution to a stockholder, and substantially increase the cost paid by a stockholder who attempts to acquire us on terms not approved by our Board of Directors. In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti- takeover law. In general, this statute provides that, except in certain limited circumstances, a corporation shall not engage in any " business combination" with an " interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A " business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, for purposes of Section 203 of the Delaware General Corporation Law, an " interested stockholder" is a person who, together with affiliates, owns, or within three years did own, 15 % or more of the corporation' s voting stock. This provision could have the effect of delaying or preventing a change in control of Comtech.